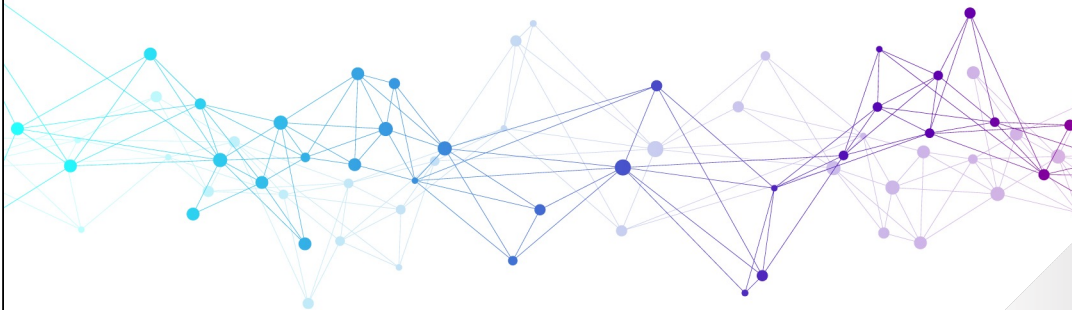


Regulation CC

For Frontline Staff



Overview



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UNIONS



Overview

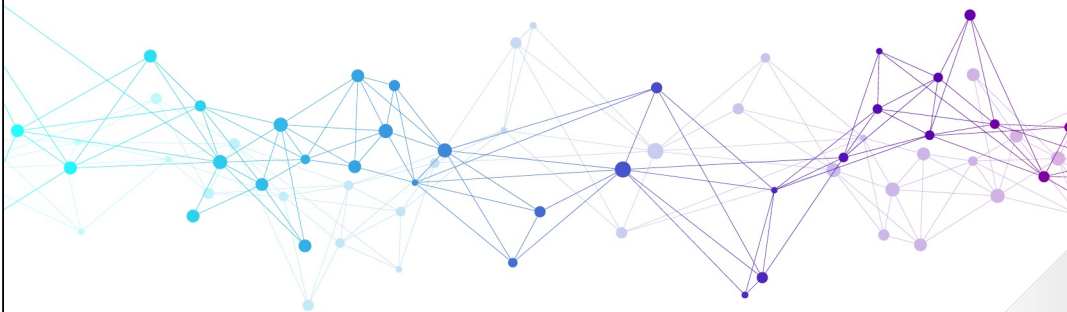
- Certain deposits that pose a low risk of return must be available for members to withdrawal on the next business day after the banking day of deposit.
- All other deposits must be available for withdrawal on the second business day after the banking day of deposit.
- Longer holds may be placed under certain conditions
- Hold restrictions only apply to consumer and non-consumer checking or share draft accounts
- Reg CC does not apply to savings, or share accounts, or deposits made by remote deposit capture

Overview

Definitions:

- **Business Day:** Calendar day other than Saturday, Sunday or Federal Reserve Bank Holidays (state holidays are considered a business day, even if you are not open)
- **Banking Day:** Any day on which a credit union is open to the public

Next-Day Availability



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Next-Day Availability

Next-day availability is required for “low risk” deposits and may be conditioned upon any one or more of three statutory requirements (some exceptions apply):

- The check must be payable to the accountholder
- The deposit must be made at a staffed teller station
- Deposits must be made using a special deposit slip or envelope

If the next-day items do not meet these conditions, they can be made available for withdrawal on the second business day after the banking day of deposit.

Next-Day Availability

Item	Description	Exceptions
<i>Cash</i>	U.S. Coins and Currency	<ul style="list-style-type: none"> • In-person exception doesn't apply • Deposit slip exception doesn't apply
<i>Electronic Payments</i>	Fedwire, ACH	<ul style="list-style-type: none"> • In-person exception doesn't apply • Deposit slip exception doesn't apply • Payee exception doesn't apply
<i>Treasury Checks</i>	Checks drawn on the U.S. Treasury	<ul style="list-style-type: none"> • Proprietary ATMs, Night deposit boxes and lobby deposit boxes are considered "staffed locations" • Deposit slip exception doesn't apply
<i>U.S. Postal Service Money Orders</i>		Can't require a special deposit slip

