

## Millennium Corporate Credit Union Foreign Item Processing Comparison Cash Letter Item Vs. Collection Item



Determining which method you use for collecting foreign items will help reduce your risk and increase processing efficiency. Use the comparison below to direct you in your decision-making process.

### CASH LETTER ITEM

- **MORE RISK** to institution
- Payment **IS NOT FINAL**
- Item must meet at least one of the following criteria:
  - Check or draft denominated in the currency of the financial institution on which it is drawn (e.g. Item drawn in Great British Pounds on a financial institution in Great Britain.)
  - Check or draft denominated in U.S. dollars drawn on a Canadian financial institution
  - Foreign postal money orders
- **PROVISIONAL CREDIT IS GIVEN** (Credit is given 7-10 days before funds are received from the paying institution.)
  - If the item is returned, Millennium Corporate will debit the credit union account. If the natural person member does not have the funds available to cover the return, the credit union could experience a loss.
  - Foreign item returns can be much longer than domestic returns, especially concerning fraud; **THERE ARE NO COMMENSURATE REGULATIONS PERTAINING TO INTERNATIONAL ITEMS – THESE CAN TAKE MONTHS TO PROCESS AND BE RETURNED WITH LITTLE OR NO RECOURSE FOR THE CREDIT UNION.**

### COLLECTION ITEM

- **LESS RISK** to institution
- Payment **IS FINAL**
- Item is a check or draft denominated in a currency other than the currency of the foreign institution on which it's drawn (e.g. Item drawn in U.S. dollars on a financial institution in Great Britain.)
- **VALUED AT OR GREATER THAN \$200 U.S. DOLLARS.** Foreign currency is the exception – see below.)
- **PROVISIONAL CREDIT IS NOT GIVEN.** Funds will not be distributed to the member until the check/draft has cleared and the funds have been received at Millennium Corporate.
- Payment typically takes 6-8 weeks. (8-12 weeks if drawn on an institution in a country deemed "exotic" or with a less developed payments system.)

- Collection Items include any of the following:
  - Foreign currency valued at or greater than \$20 U.S. Dollars.
  - Photocopies of checks/drafts rather than the original.
  - Items usually processed as Cash Letter Items but final payment is required. Items must be greater than \$200 U.S. Dollars.
  - Checks/drafts processed for new members or members with questionable credit history.
  - Checks/drafts denominated in an uncommon currency.
  - Checks/drafts drawn on an institution in a country deemed “exotic” or with a less developed payments system.

**RECOMMENDED PRACTICE:** To reduce your risk, do not send the following item as Cash Letter Items – process as Collection Items instead: high dollar value items, items valued greater than \$200 U.S. Dollars from members that do not have a long-standing relationship with the credit union and checks/drafts valued greater than \$200 U.S. Dollars drawn on an institution in a country deemed “exotic” or with a less developed payments system.

Please contact the Member Service Department with questions or needs by calling 800.721.2677 option 1 or emailing [memberservice@millenniumcorporate.org](mailto:memberservice@millenniumcorporate.org).