

The Expedited Funds Availability Act (EFAA), as implemented by Regulation CC, affects transaction and similar accounts that facilitate payments or transfers to third persons. This means that transaction accounts such as share draft accounts and business checking accounts are covered under the regulation, and that the Credit Union must follow the specified funds availability schedules, disclosure requirements, return rules, and other provisions. Accounts such as regular savings accounts, money market deposit accounts, and time deposits are not covered under the act. Regulation CC applies to both consumer and commercial accounts. Recognizing the importance of communicating to members when their funds will be made available to them, the Credit Union is dedicated to compliance with the requirements of Regulation CC and all other relevant state and federal law.

FUNDS AVAILABILITY POLICY

The purpose of this policy is to describe Midcoast Federal Credit Union's check hold policy for transaction accounts. The Credit Union's objective is to make funds available as expeditiously as good business practices mandate and, at times, may choose not to enforce check holds or use shorter holds. The length of delay is counted in business days from the business day of 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. The Credit Union considers a business day to end at 4:30 PM. Any deposits made after that time will be considered deposited on the following business day.

Initial Disclosure

Before opening a new account, the Credit Union will provide members with a copy of the Funds Availability (Reg CC) Policy.

Other Disclosure Requirements

The Credit Union will also:

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

Same-Day Availability

Funds from the following deposits will be made available on the business day of deposit:

- Cash deposits made in person at one of the Credit Union's teller stations
- All electronic payments, such as wire transfers and funds from ACH credits that are subject to NACHA rules, such as deposits for payroll or federal entitlements such as Social Security
- Checks drawn on the Credit Union ("on us" checks) pending availability in the issuer's account

- U.S. Treasury checks made payable to the account holder that are deposited in person to one of the Credit Union's Member Service Representatives

Next-Day Availability

Funds from the following deposits will be made available on the next business day following the day of deposit:

- Cash deposits not made in person at one of the Credit Union's teller stations (e.g. deposited in a night depository)
- U.S. Treasury checks made payable to the account holder, regardless of whether or not the check is deposited at a staffed teller station (e.g., if the deposit is made at a night depository)
- Funds from government checks (local and state), if the check is made payable to the account holder and if the deposit is made in person to one of the Credit Union's teller stations
- Cashier's checks, certified checks, and teller's checks that are made payable to the account holder and if the deposit is made in person to one of the Credit Union's teller stations
- Federal Reserve Bank checks, Federal Home Loan Bank checks, and U.S. Postal money orders, if these items are payable to the account holder and if the deposit is made in person to one of the Credit Union's teller stations

The Credit Union will make the first \$225 from a deposit of checks not subject to same-day or next-day availability available on the first business day after the day of deposit, i.e. next-day availability. The remaining funds will be made available on the second business day after the day of the deposit, i.e. second-day availability. This first \$225 availability does not apply to funds deposited at a nonproprietary ATM.

Second-Day Availability

Any cash deposits not made in person to one of the Credit Union's teller stations or check deposits not subject to same-day or next-day availability will be made available on the second business day after the day of deposit, i.e. second-day availability.

Deposits at Nonproprietary ATMs

Funds deposited in an account at a nonproprietary ATM by cash or check will be made available for withdrawal on the second business day following the day of deposit.

Exception Holds

In some situations, the Credit Union may exercise an exception hold on deposited funds. During this period, funds availability may be delayed for longer periods. The following circumstances comprise situations in which the Credit Union may exercise an exception hold which applies to all checks, even checks normally subject to same or next-day availability:

- Deposited checks totaling more than \$5,525 in one day
 - The first \$5,525 of the check deposit(s) remains subject to the Credit Union's standard availability schedule; any amount exceeding \$5,525 may be placed on an exception hold
- Checks that have been returned as unpaid
- When a member's account(s) have been repeatedly overdrawn six or more times in the last six months
- When the Credit Union has reasonable cause to doubt collectability of a check, such as a stale or postdated check, evidence of check kiting or other facts surrounding cause for doubt
- Emergencies situations, such as failure of communications or computer equipment

When an exception hold is permitted, the Credit Union will be subject to the following requirements:

- Initial Disclosure – Before opening a new account, the Credit Union will disclose its exception hold policy.
- Notice at Time of Hold -The Credit Union will mail or provide in-person a notice identifying the reason for the exception hold.

Exception holds placed on checks may be extended by up to seven business days, except for any “on us” checks subject to an exception, which may be placed on hold for only one additional day. If the emergency situation exception hold is invoked, the funds must be made available for withdrawal not later than a reasonable period after the emergency has ended.

New Account Rules

Special rules apply for new accounts, i.e. an account that has been open for less than 30 days. An account is not new if the member has had another transaction account at the Credit Union for at least 30 days.

- Cash deposits and electronic direct deposits, which will be made available on the same day as the deposit even in the case of a new account.
- The first \$5,525 of funds deposited from checks that meet the qualifications for same-day or next-day availability (including US Treasury checks, Federal Reserve Bank checks, Federal Home Loan Bank checks, Maine state and local government checks, cashier’s checks, certified checks, teller’s checks, and traveler’s checks) will be made available on the first business day after the day of deposit (next-day availability).
- Funds from check deposits normally subject to same-day or next-day availability in excess of \$5,525 and funds from check deposits not normally subject to same-day or next-day availability will be made available no later than the seventh business day after the deposit.

Foreign Checks

Checks drawn on financial institutions located outside the U.S. (foreign checks) cannot be processed the same as checks drawn on U.S. financial institutions. Foreign checks are exempt from the policies outlined in this policy. Generally, the availability of funds for deposits of foreign checks will be delayed for the time it takes the Credit Union to collect the funds from the financial institutions upon which it is drawn.