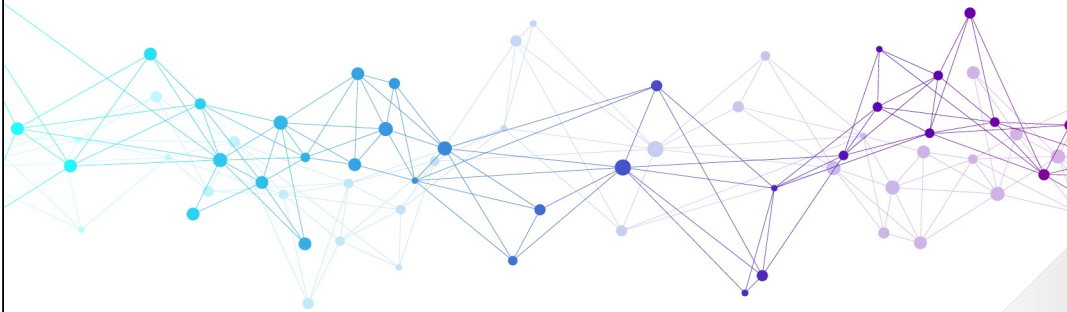


Next-Day Availability

Item	Description	Exceptions
<i>Federal Reserve Bank and Federal Home Loan Bank checks</i>		Can't require a special deposit slip
<i>State and Local Government Checks</i>	Checks drawn on a state or unit of local government	Deposited in a credit union located in the state that issued the check or located in the same state where the government unit is located.
<i>Cashier's, certified, and teller's checks</i>		
<i>On-Us Checks</i>	Checks deposited to a branch of the depository credit union and drawn on the same or another branch of the same credit union	Proprietary ATMs, Night deposit boxes and lobby deposit boxes are considered "staffed locations"
<i>First \$225 of all other items</i>		<ul style="list-style-type: none"> • Aggregate of non next-day items • In addition to next-day items



General Availability



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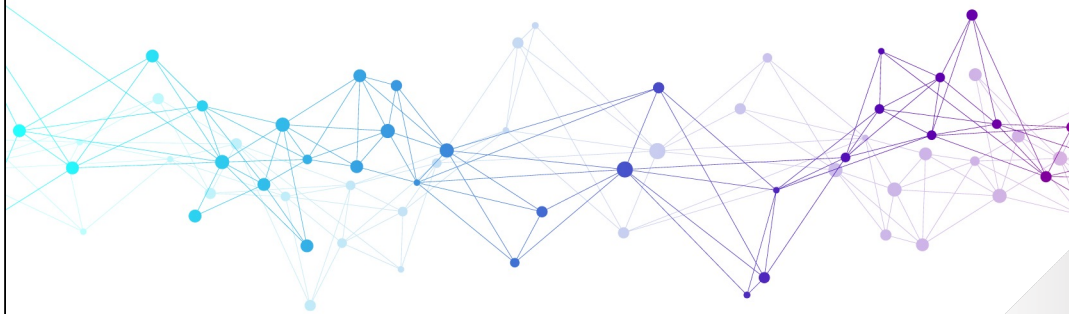
General Availability

All items that do not require next-day availability must be available on the second business day after the banking day of deposit. This includes:

- Non-next day items
- Next-day items that do not qualify for next-day availability

**It is very common for credit unions to generally make funds from deposits available for immediate withdrawal.

Exception Holds



Exception Holds

Credit unions may extend the time when funds must be made available for deposits in certain “safeguard” circumstances. Funds from exception holds must be made available for withdrawal according to the following schedule:

Item	Availability
<i>Cash and Electronic Payments</i>	Next day
<i>On-us Checks</i>	2 business days
<i>Treasury Checks and U.S. Postal Service Money Orders</i>	5 business days
<i>All other checks</i>	7 business days



Exception Holds

Large Deposits

- The first \$5,525 of a day's deposit is subject to next-day and general hold schedules. The amount in excess of \$5,525 may be held.
- The first \$225 of checks made available on a next-day basis may be taken into account in determining the deposit amount subject to the additional hold.

Re-deposited Checks

- A check that has been returned unpaid and is re-deposited by the member may be held.
- The \$225 next-day availability rule does not apply.
- This exception does not apply to checks that were returned because they were post-dated or missing an endorsement as long as the error no longer exists.

Exception Holds

Repeat Overdrafts

- A credit union can extend hold schedule for items deposited into an account of a member who is repeatedly overdrawn (can be any account of the member that is overdrawn)
- Repeatedly overdrawn means any account of the member was overdrawn for six days during the last six months or overdrawn by \$5,525 or more for two days during the last six months.
- The \$225 next-day availability rule does not apply
- This exception relates not only to overdrafts caused by checks but to any other debit charges, such as ACH debits, point-of-sale transactions, returned checks, and account fees.

Exception Holds

Reasonable Cause to Doubt Collectability

- A credit union can extend the general check hold schedule for items believed to be uncollectible
- Reasonable cause to believe a check is uncollectible requires the existence of facts that would cause a well-founded belief in the mind of a reasonable person
- The \$225 next-day availability rule does not apply

Reasonable-cause Exception Notice

- If this exception is invoked, the credit union must notify the member of the reason the credit union believes the check is uncollectible.
- The credit union must retain a record of each notice of a reasonable-cause exception (including the reasons) for two years.

