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TO: First District Depository Institutions

Last month the Federal Reserve System announced the acceleration of our schedule to consolidate Reserve Bank check processing operations throughout the United States into four regional locations. The revised schedule is detailed in the attached press release issued by the Board of Governors.

Since October of 2007, the Reserve Banks have been collecting more checks in image form than in paper form. The proportion of electronic processing (both deposits and presentments) increases each month. This rapid adoption of Check 21 electronic collection services, coupled with a decline in the overall use of checks, is causing us to move ahead with our restructuring efforts faster than originally planned.

We at the Boston Reserve Bank understand that you will be most concerned about the transition of our Windsor Locks check operations to Philadelphia. This move has been rescheduled to occur during the third quarter of 2008. Windsor Locks may remain a "print only" site for awhile thereafter, while we continue to print some substitute checks for delivery to New England institutions that are not yet receiving electronic image presentments.

We know that you will have many questions about what will happen in the coming months. We can say with certainty that Check 21 customers taking advantage of our electronic deposit and presentment services will see minimal effects. Moreover, electronic check collection will be considerably less expensive and will provide better availability of funds than paper-based collection.

We will have more information about the transition in the near future, and we will share it as soon as we have it. We will invite you to additional informational meetings as we get closer to the move. Meanwhile, we will do all that we can to help those of you who want to adopt electronic collection and receipt, and we encourage you to do so.

Our Bank is committed to maintaining strong relationships with your institutions before, during, and after the move of check operations to Philadelphia. Also, be assured that the Federal Reserve will continue to offer check collection services to every depository institution in New England, and in the United States.

If your institution has questions about the recent announcement, or would like some assistance in getting ready for electronic check collection and receipt, I encourage you to call your Account Executive, at (800)447-7205, or Mike Stewart, Assistant Vice President of our Business Development area, at (617)973-3040.

Sincerely,

Paul M. Crowley

Attachment: Federal Reserve Board of Governors' Press Release, 03/31/08