

Check Cashing Policy

This check cashing policy was implemented to help curtail fraudulent check cashing schemes and to protect members from the liability they incur when falling victim to cashing stolen, forged or insufficient fund checks. It is important for members who attempt to cash two-party checks in a KH Network Credit Union facility, to understand that they, not the individual who originally wrote the check, will be held financially responsible for the check if it is returned.

As a service to our members, KHN CU will cash checks under the following conditions:

1. We will cash member checks as long as there are enough aggregate funds in the savings and checking accounts to hold the amount of the check, otherwise the check must be deposited into the member's account until it clears. The first \$200 is always available to the member. Proper identification is required (a pictured employee identification card, or a driver's license).
2. Verified cashier's checks, certified, teller's, recognized payroll, and federal, state and local government checks, will be cashed with proper ID and with management approval for checks over \$500.
3. Personal checks can be cashed for members up to \$500 with proper ID without management approval, as long as member has matching funds that have been on deposit for a minimum of two weeks, in their savings accounts.
4. KHN CU will cash two party checks only when there are equal funds on deposit and as long as no accounts are delinquent. KHN CU reserves the right to contact the financial institution on which check was drawn to verify funds of maker.

Funds Availability and Reg. CC Policy

It is the policy of KHNCU to fully comply with all provisions of the Expedited Funds Availability Act as implemented by Regulation CC and to exercise ordinary care and act in good faith in its compliance. The requirements of Regulation CC do not affect the credit union's liability as a paying financial institution under the Uniform Commercial Code, or other law.

Our policy is to make funds from your deposits available to you on the second business day after the day we receive your deposit. Electronic direct deposits will be available on the day we receive the deposit. Once they are available, you can withdraw the funds in cash and we will use the funds to pay checks that you have written.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. Certain institutional and government checks will be given immediate availability to members.

Longer Delays May Apply

In some cases, we will not make all of the funds that you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the second business day after the day of your deposit. However, the first \$200 of your deposits will be available on the first business day.

If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the day after we receive your deposit.

If you need the funds from a deposit right away, you should ask us when the funds will be available.

In certain circumstances, the credit union may extend the hold period. They will generally be available no later than the seventh business day after the day of your deposit. These exception holds may be imposed in one or more of the following situations:

- There is a specific reason the credit union feels the check is uncollectible.
- Check deposits total more than \$5,000 on any one day. (Delayed availability may only be applied to the amount over \$4,800.)
- A previously returned check is redeposited.
- The account has had frequent overdrafts during the last six months.
- The account is less than 30 days old (defined as a “new account”).
- An emergency situation exists such as a communications or computer failure.

Next-Day Availability

In all cases, the following types of deposits to transaction accounts will receive next-day availability:

- Cash
- Electronic payments (wire transfers, automated clearinghouse credits, etc.)
- US Treasury checks
- US Postal Service money orders
- Federal Reserve and Federal Home Loan Bank checks
- Checks drawn by a state or unit of local government
- Verified Cashier’s, certified, and teller’s checks
- On-us checks
- Payroll checks drawn on member healthcare facilities

Exceptions

All deposits to KHNCU owned and foreign ATM’s are subject to a delay on availability of funds. Since the nature of the incoming deposit cannot be verified, a minimum hold of five (5) business days will be placed after the date of deposit. Longer holds will be placed on deposits over \$2,500 or on new accounts.

New Accounts

For the purposes of this policy and as defined by Regulation CC, a new account is a member’s transaction account that has been in existence with this credit union for less than 30 days. The following conditions apply during the first 30 days to transaction accounts that meet this definition:

- Funds from deposits of cash and electronic payments will still be made available on the next business day.
- Funds from deposits through wire transfers and the first \$5,000 of a day’s total deposits of verified cashier’s, certified, teller’s, and federal, state and local government checks will be available on the first business day after the day of deposit. The excess over \$5,000 will be made available on the seventh business day after the day of deposit.
- Funds from all other check deposits will be available on the seventh day after the day of deposit.

Payment of Dividends

The credit union will begin accruing dividends on dividend-bearing transaction accounts on the business day it receives credit for the deposited funds.