

Town of Lamoine

Policy Regarding Returned Checks

1. Defined

A returned check is any check which has been returned to the town after deposit at a financial institution for whatever reason. Typically a check is returned for insufficient funds or closed account

2. Treasurer's Responsibility

Collection on all returned checks shall be the responsibility of the Town Treasurer. The treasurer shall record the check in the accounting system as an account payable, after determining for what purpose the payer presented the check. In no case shall the Treasurer be held personally responsible for restitution of a returned check.

- A. Bank Verification - The treasurer shall first contact the bank on which the check is drawn, provided it's a bank with a branch office in Ellsworth. If there are sufficient funds in the account, the treasurer shall cash the check at the bank upon which the check is drawn in return for a cashier's check. A receipt will be issued for the cashier's check and the cashier's check will be endorsed and deposited to the town's regular checking account. No fee will be assessed to the maker of the check, unless a bank fee has been charged to the town, in which case restitution of the bank fee shall be due from the payer.
- B. Alternate Collection Procedure – If, upon investigation, there are not funds sufficient in the bank account, or the account is closed, the treasurer shall notify the maker of the check that it has been returned and attempt to collect on the check. A \$25 charge will be added to the amount due from the check, plus any charges imposed by the town's financial institution. If, after 30 days the check remains unpaid, the treasurer shall begin proceedings in small claims court to gain restitution on the check. All costs of the small claims court proceeding will be added to amount receivable from the check. Upon restitution, a receipt will be issued by the treasurer to the party causing the check to be collected.

3. Special Circumstances

- A. Vehicle Registrations- If the check that is returned is partially for motor vehicle registration, and collection method "2A" above is not a successful means for collection, the Bureau of Motor Vehicles

shall be contacted, with the intention of suspending the motor vehicle registration until such time as the check and all related costs are successfully collected.

- B. Fisheries & Wildlife** - If the check that is returned is partially for a license or RV registration with the Department of Inland Fisheries & Wildlife, and collection method "2A" above is not successful, that department will be notified and its procedures followed for collection.
 - C. Real Estate Taxes (Current)** – If the check that is returned was for real estate taxes which have not yet been placed into lien, and collection method "2A" above is not successful, the treasurer shall notify the tax collector who shall place the appropriate amount back into the tax receivable. If the check remains uncollected at the time tax liens normally are placed upon properties, a lien shall be placed upon the property(s) the uncollected check was designated for.
 - D. Tax Liens** – If the check that is returned was for a real estate tax lien, and collection method "2A" above is not successful, the Treasurer shall notify the maker of the check and any mortgage holders or other parties of interest that the check is uncollected. If a tax lien discharge has been filed at the Registry of Deeds and the check remains uncollected for greater than 30 days, the appropriate measures as suggested by Maine Municipal Association shall be followed, and a small claims court action be started in order to make restitution on the check as in "2B". The treasurer is authorized to "sell" the uncollected check to an interested party, in which case no fee will be assessed. The physical check shall have its restricted endorsement stricken by the Treasurer and endorsed as payable to the party causing collection
- 4. Return of Check upon restitution** – Upon satisfactory collection of the check and related fees and penalties, the Treasurer shall remove the restricted endorsement and endorse the check as payable to the party causing collection, if appropriate.

Approved this 11th day of February 1999

/s/ Glenn Crawford, chair /s/ Arthur Alley /s/ Richard A. Davis, Sr.

The Lamoine Board of Selectmen