

SUBJECT	ISSUED BY	EFFECTIVE DATE
INSUFFICIENT FUNDS POLICY	CITY COUNCIL	JUNE 1, 2009

POLICY STATEMENT:

This policy is to help guide City staff and the general public regarding the handling of insufficient funds checks.

PROCEDURE:

The following rules and procedures shall be used by staff when dealing with returned checks on all utility accounts.

1. First returned check.
 - a. A notice will be sent by first class US Mail giving the customer five (5) business days from the date of the letter to pay the full NSF (non-sufficient funds) check amount, the NSF fee as established by resolution, and any bank fees as may be assessed to the City. If the customer fails to clear the NSF check within five (5) business days, the customer will automatically be placed on a permanent “cash only” basis.
 - b. Only cash, cashier’s check, or money order will be accepted for all payments and fees due to the City to clear the NSF check.
 - c. Checks will be accepted from the individual or business once the NSF check has been cleared.
2. Second returned check.
 - a. A notice will be sent by first class US Mail directing the customer to pay the full NSF check amount, the NSF fee as established by resolution, and any bank fees as may be assessed to the City. If the customer fails to clear the NSF check within five (5) business days, the customer will automatically be placed on a permanent “cash only” basis.
 - b. The utility account will be subject to immediate disconnection without notice.
 - c. The utility account will be placed on a “cash only” basis for 12 months.
 - d. Any checks received during this twelve (12) month period will be returned without being processed and the account will remain as unpaid until cash, cashier’s check, or money order is received.
3. Third returned check.
 - a. A notice will be sent by first class US Mail directing the customer to pay the full NSF check amount, the NSF fee as established by resolution, and any bank fees as may be assessed to the City.
 - b. The utility account will be subject to immediate disconnection without notice.
 - c. The utility account will be placed on a permanent “cash only” basis.

- d. Any checks received will be returned without being processed and the account will remain as unpaid until cash, cashier's check, or money order is received. Utilities are subject to disconnection procedure if cash payment is not received before disconnection reports are issued.

The following rules and procedures shall be used by staff when dealing with returned checks on service connection fees.

1. Returned check.
 - a. Returned checks written for utility service connection fees will cause immediate disconnection of services without notice. A reconnection fee must be paid in addition to all amounts owed prior to the utility service(s) being reinstated. If the customer fails to clear the NSF check within five (5) business days, the customer will automatically be placed on a permanent "cash only" basis.
 - b. A notice will be sent by first class US Mail requiring the customer to pay the full NSF check amount, the NSF fee as established by resolution, and any bank fees as may be assessed to the City prior to service being restored.
 - c. Only cash, cashier's check, or money order will be accepted for all payments and fees due to the City to clear the NSF check.

The following rules and procedures shall be used by staff when dealing with returned checks for all other city related activities.

1. First returned check.
 - a. A notice will be sent by first class US Mail giving the customer five (5) business days from the date of the letter to pay the full NSF check amount, the NSF fee as established by resolution, and any bank fees as may be assessed to the City. If the customer fails to clear the NSF check within five (5) business days, the customer will automatically be placed on a permanent "cash only" basis.
 - b. Only cash, cashier's check, or money order will be accepted for all payments and fees due to the City to clear the NSF check.
 - c. Checks will be accepted from the individual or business once the NSF check has been cleared.
2. Second returned check.
 - a. A notice will be sent by first class US Mail directing the customer to pay the full NSF check amount, the NSF fee as established by resolution, and any bank fees as may be assessed to the City. If the customer fails to clear the NSF check within five (5) business days, the customer will automatically be placed on a permanent "cash only" basis.
 - b. The individual and/or business will be placed on a "cash only" basis for 12 months.

- c. Any checks received during this time will be returned without being processed and the account will remain as unpaid until cash, cashier's check, or money order is received.
3. Third returned check.
- a. A notice will be sent by first class US Mail directing the customer to pay the full NSF check amount, the NSF fee as established by resolution, and any bank fees as may be assessed to the City.
 - b. Any checks received will be returned without being processed and the account will remain as unpaid until cash, cashier's check, or money order is received. Utilities are subject to disconnection procedure if cash payment is not received before disconnection reports are issued.

The City reserves the right to contact the customer's financial institution to verify that funds are available before accepting any checks.

All returned check penalties are considered cumulative and not considered separately.

The "cash only" basis includes payments by cash, cashier's check, or money order.

The City Council may reinstate a customer's ability to submit checks to the City of Washington upon a successful motion and vote at a regular council meeting.

Approved By: _____
Meyler D. Gibbs, Council President