

MIL-WAY FEDERAL CREDIT UNION FUNDS AVAILABILITY

Update: July 2011
1/24/14

Reviewed and approved:

General Policy Statement:

Mil-Way Federal Credit Union (Mil-Way FCU) offers same day or next day availability for most funds deposited with the credit union.

Guidelines:

DISCLOSURE. Mil-Way FCU conscientiously informs members of its funds availability policy by providing members with:

- (A) **Disclosures upon Request.** Mil-Way FCU 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 Mil-Way FCU's policy with other institutions.
- (B) **Initial Disclosures.** Before a member opens a new account, Mil-Way FCU will provide the member with written disclosures that clearly and conspicuously explain the credit union's funds availability policy.
- (C) **Branch and ATM Notices.** Mil-Way FCU will post its availability policy at a conspicuous place in every location where deposits are accepted.
- (D) **Internet Disclosure.** Mil-Way FCU will post its availability notice on its Web site on every page where accounts are opened and/or payments are made online.
- (E) **Change-in-Policy Notice.** If Mil-Way FCU ever adversely changes its funds availability policy it will notify all members of the change at least 30-days before implementation. If a change to Mil-Way FCU policy improves the availability of funds to the members, it will notify all members no later than 30 days after the effective date of the change.

SAME-DAY AVAILABILITY. Mil-Way FCU affords same-day availability for cash deposits and electronic fund transfers.

NEXT-DAY AVAILABILITY. Mil-Way FCU affords next business day availability for the following funds deposited in person at the credit union. To qualify for next-day availability, members must deposit funds during Mil-Way FCU business hours before the cutoff time for receiving deposits. Presently, the cutoff time is close of business on a business day we are open.

- (A) **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.
- (B) **Depository Checks;** i.e., Travelers Checks, cashier's checks, certified checks, and money orders.
- (C) **Checks on Us;** i.e., checks drawn against accounts of Mil-Way FCU.
- (D) **Drafts Covered by Member's Account;** i.e., situations where the member's account balance exceeds the amount of the draft.
- (E) **\$200 of Aggregate Third Party Checks;** i.e., if the member deposits a \$800 third party check and his or her account balance is less than \$800, Mil-Way FCU will make \$200 available the next business day and place a hold on the remaining \$600.

TWO-DAY AVAILABILITY. Funds deposited by mail or ATM will be available within 2 business days following the banking day of deposit.

CASE-BY-CASE HOLDS. Mil-Way FCU will place a hold on deposits where evidence suggests a forgery or fraud.

- (A) **Notice.** If Mil-Way FCU decides to impose a case-by-case hold, it will immediately deliver proper notice to the member depositor. If for some reason Mil-Way FCU fails to deliver notice at the time of the transaction, the credit union will refund any return check fees or overdraft fees assessed. The notice will include:
 - (i) Statement that Mil-Way FCU is holding the funds;
 - (ii) Member's name and account number;
 - (iii) Date and amount of deposit;
 - (iv) Date when funds will be available; and
 - (v) How to obtain a refund of returned check fees or overdraft fees if the notice is not provided at the time of the deposit, and the check is paid.

SPECIFIC EXCEPTION HOLDS. Mil-Way FCU 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.

- (A) **Specific Exceptions.**
 - (i) **Uncollectible Checks.**

- 1) Stale dated check (over six months old);
 - 2) Improper endorsement;
 - 3) Evidence suggests that the member is engaged in check kiting; or
 - 4) Mil-Way FCU has received a notice of dishonor from the financial institution against which the check is drawn.
- (ii) **Repeated Overdrafts.** (Accounts overdrawn more than 5 times or overdrawn by \$5,000 in the last 6 months.) An account will retain its “repeated overdraft” status for 6 months from the last overdraft.
- (iii) **New Accounts.** (Sole transaction account with Mil-Way FCU less than 30-days old.)
- 1) Hold does not apply to cash deposits and electronic transfers; or
 - 2) May not apply to government checks or depository checks over \$5,000. See Regulation CC.
- (iii) **Deposits Exceeding \$5,000.** Mil-Way FCU may apply this exception to aggregate deposits in multiple accounts that exceed \$5,000 in one day.
- (iv) **Re-deposited Items.** Items previously returned by the paying institution for non-technical reasons (i.e., missing endorsement or the check is post-dated).
- (v) **Emergency Conditions.** Conditions such as war, earthquake, fire, flood, power or equipment failure, suspension of payments from another financial condition, or any other emergency. A hold will be placed on the funds for a reasonable time after the emergency has passed.
- (B) Notice.** If Mil-Way FCU decides to impose a specific hold, it will immediately deliver proper notice to the member depositor. If for some reason the credit union fails to deliver notice at the time of the transaction, Mil-Way FCU will refund any return check fees or overdraft fees assessed. The notice will include:
- (i) Statement that Mil-Way FCU is holding the funds;
 - (ii) Reason for the hold;
 - (iii) Member's name and account number;
 - (iv) Date and amount of deposit; and
 - (v) Date the funds will be available.

- (vi) Statement of how to obtain a refund of retained share draft fees or overdraft fees if the notice is not given at the time of the transaction, and share draft is paid.

Notice can be delivered by fax or e-mail if the member agrees to receive such information in this manner and if it can be downloaded and printed.

SUBSTITUTE CHECKS. Check Clearing for the 21st Century (“Check 21”) enables financial institutions to send checks to each other electronically, and enables the credit union to receive a paper copy of the electronic check (called a “substitute check”). Substitute checks are the legal equivalent of a paper check for all purposes. Mil-Way FCU is not required to create substitute checks, but must accept them.

- (A) **Legend.** The substitute check will state “This is a legal copy of your check. You can use it in the same way you would use the original check.”
- (B) **Disclosure.** Mil-Way FCU will provide members with a disclosure that a substitute check is the legal equivalent of an original check, along with the member rights that apply when a member in good faith believes that a substitute check was not properly charged to his/her account. The disclosure will be provided in the following circumstances:
 - (i) Whenever new accounts are opened;
 - (ii) Whenever original or substitute checks are provided with the periodic statement; and
 - (iii) Whenever a member requests an original check or a copy of a check, and instead receives a substitute check. The disclosure in this instance will be provided no later than the time the member receives the substitute check.
 - (iv) For joint accounts, the disclosure need only be provided to one account holder.

RECORD RETENTION. In compliance with Subpart B, Reg CC, Mil-Way FCU will retain records documenting compliance with this policy for a minimum of two (2) years.

Reviewed and approved by the Board of Directors this ____ day of _____.

Secretary

Chairman

