

## **Family First Credit Union**

### **Expedited Funds Availability Policy and Procedures (Reg CC)**

#### **General Policy Statement**

Family First Credit Union offers same day or next day availability for most funds deposited with the Credit Union. Regulation CC implements the requirement of the Expedited Funds Availability Act (EFAA). The purpose of the regulation is to ensure prompt availability of funds and to expedite the return of checks deposited into checking accounts.

#### **Definitions**

- ✓ **Account.** A transaction account. An account generally includes those from which the accountholder is permitted to make transfers or withdrawals by negotiable instruments, payment order of withdrawal, telephone transfer, electronic payment, or other form of transfer. Account does NOT include a savings account.
- ✓ **Availability.** For determining the availability of a deposit, every day is a business day, except Saturdays, Sundays and federal holidays. If a federal holiday falls on a Sunday, the next day is not a business day. If a member makes a deposit before 4:00 pm on a business day that the Credit Union is open, the Credit Union will consider that day to be the day of deposit. However, if a member makes a deposit after 4:00 pm or on a day the Credit Union is not open, the Credit Union will consider the deposit to have been made on the next business day that the Credit Union is open.

#### **Disclosure**

Family First Credit Union conscientiously informs members of its funds availability policy by providing members with:

- ✓ **Disclosures upon Request.** The Credit Union will provide a copy of its funds availability policy to any member who requests a copy. The Credit Union will also assist members in comparing the Credit Union's policy with other institutions.
- ✓ **Initial Disclosures.** Before a member opens a new account, the Credit Union will provide the member with written disclosures that clearly and conspicuously explain the Credit Union's funds availability policy.
- ✓ **Branch Notice.** The Credit Union will post its availability policy at a conspicuous place in every location where deposits are accepted.
- ✓ **Change-in-Policy Notice.** If the Credit Union ever changes its funds availability policy it will notify all members of the change at least 30-days before implementation.

#### **Same Day Availability**

- ✓ Cash Deposits and electronic funds transfers including Automated Clearinghouse (ACH) transfers for Social Security and electronic payroll must be made available for withdrawal on the same-business day Family First Credit Union receives the funds.

## Next Day Availability

The following types of funds generally meet the standards for next-day availability. Family First Credit Union generally will give same day availability for the following types of funds:

- ✓ **Government Checks;** for example, U.S. Treasury checks, U.S. Postal Service money orders, checks drawn by the State or an agency of the State or a branch of local government deposited in an account held by the payee of the check.
- ✓ **Depository Checks;** i.e., Travelers Checks, cashier's checks, certified checks, and money orders.
- ✓ **On-Us Checks;** i.e., checks drawn against accounts of Family First Credit Union.
- ✓ **Checks Covered by Member's Account;** i.e., situations where the member's account balance exceeds the amount of the check.
  
- ✓ For checks not described above, the lesser of \$225 or the aggregate amount of such checks must be available, except that:
  - If the member receives cash at the time of the deposit, the amount of cash received is not required to be credited. For example, if the member deposits a \$300 check and receives \$100 cash back, the Credit Union need not make an additional \$225 available for withdrawal the following day.
  - If the member has a negative book balance or a negative available balance in the account at the time of the deposit, the \$225 that must be available on the next business day may be made available by applying \$225 to the negative balance, rather than making \$225 available for withdrawal.

## Second Day Availability

For the following types of checks that are not deposited in person (i.e., through the mail or ATM owned by the Credit Union) or deposited into an account other than the named payee, the Credit Union will make funds deposited in an account by check available for withdrawal no later than the second business day following the banking day the funds are deposited, in the case of:

- ✓ A U.S. Postal Service money order that is not governed by the next-day availability requirements.
- ✓ Check drawn on FRB or Federal Home Loan Bank, a check drawn by a state or local government; a cashier's check, certified, or teller's check.

## Fifth Day Availability

Except as provided under "exceptions" below, the Credit Union will make funds deposited in an account by a check available for withdrawal no later than the fifth business day following the banking day funds are deposited. Cash or checks deposited into a nonproprietary ATM must be made available no later than the fifth business day following the deposit.

## Withdrawal by Cash or Similar Means

The Credit Union may extend by one business day the time that funds, deposited in an account by one or more checks governed under *Next day Availability* and *Fifth-Day Availability* above,

are available for withdrawal by cash or similar means. (Similar means include electronic payment, issuance of a cashier's check or teller's check, or certification of a check, or other irrevocable commitment to pay, but not including the granting of credit to a bank, FRB, or FHLB that presents a check to the Credit Union for payment.) The Credit Union will make \$450 of these funds available for withdrawal by cash or similar means not later than 5pm on the business day on which the funds are available. This \$450 is in addition to the required \$225. Cash withdrawals for the remainder of the funds (over the \$450) can be delayed until the following business day.

## **"Case-By-Case" HOLDS**

If Family First Credit Union has a policy of making funds available sooner than required by the foregoing rules, the Credit Union may extend the time when funds are available up to the time periods permitted on a case-by-case basis, subject to the following requirements.

