# Funds Availability Policy - 2400

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**General Policy Statement:**

The Expedited Funds Availability Act and its implementing Regulation CC (12 CFR Part 229) sets minimum funds availability schedule, which serves as a deadline for when funds must be made available for withdrawal. The District Federal Credit Union provides funds availability disclosures and makes funds available in compliance with the minimum standards required by Regulation. The Credit Union may make funds available for withdrawal more promptly than what is required by Regulation.

**Guidelines:**

1. **DEFINITIONS**

   A. **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.
   B. **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 on a business day that the Credit Union is open, the Credit Union will consider that day to be the day of deposit.

2. **NEXT DAY AVAILABILITY.** The following funds deposited into a member's account must be available by the next business day:

   A. Cash deposited in person at a teller station. To qualify for next-day availability, members must deposit funds during Credit Union business hours.
   B. Electronic payments (e.g., wire transfers, automated clearinghouse credit transfers). These are considered "received" when the Credit Union has received both:
      i. Payment in finally collected funds, and
      ii. Payment instructions indicating the account and the amount to be credited.

   C. U.S. Treasury checks deposited into the payee's account.
   D. The following types of checks, with proper endorsement, if deposited in person at a teller station into the payee's account:
      i. U.S. Postal Service Money Orders.
      ii. Federal Reserve Bank checks/Federal Home Loan Bank checks.

iii. State and local government checks, if the Credit Union is located in the same state as the government entity that issued the check and if the check was accompanied by any special deposit slip required by the Credit Union.
iv. Cashier's, certified, or teller's checks, if accompanied by any required special deposit slip.

E. "On us" checks, i.e., checks drawn on The District Federal Credit Union or one of its branches.
F. Drafts covered by member's account, such as situations where the member's account balance exceeds the amount of the draft.
G. For checks not described above, the lesser of $275 or the aggregate amount of such checks must be available, except that:
   i. 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 District Federal Credit Union need not make an additional $275 available for withdrawal the following day.
   ii. If the member has a negative book balance or a negative available balance in the account at the time of the deposit, the $275 that must be available on the next business day may be made available by applying $275 to the negative balance, rather than making $275 available for withdrawal.

3. **SECOND DAY AVAILABILITY.** The following funds deposited into a member's account must be made available no later than the second business day following the deposit.

   A. The following types of checks, if 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:
      i. U.S. Postal Service Money Orders.
      ii. Federal Reserve Bank checks/Federal Home Loan Bank checks.
      iii. State and local government checks.
      iv. Cashier's, certified, or teller's checks.
      v. US Treasury checks.

4. **FIFTH-DAY AVAILABILITY.** Cash or checks deposited into a nonproprietary ATM must be made available no later than the fifth business day following the deposit.

5. **WITHDRAWAL BY CASH OR SIMILIAR MEANS.** The District Federal Credit Union may extend by one business day the time that funds deposited in an account by one or more checks governed under #4 and #5 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 District Federal Credit Union will make $550 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 $550 is in addition to the required

$275. Cash withdrawals for the remainder of the funds (over $550) can be delayed until the following business day.

6. **ADDING A DAY TO AVAILABILITY PERIOD.** The availability period may be extended by one day for a deposit that is made to a Credit Union located in Hawaii or Alaska, is not subject to next-day availability, and is by check drawn on a paying bank not located in the same state as The District Federal Credit Union.

7. **"CASE-BY-CASE" HOLDS.** If a Credit Union has a policy of making funds available sooner than required by the foregoing rules, The District Federal 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.

    A. **Initial Disclosure.** Before opening a new account, The District Federal Credit Union must disclose its case-by-case hold policy.
    B. **Notice at Time of Hold.** The District Federal Credit Union must also provide the member with notice at the time of the deposit.

        i. **Content.** The notice must include:
            1. Statement that The District Federal Credit Union is holding the funds.
            2. The account number.
            3. The date of the deposit.
            4. The amount of the deposit that is being delayed.
            5. When the funds will be available for withdrawal.
            6. 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.

        ii. **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.
            1. 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.

