

# Handle Bad Checks from the Customer

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## Process

[HANDLE LOCAL BAD CHECK PAYMENTS](#)

## Effective Date

10/13/2006

## Purpose

This task is performed to assess the bad check fee and notify the customer of the bad check. The Treasurer's Office is responsible for handling checks received in the Locality that are returned by the bank.

## Special Notes

- This task is performed by a Locality Representative in the Treasurer's office.
- The check should be processed a second time to secure payment (Reinstatement Process) prior to performing this task.

## Procedure

### Responsibility

Locality Representative

### Steps

1. Receive a bad check, returned as unprocessed by the bank.
2. Obtain a "Bad Check" letter.  
Please refer to Form: [Locality Letter - Bad Check](#)  
**NOTE:** This letter is a sample. The locality letter should be similar and contain the same customer and check information.
3. Prepare the "Bad Check" letter in duplicate for the customer by recording the following information:
  - Current date
  - Customer's name and full address
  - Amount, in dollars and cents, appearing on the bad check
  - Date appearing on the bad check in month, day and year
  - Tax year and period for which the payment was made
  - Reason the bad check was returned by the bank
  - A response date (5 calendar days from the current date),
  - Treasurer's mailing address
4. Obtain the handwritten or stamped signature of the Treasurer on the original copy of the letter.
5. Separate the 2 copies of the letter.
  - A. Prepare an envelope and mail the original, signed, letter by certified mail to the customer.

- B. File the copy of the letter alphabetically in the designated correspondence file for bad checks in the Treasurer's office.
- 6. Retain and store the bad check in the designated, secured location in the Treasurer's office for a period of 10 calendar days (5 calendar days given in the letter and 5 grace days).
- 7. If the customer provides a replacement payment within the allowed time period, deposit the payment.  
**NOTE:** The Bad Check fee is not assessed if the customer replaces the bad check within the 10 calendar days.
- 8. If the customer does not provide a replacement payment within the allowed time period, follow the procedures in the linked task.  
Please refer to TASK: [Handle Bad Checks for which a Replacement Payment is Not Received](#)

## Published Date

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