

POLICY #7

RETURNED CHECK POLICY

It shall be the policy of the Town of Hollis not to accept any checks from an individual, company, corporation, etc. that has had a check previously returned within the last 6 (six) months due to insufficient funds. Another check may not be accepted from the party involved until a waiting period of 6 (six) months from the date in which the check is actually made good has passed. In order to make good on a returned check the party involved must purchase the check from the Town of Hollis with a money order, cashier's check, debit or credit card, or cash in an amount equal to the amount of the check; the fees assessed to the Town by the Financial Institution, and a return check fee as set by the Select Board in **Policy #10: Schedule of Fees**. A certified letter will be issued and upon receipt or return of the certified letter from the Town of Hollis, it is the responsibility of the account owner to purchase the check from the Town within 5 (five) working days of receipt of the certified letter. If the check is not purchased within the five working day period, the department head will take actions deemed appropriate by the Select Board based upon the nature of the original transaction.

Procedures for administering this policy will be as follows:

When a check is received back from the Bank as insufficient funds (ISF), the Treasurer will:

1. Do a direct entry to remove the money from the cash account with the following entries:
 - Credit Cash 0010 for the amount of the check & Bank Fee
 - Debit Bank Fee Acct 0011 for the amount of the Bank Fee
 - Debit ISF Acct 0012 for the amount of the checkThe check bearers' name will be listed on the direct entry.
A copy of the direct entry post will be put in the Bank reconciliation file.
2. Inform the Department Head of the accounts involved;
3. Send a registered letter to the check bearer of the ISF informing that:
 - a) The check has been returned;
 - b) Total amount due;
 - c) Acceptable forms of payment; and,
 - d) Time frame stated in this policy.

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A sample letter is attached, this can be changed to suit the circumstances; and,

4. Add the parties name to the ISF list to be distributed to all departments.
5. After five working days notify the Select Board and the Department Head.

When an ISF check is paid, the Treasurer will:

1. Do a direct entry to re-enter the money with the following entries:
Debit Cash 0010 for the amount received
Credit ISF Acct 0012 for the amount of the ISF Check
Credit Bank Fee 0011 for the amount of the Bank Fee
Credit REV R0160 for the amount of the Town Fees
The check bearers' name will be listed on the direct entry;
2. Make a copy of the direct entry post and put in the Bank reconciliation file;
3. Make a separate deposit for this transaction and put a copy in the Bank reconciliation file; and,
4. Remove the check bearers' name from the ISF list and add it to the Six Month Waiting Period portion of the list.

This policy may be waived by the Select Board in the event that written notification is received from the Bank acknowledging that the error was theirs.

This Policy shall be effective immediately.

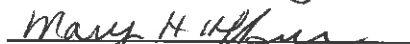
Adopted: February 3, 2009
Last Amended: July 21, 2021



David McCubrey, Select Board Chair



John Rogala, Select Board



Mary Hoffman, Select Board