- ✓ **Initial Disclosure.** Before opening a new account, the Credit Union must disclose its case-by-case hold policy.
- ✓ **Notice at Time of Hold.** The Credit Union must also provide the member with notice at the time of the deposit. The notice must state:
  - Statement that the Credit Union is holding the funds.
  - Member's name and account number.
  - Date and amount of deposit.
  - Date when funds will be available.
  - How to obtain a refund of returned check fees or overdraft fees if the notice is not given at the time of the deposit, and the check is paid.
- ✓ **When Given.** Ordinarily, notice is given when deposit is made. If the deposit is not made in person, notice should be given no later than the first business day thereafter.
  - If the notice is not provided at the time of deposit, no overdraft fees may be assessed if the overdraft would not have occurred except for the delay of funds availability and the check was paid. Overdraft fees may be assessed if the institution provides notice of such fees at the time the notice of delayed funds is given, and is willing to refund such fees upon request by the member.
- ✓ **How Given.** Notice can be delivered personally to the member when the deposit is made, mailed, or faxed. In addition, it can be delivered by e-mail if the member agrees to receive e-mails and if the e-mail can be downloaded and printed.

## Specific Exception Holds

The Credit Union may place a specific exception hold where the transaction involves reasonable belief that the check is uncollectible; repeated overdrafts; new accounts; large deposits; re-deposited items; and emergency conditions. In these situations, the Credit Union may hold these checks for six additional business days (total of eight business days).

\*\$225.00 rule **does not** apply

\*\*\$225.00 rule **does** apply to the first \$5525.00

## Description

- ✓ Large deposits greater than \$5525.00\*\* on any one day
- ✓ Redeposit checks that were returned unpaid\*
- ✓ Accounts that are repeatedly overdrawn\*
- ✓ Reasonable cause to doubt collectability\*
- ✓ Emergency conditions\*
- ✓ New accounts opened less than 30 days\*
  - Sole transaction account with Credit Union less than 90-days old.
- \*Hold does not apply to cash deposits and electronic transfers*
- ✓ Repeated Overdrafts
  - Account overdrawn more than 5 times in six months
- ✓ Uncollectible checks
  - Check dated over six months ago
  - Improper endorsement
  - Evidence suggest the member is engaged in check kiting
  - Credit Union has received a notice of dishonor from the financial institution against which the check is drawn

## Effect

If an exception applies, the Credit Union may extend the time period for availability by a "reasonable period of time:"

- ✓ Add one business day for "on us" checks.
- ✓ For all other checks, including U.S. Treasury checks, U.S. Postal Service money orders, Federal Reserve Bank checks, Federal Home Loan bank checks, state and local government checks, and cashier's, certified, and teller's checks, add five business days, thus making them available within, up to 7 business days.
- ✓ Add up to 6 business days for checks deposited in nonproprietary ATMs.

## Notice Requirement

The Credit Union may not place a specific exception hold unless it notifies the member that the exception is being invoked.

- ✓ **Notice at Time of Hold.** The Credit Union must also provide the member with notice at the time of the deposit. The notice must state:
  - Statement that the Credit Union is holding the funds.
  - Member's name and account number.
  - Date and amount of deposit.
  - Date when funds will be available.

- How to obtain a refund of returned check fees or overdraft fees if the notice is not given at the time of the deposit, and the check is paid.
- ✓ **When Given.** Ordinarily, notice is given when deposit is made. If the deposit is not made in person, notice should be given no later than the first business day thereafter.
- ✓ **How Given.** Notice can be delivered personally to the member when the deposit is made, mailed, or faxed. In addition, it can be delivered by e-mail if the member agrees to receive e-mails and if the e-mail can be downloaded and printed.

### **Additional Exception Processing**

Until further notice, all checks being deposited, cashed, and submitted for loan payments made in the amount of \$3000.00 and above must be approved by one of the following:

1. Head Teller
2. Branch Manager
3. COO
4. VP of Compliance

### **Checks deposited into Share Savings**

Share Savings accounts are not governed by Regulation CC and will therefore adhere to the following hold rules established by Family First Credit Union.

- ✓ Checks deposited into Share Savings accounts will be held for a minimum of five business days and up to a maximum of ten days.
- ✓ Exceptions holds are subject a twelve business day hold. The Credit Union may place a specific exception hold where the transaction involves reasonable belief that the check is uncollectible; new accounts; large deposits; re-deposited items; and emergency conditions.

### **Specific Exceptions**

- ✓ Uncollectible checks
  - Check dated over six months ago
  - Improper endorsement
  - Evidence suggest the member is engaged in check kiting
  - Credit Union has received a notice of dishonor from the financial institution against which the check is drawn
- ✓ Deposit exceeding \$5525.00
- ✓ Re-deposited items - Items previously returned by the paying institution for non-technical reasons.
- ✓ Emergency Conditions - Conditions such as war, earthquake, fire, flood, power or equipment failure, suspension of payments from another financial condition, or any other emergency.
- ✓ Account opened within 30 days

### **Notice Requirement**

The Credit Union may not place a specific exception hold unless it notifies the member that the exception is being invoked.