Exception Holds

Reasonable Cause to Doubt Collectability

Overdraft Fees

- If the reasonable cause notice is not given to the member at the time of the deposit, the credit union may not charge the member any overdraft fee or NSF fee, or charge interest for use of over- draft credit, provided the check is paid by the paying bank and these charges would not have occurred had the exception not been invoked.
- In order to charge an overdraft fee under these circumstances, the credit union must provide the Notice of Exception Hold or Reasonable Cause Notice and must include a provision that the member may be entitled to a refund of any overdraft fees as well as indicate where to direct a refund request.

Exception Holds

Emergency Conditions

Credit Unions may extend the general hold schedule during certain emergency situations.

- Emergencies would include circumstances such as:
 - An interruption of communications, computer, or other equipment facilities
 - A suspension of payments by another institution
 - A war
 - An emergency condition beyond the control of the depository credit union
- Funds must be available for withdrawal within a reasonable period after the emergency ends.
- The \$225 next-day availability rule does not apply

Exception Holds

Exception Hold Example

These rules apply for the large deposit exception:

- \$225 next-day availability for non-next day items applies
- First \$5,525 subject to next-day availability or non-next day (case-by-case) hold procedures
- Place hold on amounts over \$5,525 according to exception hold schedule below

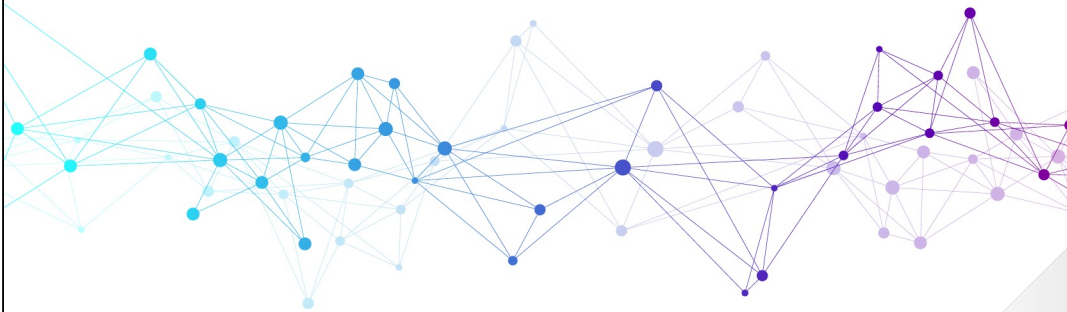
Let's look at two different types of large deposits. The first is a \$25,000 treasury check (a next day item). The second is a \$25,000 personal check given to you by your very rich granny (a non-next day item). Your credit union is not open on Saturdays.

Exception Holds

Exception Hold Example

DAY	Official Check	Rich Granny Check
Monday, 17 April (Banking day of Deposit)	\$0 must be made available. Provide exception hold notice.	\$0 must be made available. Provide exception hold notice.
Tuesday 18 April	\$5,525 must be made available	\$225 must be made available
Wednesday 19 April (2 nd business day)		\$5,300 must be made available
Monday 24 April (5 th business day)	Remaining \$19,475 must be made available	
Wednesday 26 April (7 th business day)		Remaining \$19,475 must be made available

New Account Holds



New Account Holds

Regulation CC provides an exception to the availability schedules for deposits made to a new account:

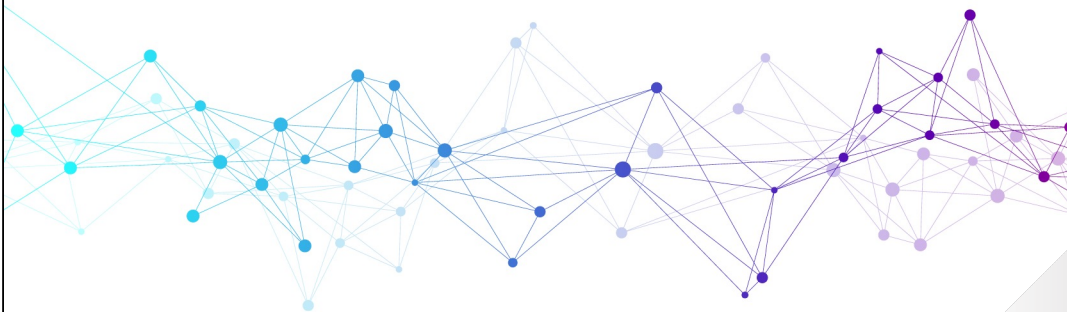
- An account is a “new account” during the first 30 calendar days after it has been opened with an initial deposit.
- Members with existing transaction accounts are not subject to the new account rules even when they open additional accounts.
- Non-next day items may be held according to the discretion of the credit union (hold period must be disclosed in the new account disclosures)
- The \$225 next-day availability does not apply
- On-us checks are not considered next-day items for new accounts
- A hold notice is not required during the 30-day new account period as long as an initial disclosure statement is given to the member at the time the new account is opened.

