

Write Checks the Right Way

Cooperative Extension Service
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Guide G-220

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Checks are one of the most common ways of making payments. There are many advantages to using checks rather than cash.

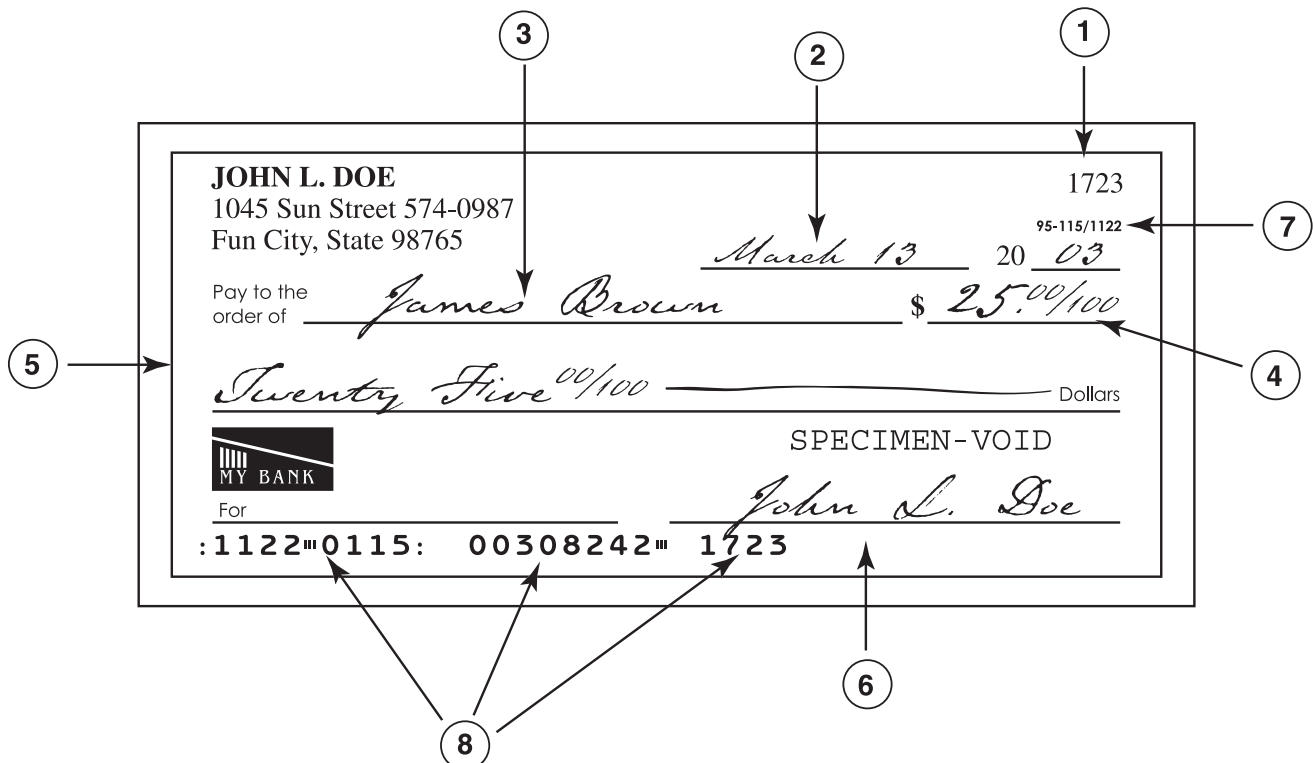
- Checks are safer than cash.
- Checks are convenient.
- Cancelled checks serve as receipts or proof of payment.
- Checks simplify bookkeeping and budgeting.

How To Write a Check

It is your responsibility to write a check so that it cannot be easily altered by another person. Use a pen. If written with a pencil, the check can be easily changed.

It is a good practice to fill in the check stub before you write the check so you do not forget to record a check.

1. **Check number.** Most checks are prenumbered when you receive them. If not, number them as you write them. The check number may be needed if you issue a stop-payment order. Numbering helps in balancing your account or spotting a lost or stolen check.
2. **Date.** Use the date the check is written. It is not a good practice to postdate checks (dating them in advance of the date written). The person holding the check may try to cash it before the date, and the bank may not honor it if presented for payment.



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3. **Payee.** On the line labeled “Pay to the Order of” write the name of the person or company to receive the payment. Avoid abbreviations when possible.