- ✓ **Notice at Time of Hold.** The Credit Union must also provide the member with notice at the time of the deposit. The notice must state:
  - Statement that the Credit Union is holding the funds.
  - Member's name and account number.
  - Date and amount of deposit.
  - Date when funds will be available.
  - How to obtain a refund of returned check fees or overdraft fees if the notice is not given at the time of the deposit, and the check is paid.
- ✓ **When Given.** Ordinarily, notice is given when deposit is made. If the deposit is not made in person, notice should be given no later than the first business day thereafter.
- ✓ **How Given.** Notice can be delivered personally to the member when the deposit is made, mailed, or faxed. In addition, it can be delivered by e-mail if the member agrees to receive e-mails and if the e-mail can be downloaded and printed.

### Third-Party Checks

Family First Credit Union will accept a third-party check up to the amount of \$225.00 for deposit only. The hold policies for checks apply to third-party checks also.

### Additional Exception Processing

All checks being deposited in the amount of more than \$225.00 must be approved by one of the following:

- ✓ Head Teller
- ✓ Branch Manager
- ✓ COO
- ✓ VP of Compliance

### New Accounts

Special rules apply for new accounts (sole account with the Credit Union less than 30 days old, provided none of the members on the account have other transaction accounts at the Credit Union that have been opened for at least 30 days).

- ✓ Cash deposits and wire transfers are subject to the next-day availability requirements.
- ✓ The first \$5,525 of deposits of U.S. Treasury checks must be made available on the next business day. Any amount over \$5525.00 into a new account may be held until the 9th business day.
- ✓ The first \$5525.00 of an in-person deposit of checks drawn on Federal Reserve Banks and Federal Home Loan Banks, state and local government checks, cashier's checks, certified checks, teller's checks, and, for the purposes of the new account exception only, traveler's checks, must be made available on the next business day. The first \$5525.00

of such deposits not made in person must be made available on the second business day. The remainder may be held until the 9th business day.

- ✓ An availability schedule does not apply to other checks, including the requirement for the first \$225 of a day's deposit to be made available for withdrawal.

## **Initial Disclosure**

At account opening, the Credit Union must provide to the member a membership agreement that clearly and conspicuously explains the Credit Union's funds availability policy complying with 12 CFR Section 229.16.

## **Other Disclosures**

A Credit Union must also:

- ✓ Provide a copy of its funds availability policy to a member who requests it.
- ✓ Post a copy of its funds availability policy at every location where deposits are accepted, including ATMs. The Credit Union will also post its availability policy on its website on every page where accounts are opened and/or payments are made online.
- ✓ Include on all preprinted deposit slips furnished to its members, a notice that deposits may not be available for immediate withdrawal.
- ✓ Notify its members of a change in the funds availability policy at least 30 days prior to the change. If the change expedites the availability of funds, the Credit Union may provide the notice 30 days after the change is implemented.

## **Deposit Reconciliation**

Credit discrepancies that are not appropriately reconciled within prescribed timeframes governed under Reg CC, may leave members without timely access to their funds and in violation of the regulation. The Credit Union will have procedures in place to assist employees in processing transactions, reporting discrepancies, taking appropriate steps to determine the cause of the discrepancy and appropriately reconcile any discrepancy identified within appropriate timeframes. The Credit Union will also provide appropriate training and oversight to ensure compliance with applicable policies and procedures.

## **Employee Procedures**

The Credit Union will have procedures in place to ensure compliance with these requirements. These procedures will be provided and made available to applicable employees.

## **Civil Liability**

Violation of Reg CC may result in liability by the Credit Union for actual damages and additional amounts not less than \$100 nor greater than \$1,000 for individuals and a maximum of \$500,000 or one percent of net worth for class actions.

## **Two-Year Record Retention**

A Credit Union must retain records showing compliance with Reg CC for at least two years.

## **Appendix A**

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### **Basic Terminology for Financial Terms in Expedited Funds Availability Policy and Procedures document**

#### **Aggregate**

The sum of the total amount

#### **Banking Day**

The part of any business day the bank is open to the public.

#### **Business Day**

Any day except Saturday, Sunday, or a legal holiday

#### **Check**

Negotiable demand draft drawn on or payable through a bank

#### **Depository Bank**

The bank in which funds are deposited

#### **Paying Bank**

The bank that the check is drawn on

#### **On-us check**

A check deposited into the same institution on which it was drawn.

#### **FRB**

Federal Reserve Bank is a U.S. federal banking system that is under the control of the Federal Reserve Board. The Federal Reserve Bank has wide powers in controlling credit and the flow of money as well as regulating and supervising its member banks.



**Acknowledgement**

I have read and understand the Expedited Funds Availability Policy (Regulation CC). I have been provided with a copy of this policy.

Date \_\_\_\_\_

Name \_\_\_\_\_

Signature \_\_\_\_\_