

Jane Doe (third-party signature)

TYPES OF CHECK ENDORSEMENTS YOU SHOULD KNOW

Knowing the different endorsement types can help you decide when and how to sign over a check safely.

Blank Endorsement

A blank endorsement is simply the payee's signature on the back with no additional instructions. This turns the check into a bearer instrument — anyone holding it can cash it. **Never use a blank endorsement if you are signing over a check** because it leaves the check vulnerable to theft. Always add "Pay to the order of [Name]" to restrict who can further negotiate the check.

Restrictive Endorsement

This includes wording such as "For Deposit Only" followed by an account number. While this prevents the check from being cashed over the counter, it does *not* transfer ownership to a third party. If you want to sign over a check, you must use a special endorsement instead of a restrictive one.

Special Endorsement (the method described above)

This is the correct way **to sign over a check to someone else**. It combines "Pay to the order of [Name]" with the original payee's signature. The check now belongs to the named third party, and only they can endorse it further.

Conditional Endorsement

Adding conditions like "Pay to Jane Doe only if she completes the contract" is risky. Banks typically ignore conditional language and may process the check regardless. It's best to avoid conditions when signing over a check.

WHEN SHOULD YOU SIGN OVER A CHECK?

Third-party endorsements are useful in specific situations, but they are not always appropriate. Common scenarios include:

- **Paying bills:** You receive an insurance reimbursement made out to you, but you want the money to go directly to your repair service.

- **Gifts or loans:** A relative gives you a check for your child's education, and you want to transfer it to the school.
- **Business operations:** A vendor sends payment to your company, but you need to forward it to a subcontractor who performed the work.
- **Joint ownership:** Couples or co-owners may want to sign checks over to one person for easier management.

However, many banks discourage or prohibit third-party endorsements due to fraud concerns. Always call the bank where the check is drawn (the drawee bank) and the depository bank to confirm their policies *before* attempting the transfer.

RISKS AND COMMON PROBLEMS WHEN SIGNING OVER A CHECK

Even if you follow the steps perfectly, issues can arise. Understanding the risks helps you avoid headaches.

Bank Refusal

Some banks flatly refuse to accept checks with third-party endorsements. They may view them as higher risk for money laundering or forgery. If your bank declines, ask if they will accept a check written directly from the original payee's account as an alternative. You might need to deposit the check into your own account first and then write a personal check to the third party.

Forgery and Identity Concerns

If you lose a check after signing it over, anyone could potentially write "Pay to the order of [Themselves]" and forge your signature. To minimize risk, only sign over a check in the presence of the trusted third party, and deliver it physically or via a secure method.

Delay in Funds Availability

Checks with third-party endorsements are often subject to longer holds. The depository bank may place a hold of 7–10 business days to verify both signatures and ensure the check is legitimate. Plan accordingly if you need the money quickly.

Incorrect Names or Spelling

If the third party's name is spelled incorrectly in your endorsement, they may have trouble depositing the check. Always double-check the spelling against their identification or bank account records.

ALTERNATIVES TO SIGNING OVER A CHECK

Given the potential complications, consider these alternatives that may be simpler and safer:

- **Deposit the check yourself and then transfer funds.** Use a mobile banking app, wire transfer, or write your own check to the intended recipient. This keeps a clear paper trail.
- **Request the issuer to write a new check.** Contact the original check writer and ask them to cancel the existing check and issue one directly to the third party.
- **Use a mobile deposit and peer-to-peer payment.** If you have a smartphone, deposit the check into your account via mobile banking, then use a service like Venmo, Zelle, or PayPal to send the money to the intended person.

FREQUENTLY ASKED QUESTIONS ABOUT THIRD-PARTY CHECK ENDORSEMENTS

Can I sign over a check to a business?

Yes, you can. Write “Pay to the order of [Business Name]” exactly as the business is registered. Make sure the business has an account that can accept such checks. Some business accounts require the check to be made out to the company name, not a personal name.

Is it legal to sign over a check?

Yes, it is a legal practice under the Uniform Commercial Code (UCC) in the United States, which governs negotiable instruments. However, individual banks may impose stricter policies. Internationally, laws vary, so check local regulations.

What if the check says “Do Not Sign Over”

on the front?

Some payroll or government checks explicitly prohibit third-party endorsements. In such cases, you cannot legally sign the check over. You must deposit it into your own account or cash it yourself.

Can I sign over a check electronically?

Most banks require physical endorsement on the back of the original paper check. Remote deposit capture (using a mobile app) typically demands that you physically endorse the check. You cannot “sign over” a check digitally except in rare cases with very advanced banking agreements.

BEST PRACTICES FOR A SMOOTH THIRD-PARTY ENDORSEMENT

- **Always use a pen with dark, permanent ink** to prevent washing or alteration.
- **Keep the endorsement simple and free of extraneous marks** — avoid stickers, stamps (unless bank-approved), or additional text beyond the required instructions.
- **Provide identification** for both parties when depositing. The depository bank may request ID from the original payee to verify the signature.
- **Inform the third party about the possible hold** so they are not surprised by delayed availability.
- **Consider a written agreement** between you and the third party stating the purpose of the transfer. This is not required by the bank but can protect you in case of disputes.

CONCLUSION

Knowing **how to sign over a check** is a valuable financial skill that can simplify sharing money in