If you are withdrawing cash for yourself, you may make it out to “Cash” or use your name. If you use your name you will have to endorse it. Do not write a check to cash unless you intend to immediately cash it yourself.

4. **Amount in figures.** Write the amount in figures starting as close to the dollar sign as possible to prevent anyone from adding another number. Make the figures for cents smaller with a line under them or with a line and 100 under them: \$3⁵⁰ or 3 50/100.

5. **Amount in words.** Write out the dollar amount in words and the cents in figures with a line and 100 under the cents. Start the first word as far to the left as possible. Fill in the extra space to the printed word “dollars” with a wavy line:

Three and 50/100  DOLLARS.

If the amount written in figures and the amount written in words don’t agree, the bank will generally pay the amount written in words. Write both words and figures clearly.

If it is necessary to write a check for less than \$1.00, put a decimal point between the printed dollar sign and the numbers followed by the word cents. \$.75 cents. On the line for the written amount, write the word “only” before the written amount followed by the word cents. Cross out the word “dollars”.

Only seventy-five cents  DOLLARS

6. **Your name.** Sign your name in ink exactly as you signed it on the signature card you filled out when opening the account. Checks may be written on a typewriter but must be signed in writing.

Never sign a blank check. Someone could find it and fill in any amount they like and cash it.

7. **Bank numbers.** The numbers on the check in the upper right hand corner are identification numbers used to sort and identify checks so they can be returned to the originating bank. For example 95 is the location of the bank. 115 is the bank’s identification number, 1122 indicates the Federal Reserve District, branch and state or city where the bank is located. In this example, 11 is the Dallas Federal Reserve District, 2 is the El Paso Branch of district

11, and the last 2 indicates the bank is located in New Mexico.

8. The numbers in the lower left hand portion of the check are identification numbers used by coding machines and computers for electronic sorting and processing. The second set is your account number. Do not staple through or damage these numbers.

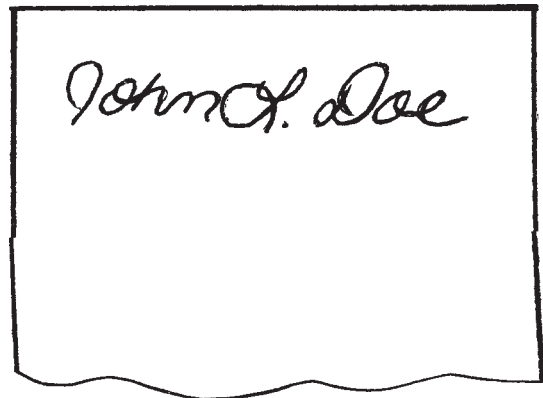
The third set of numbers, 1723, is the check number. It is placed here by some banks so that computer verification or recall can be made for a particular check.

Endorsements

To be cashed or deposited, a check must be endorsed with the signature of the payee on the back side. There are several kinds of endorsements.

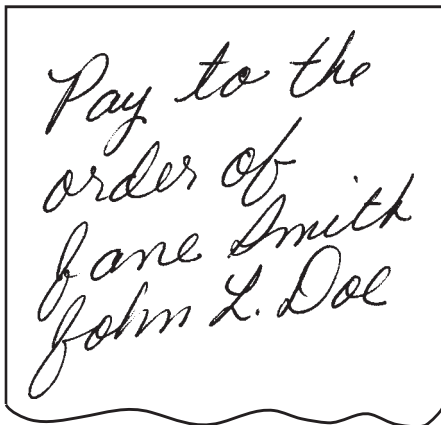
Blank endorsement. The person to whom the check is made out (the payee) simply signs his name on the back of the check. Do not endorse it until you are ready to cash it. A blank endorsement should only be used when you are at the place you intend to cash it.

Blank Endorsement



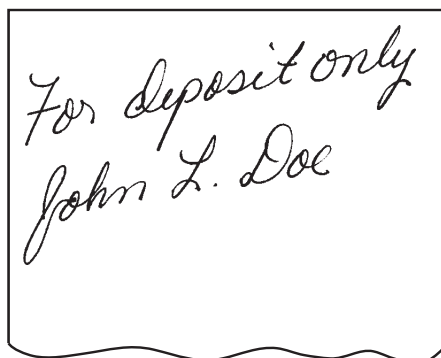
Special endorsement. This is sometimes called “endorsement in full.” This should be used when you want to transfer a check made out to you to another person. Write the words, “Pay to the order of name” and sign your name under it. You have instructed the bank to pay the check to a special person.

