



FEDERAL RESERVE BANK  
OF DALLAS

WILLIAM H. WALLACE  
FIRST VICE PRESIDENT

December 17, 1986

DALLAS, TEXAS 75222

Circular 86-113

**TO:** The Chief Executive Officer of  
all depository institutions in the  
Eleventh Federal Reserve District

**SUBJECT**

**Paying Bank's Notification Agreement**

**DETAILS**

As announced in Circular 85-109, dated August 12, 1985, Regulation J was amended to strengthen the current requirement that payor depository institutions provide notice when they are returning unpaid large dollar checks presented through the Federal Reserve.

Attached is Exhibit III from Bulletin 8, "Collection of Cash Items". Exhibit III is the Paying Bank's Notification Agreement form letter. The agreement letter should have been executed and forwarded to the return item division of your local Federal Reserve prior to the implementation date of October 1, 1985. If your financial institution is utilizing Federal Reserve notification services and wishes to revise, has not sent, or is not sure that an executed Paying Bank's Notification Agreement letter has been sent to us, please send one as soon as possible. A financial institution that requests to utilize all three Federal Reserve notification services should check all three boxes on the form. These services include the following:

- returning the physical item to us
- telephone notification to us
- Fedwire System (RESPONSE Network)

As stated in Circular 85-109, notifications by telephone, on-line, or initiated from the special return item letters from items handled for collection by the Federal Reserve will be handled at no extra charge for the duration of the Eleventh District Return Item pilot. For return items not handled for collection by the Federal Reserve, the Reserve Bank has made the necessary operational changes to receive notifications on such items from Eleventh District paying institutions and will pass those notifications on to

the institution of first deposit. A fee of \$2.25 for wire and \$4.25 for telephone origination of the notification will be assessed for the service. Payor institutions will be responsible for the timeliness of notifications.

**MORE INFORMATION**

For further information on the amendment, please contact the following individuals: Robert L. Whitman, (214) 698-4357 at the Head Office; Robert W. Schultz, (915) 544-4730 at the El Paso Branch; Vernon L. Bartee, (713) 659-4433 at the Houston Branch; or John A. Bullock, (512) 224-2141 at the San Antonio Branch.

Sincerely yours,

*William H. Wallau*

**EXHIBIT III**

**Paying Bank's Notification Agreement**  
(to be typed on paying bank's letterhead)

(Date)

Federal Reserve Bank

of \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Attention: Payments Mechanism Department

- Head Office                       El Paso Branch
- Houston Branch                       San Antonio Branch

Gentlemen:

We request that, in accordance with your Bulletin 8, you provide notice of nonpayment for large dollar cash items that we decide not to pay. We elect to provide the information required by:

- returning the physical item to you
- telephone notification to you
- Fedwire System (RESPONSE Network)

We authorize you to charge our billing account maintained or used by us on your books and to make other appropriate adjustments with this service.

\_\_\_\_\_  
(Name of Paying Bank)

\_\_\_\_\_  
(Nine Digit ABA Number)

By: \_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Title)