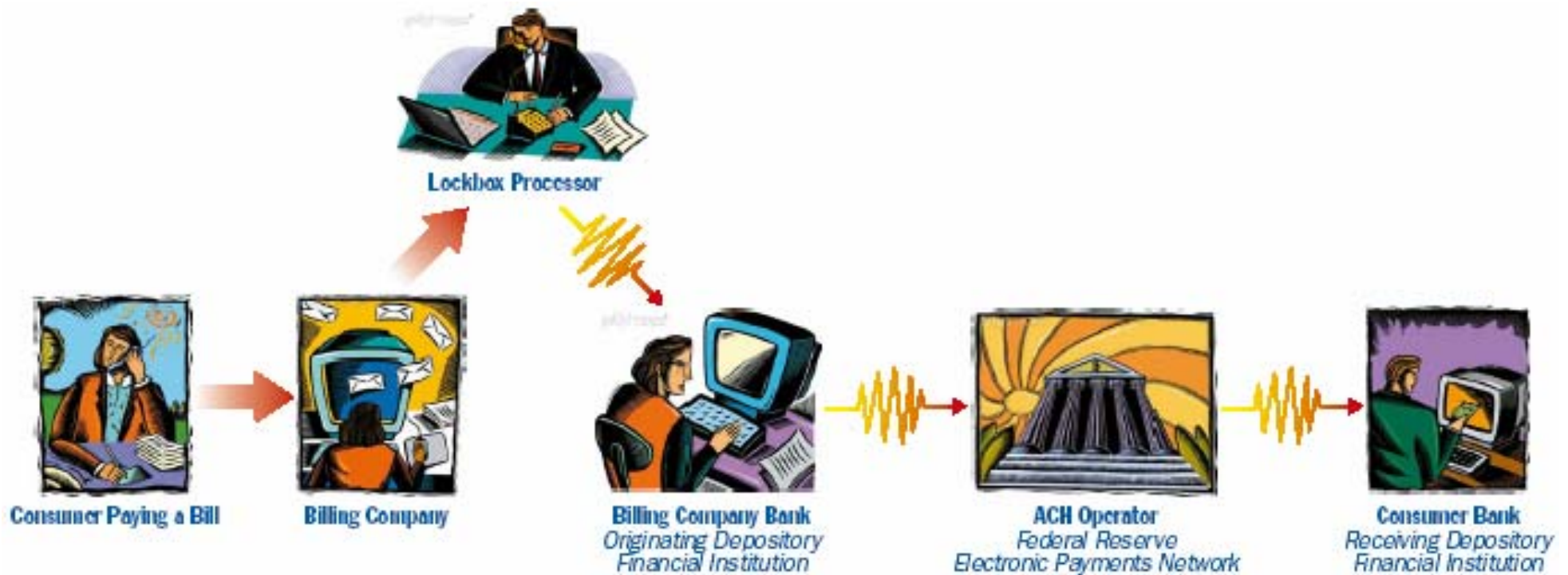




See How Check Conversion Works



After a consumer makes a payment by check, it is either processed directly by the billing company or sent to a lockbox processing center. The check is used as a source document to retrieve the information necessary to create an ACH transaction in lieu of processing the paper check. First, information is taken from the magnetic ink character recognition (MICR) line at the bottom of the check. The MICR line contains the routing number of the payor bank, the number of the check and the account number of the consumer. Then the amount of the check is captured using a variety of automated methods. The billing company makes a copy of the check and the original check is destroyed to ensure that the check cannot be used for any other purpose. The billing company or processor compiles a file of multiple ACH transactions for delivery to its financial institution, and ultimately, for settlement.

Once the consumer's account is electronically debited, the payment is listed on their bank or credit union account statement, including the date of the payment, name of the company paid, check number, and amount of payment.