Special Endorsement



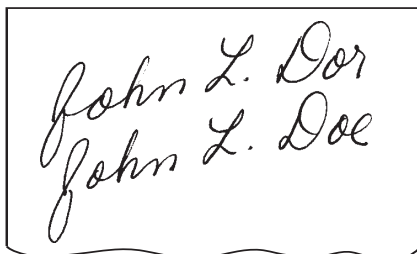
Restrictive endorsement. Use this type of endorsement when mailing checks to be deposited in a checking or savings account. Write the words, "For deposit only" above your signature. If stolen, the checks cannot be cashed.

Restrictive Endorsement



Misspelling. If you receive a check and your name was misspelled by the writer, endorse the check first as your name was spelled on the check. Then sign your name correctly.

Misspelling



Cashier's Checks

This is a form of a guaranteed check. You can obtain a cashier's check with cash or by personal check from a bank or a savings and loan association. The institution issues a cashier's check, which is drawn on its own account made payable to the person you name.

Cashier's checks can be used by people who do not have a checking account and do not want to make a payment in cash. You receive a copy of the cashier's check for your records. These checks may be required in some transactions in which the person writing the check is unknown and in cases where a contract calls for a certified check.

If you have any reason to be concerned that a check may not be good, it would be wise to ask for payment by cashier's check.

A fee is charged for issuing a cashier's check, approximately 75 cents to \$1.

Bank Money Orders

Money orders are often used by people who do not have checking accounts. They basically are the same as cashier's checks. Some banks issue only money orders, while others issue both money orders and cashier's checks. Fees vary from bank to bank.

Postal Money Orders

Postal money orders are similar to bank money orders. They can be purchased at any U.S. Post Office. The maximum amount of any one postal money order is limited to \$1000. They may be cashed at any post office or at a bank. The fee is:

\$ 0.01 to \$ 500.00 = 90 cents
500.01 to 1000.00 = 1.25

Travelers Checks

It is not wise to carry large sums of cash because of the risk of theft or loss. It also is difficult to cash a personal check where you are not known.

Travelers checks are a safe way to carry funds and are accepted widely. They can be purchased

in denominations of \$10, \$20, \$50 and more from banks, savings and loan associations and credit unions.

When you buy these checks, you must sign each one at the top in the presence of the seller. When the check is cashed, you fill in the date, the name of the payee and sign the check again at the bottom. This way the signatures can be compared to prevent forgery.

When you purchase the checks, you receive a receipt stub to record the serial numbers of each check. It is important to fill in the amount of the check, where it was cashed and who it was paid to when you cash each check. Keep this record in a different place from the checks. If the checks are lost or stolen, this information is needed when you report the loss, in order to have your money returned. Report any loss immediately to the nearest institution that sells the type of travelers checks you bought. The fee for purchasing travelers checks is \$1 per \$100 of checks.

Stale Checks

Cash or deposit checks promptly. If checks are held longer than six months, they are classified as stale checks. A bank may refuse to honor a check that is more than six months old unless a bank officer can be certain of the validity of the check.

It makes good sense to deposit checks promptly. You do not lose or misplace the check. You avoid the risk of finding that the person closed the account on which the check was written. You minimize the possibility that the writer's account might not be adequate to cover the check at a later date. You do not cause inconvenience to the writer in reconciling his bank statement because of outstanding checks.

Stop Payment Orders

There may be times when you have written a check and do not want it to be cashed. This can be done by having the bank issue a stop payment order.

This may be done if a check or checkbook is lost or if you find you have already paid the

amount. It is sometimes used in the case of non-fulfillment of a contract.

You can ask for a stop payment order by telephone, but you must go to the bank and sign the order within two weeks. When you ask for a stop payment order, you need to give the bank the following information: your account number, the check number, date of the check, amount of the check, name of the person it is payable to and who signed the check. The stop payment order is good for six months.

There is a fee of approximately \$ 1 for a stop payment order. Some banks may charge an additional fee for each month after the first month.

Check Fraud

- Protect yourself against check fraud by being as careful with checks as you would cash.
- Reconcile your bank statement each month as soon as it arrives.
- Notify your bank immediately if you lose a check or your checkbook.
- Notify your bank if you don't receive ordered checks.
- Destroy any old blank checks if you are not going to use them.
- Keep unused blank checks in a safe place. Don't leave your checkbook where it might be taken.

*Originally written by Jackie Martin,
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