New Account Holds

New Account Hold Schedule

Item	Hold Period
<i>Cash and electronic payments</i>	Next day
<i>Treasury checks, U.S. Postal money orders, Federal Reserve and FHLB checks, state and local government checks, cashier's, certified, teller's checks</i>	First \$5,525 must be available on the next business day. Funds in excess of \$5,525 must be available by the ninth business day.
<i>On-us checks, non-next day items</i>	Credit union discretion

Received by Dates



Received by Dates

The day the deposit is made is the starting point for determining when funds must be made available for withdrawal. The day funds are deposited varies depending on the circumstances of the deposit:

How Funds are Received	When Funds are Considered Received
<i>Staffed teller station</i>	When received by the teller
<i>Mailed</i>	When mail is delivered to the credit union
<i>Night depository</i>	On the banking day the deposit is removed, and the contents of the deposit are accessible for processing (for example, funds deposited in a locked bag would be accessible when the bag is unlocked).
<i>On-premises ATM</i>	When funds are placed in the ATM
<i>Off-premises ATM</i>	On the day the funds are removed from the ATM
<i>After closing or cut-off time</i>	Next banking day

Received by Dates

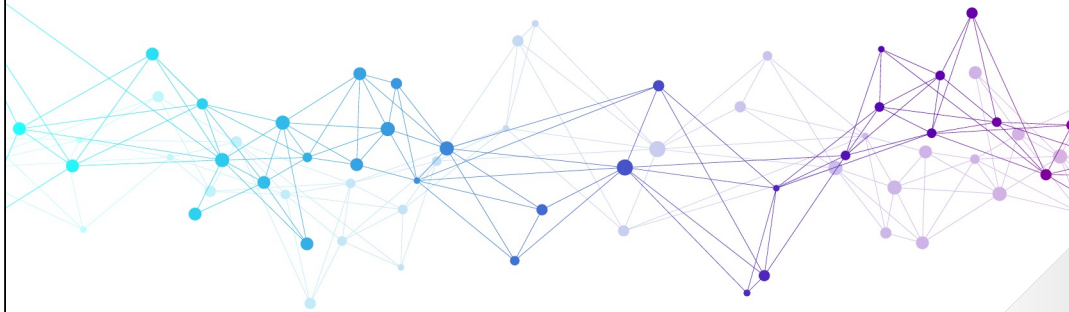
Cut-off Time

- A credit union may establish a cutoff hour of 2 p.m. or later for receipt of deposits in any branch office, and a cutoff hour of noon or later for deposits at ATMs, contractual branches, or off-premises facilities.
- A credit union may establish different cutoff hours for different types of deposits or for deposits received at different locations so long as the minimum cutoff hours are followed.

Availability Time

On the availability date, funds must be available for withdrawal by 9 a.m. or the time the credit union's teller facilities, including ATMs, are available for member account withdrawals, whichever is later.

Disclosures



Disclosures

Notice of Case-by-Case Holds

Credit unions that make deposited funds available for withdrawal sooner than required under the regulation but also delay or extend the time when deposited funds are available for withdrawal on a case-by-case basis must provide an additional notice.

The notice of a case-by-case hold must include the following information:

- Member account number
- Date of deposit
- Amount of deposit being delayed
- Date funds will be available for withdrawal

Disclosures

Notice of Case-by-Case Holds

Timing

- Provide the notice at the time of the deposit when possible.
- If the deposit is not made in person to an employee of the credit union (for example, ATM, lobby, night deposit box, or by mail), or the hold decision is made after the deposit, deliver the notice no later than the next business day after the day of deposit.

Disclosures

Exception Hold Notice

A special notice is required when an exception hold is invoked. The notice of exception must include the following information:

- The account number of the member
- The date of the deposit
- The amount of the deposit that is being delayed
- Date funds will be available for withdrawal
- The reason the exception was invoked

Disclosures

Reasonable Cause Exception Notice

- If the reasonable cause exception is invoked, the reason the credit union believes the check is uncollectible must also be disclosed.
- The reason must be specific. For example:
 - Notice of nonpayment of an item
 - Stop payment of an item
 - Insufficient funds notice
 - Stale date or postdate of a check

Disclosures

Reasonable Cause Exception Notice

Timing

- Provide the notice at the time of the deposit when possible.
- If the deposit is not made in person to an employee of the depository credit union (for example, ATM, lobby, night deposit box, or by mail), or the hold decision is made after the deposit, deliver the notice no later than the next business day after the day of deposit.

Records

- Retain a record of each notice of a reasonable cause exception for two years.
- This record must contain a brief description of the facts upon which the credit union based its judgment.

Questions?

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