8. **"SPECIFIC EXCEPTION" HOLDS.**

    A. **Description.** The following situations create a "specific exception" to the funds availability rules:
        i. **Large Deposits.** A member's aggregate deposits in one day exceed $6,725. (The exception applies to the amount over $6,725. The District

Federal Credit Union may apply this exception to the aggregate deposits to all accounts held by the member, without regard to joint accountholders.)

ii. **Re-deposited Checks.** A check that has been returned unpaid and re-deposited unless the reason the check was returned was because it was missing an endorsement or was postdated. $275 of the deposit does not have to be made available on the next business day. The business day the check is re-deposited is considered to be the day of deposit.

iii. **Repeated Overdrafts.** Within the last six months, a member's account has been overdrawn six or more times, or overdrawn twice by more than $6,725 for two or more business days (or would have been had the checks and charges been paid). This exception does NOT apply to any next-day availability deposits, despite an overdrawn account. An account will retain its "repeated overdraft" status for six months from the last overdraft.

iv. **Reasonable Cause to Doubt Collectability.** The District Federal Credit Union has reasonable cause to believe the check is uncollectible, such as a stale or postdated check, evidence of check kiting, or a notice dishonor from the payor financial institution. The District Federal Credit Union will maintain the notice provided to the member, along with a statement of facts surrounding its reason to doubt the collectability of the item, for 2 years.

v. **Emergency Conditions**, such as telecommunication or computer breakdowns, war, or some other emergency condition beyond The District Federal Credit Union's control. A hold will be placed on the funds for a reasonable time after the emergency has passed.

B. **Effect.** If an exception applies, The District Federal Credit Union may extend the time period for availability by a "reasonable period of time:"

i. Add one business day for "on us" checks.

ii. 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.

iii. Add up to 6 business days for checks deposited in nonproprietary ATMs.

C. **Notice Requirement.** The District Federal Credit Union may not place a specific exception hold unless it notifies the member that the exception is being invoked.

i. **Content.** The notice must state:

1. The member's name and account number.
2. The date of the deposit.
3. The amount of the deposit being delayed.
4. Statement that The District Federal Credit Union is holding funds.
5. What the exception is and why it is being invoked.
6. When the funds will be available for withdrawal.

7. 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.

ii. **When Given.** Ordinarily, notice must be given when the deposit is made. If the facts giving rise the exception are not known until after the deposit is made, then notice must be given no later than one business day thereafter.

iii. **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.

9. **NEW ACCOUNTS.** Special rules apply for new accounts (sole account with Aurora Schools Federal Credit Union less than 30 days old, provided none of the members on the account have other transaction accounts at The District Federal Credit Union that have been opened for at least 30 days).

   A. Cash deposits and wire transfers are subject to the next-day availability requirements.
   B. The first $6,725 of deposits of U.S. Treasury checks must be made available on the next business day. Any amount over $6,725 into a new account may be held until the 5th business day.
   C. The first $6,725 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 $6,725 of such deposits not made in person must be made available on the second business day. The remainder may be held until the 5th business day.
   D. An availability schedule does not apply to other checks, including the requirement for the first $275 of a day's deposit to be made available for withdrawal.

10. **INITIAL DISCLOSURE.** Before opening a new account, a Credit Union must provide to the member a disclosure that clearly and conspicuously explains the Credit Union's funds availability policy complying with 12 CFR Section 229.16. The Credit Union will use one of the model policies below or develop a disclosure that is substantially similar.

    A. Model Policy C-1: Next-day availability
    B. Model Policy C-2: Next-day availability and specific exceptions
    C. Model Policy C-3: Next-day availability, case-by-case holds to statutory limits, and specific exceptions
    D. Model Policy C-4: Holds to statutory limits on all deposits (includes chart)
    E. Model Policy C-5: Holds to statutory limits on all deposits

11. **OTHER DISCLOSURES.** A Credit Union must also:

A. Provide a copy of its funds availability policy to a member who requests it.
B. 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.
C. Include on all preprinted deposit slips furnished to its members, a notice that deposits may not be available for immediate withdrawal.
D. 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.

12. **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 District Federal 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 District Federal Credit Union will also provide appropriate training and oversight to ensure compliance with applicable policies and procedures.

13. **EMPLOYEE PROCEDURES**. The District Federal Credit Union will have procedures in place to ensure compliance with these requirements. These procedures will be provided and made available to applicable employees. The Credit Union will also ensure staff responsible for implementation of this policy and corresponding procedures receive relevant training.

14. **TWO-YEAR RECORD RETENTION.** A Credit Union must retain records showing compliance with Reg CC for at least two years (See Section 10000, Table 11).