

ELECTRONIC CHECK RECOVERY (RCK) and SECONDARY (traditional) COLLECTIONS

(Revised 01/12/2011)

DESCRIPTION OF FLOW CHART

(Associate the Letter with the Flowchart)

- A. Check writer (parent) presents a paper check as payment for products or services.
- B. School district deposits paper check into their financial institution (bank).
- C. School district's bank presents paper check for payment by the check writer's bank. The check writer's bank assesses a handling fee (See Item Q, Fee #1) to the check writer for processing the bad check and normally debits the funds out of the account.
- D. The check writer's bank will stamp a return reason on the paper check and mails the bad check to the school district's bank or transmits an electronic image of the check.
- E. The school district's bank forwards the bad check by mail to the check processing center, Paytek Solutions.
- F. **ELECTRONIC CHECK RECOVERY (RCK)** (Items F through K): Paytek Solutions attempts the first electronic re-presentment (RCK) through the Automated Clearing House (ACH) system by uploading a transaction for the full face value of the check. First re-presentments are strategically timed to debit the check writer's account on a presumed pay day (typically on Friday). The transaction is posted the next business day to the check writer's account. A paper copy of the check is maintained for 365 days, while the check data, account history and image are maintained for seven years. If the initial RCK debit for the face value is unsuccessful it is eligible for a second re-presentment. The second debit usually occurs the following week.
- G. Reimbursement of recovered funds is paid directly to your bank accounts by electronic fund transfer (EFT) via the ACH system on the 1st and 15th of each month for full face value of the returned check plus any eligible rebates. Reimbursements are also reported via an email report (See Item P).
- H. Reimbursement occurs after any payments are made to the account, regardless of whether the state allowed fee is collected. Rebates are paid after the state allowed fee is recovered.
- I. On rare occasion your bank may accidentally mail a returned check to the district instead of to Paytek Solutions.
- J. If the bank accidentally mails a bad check to the school district, simply mail the check to Paytek Solutions at P.O. Box 10749 Murfreesboro, TN 37129.
- K. The state allowed recovery fee is simultaneously submitted when a debit for the face value of the check is submitted (Item F). (Also see Item Q, Fee #3). If the initial RCK debit for the state allowed recovery fee is unsuccessful it is eligible for a second re-presentment. The second debit usually occurs the following week.

- L. **SECONDARY (traditional) COLLECTIONS** (Items L through O): Checks not eligible for RCK (non-NSF checks such as account closed or stop payment or checks that are not collected by RCK) are collected by Paytek's in-house secondary collection team using traditional methods (phone calls and letters). NSF checks no longer eligible for RCK after two electronic debits may also be collected using traditional collection methods. If the contact information on the check is not valid, our team may use skip-trace to locate the check writer.
- M. The secondary collection team attempts to communicate with the bad check writer initially by letter.
- N. The secondary collection team also attempts to communicate with the bad check primarily by telephone.
- O. A bad check writer may pay with a check, Money Order, Western Union®, credit/debit card, or by authorizing a bank draft either by mail, over the phone, or through our online portal.
- P. **CHECK STATUS REPORTS:** Paytek provides check status data in two formats: email report and online reports. The online reporting system is available to every school district by secure login and provides details on every check in our system, including an image of the check. Data may be viewed on your computer monitor, sent to a local printer, or downloaded to your computer. Check data and image are entered the same day the check arrives at Paytek. Online data is retained for seven years. We provide free initial and remedial training on the email and online reporting system. All school districts receive a standard Client Report via email listing all returned checks received and all returned checks paid for the previous two week period. In addition to the standard email report, the district may choose to receive a daily or weekly email report, depending on preference. The school district may also customize the information it prefers to see on the email report, i.e. checks received, checks paid and checks outstanding.
- Q. **FEES** (Associate the NUMBER with the Fee): There are up to three fees assessed during the process. Two of these are bank fees and one is the state allowed recovery fee assessed by the check processing center (Paytek).
1. The check writer's bank will assess a handling fee to the bad check writer when a check returns for any reason. Our service has no control over this fee. The fee ranges from \$10 to \$30.
 2. The school district's bank may assess a handling fee to the district upon receipt of a returned check from the check writer's bank. Our service does not stop the bank handling fee. The fee ranges from \$2 to \$10. The average fee is \$5. Some non-profit organizations, like school districts, may not pay this fee.
 3. For checks recovered by either process (electronically or by secondary collections) Paytek is entitled to collect a state allowed recovery fee from the bad check writer. This fee varies from state to state, but the national average is \$30.