(B) The Comptroller General shall give each appropriate Federal banking agency a current list of officers and employees to whom, with proper identification, records and property may be made available, and who may make notes or copies necessary to carry out an audit.

(C) Each appropriate Federal banking agency shall give the Comptroller General suitable and lockable offices and furniture, telephones, and access to copying facilities.

(2) Except for the temporary removal of workpapers of the Comptroller General that do not identify a customer of an open or closed bank or bank holding company, an open bank, or an open bank holding company, all workpapers of the Comptroller General and records and property of or used by an appropriate Federal banking agency that the Comptroller General possesses during an audit, shall remain in such agency. The Comptroller General shall prevent unauthorized access to records or property.

(Pub. L. 98–181, title IX, § 911, Nov. 30, 1983, 97 Stat. 1282.)

§ 3911. Equal representation for Federal Deposit Insurance Corporation

As one of the three Federal bank regulatory and supervisory agencies, and as the insurer of the United States banks involved in international lending, the Federal Deposit Insurance Corporation shall be given equal representation with the Board of Governors of the Federal Reserve System and the Office of the Comptroller of the Currency on the Committee on Banking Regulations and Supervisory Practices of the Group of Ten Countries and Switzerland.

(Pub. L. 98–181, title IX, § 912, Nov. 30, 1983, 97 Stat. 1284.)

§ 3912. Repealed. Pub. L. 104–208, div. A, title II, § 2224(c), Sept. 30, 1996, 110 Stat. 3009–415

Section, Pub. L. 98–181, title IX, § 913, Nov. 30, 1983, 97 Stat. 1284; Pub. L. 100–418, title III, § 3121(e), Aug. 23, 1988, 102 Stat. 1379, directed Secretary of the Treasury and certain Federal banking agencies to report to Congress, no later than 6 months after Nov. 30, 1983, regarding changes that could improve international lending operations of banking institutions.

CHAPTER 41—EXPEDITED FUNDS AVAILABILITY

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§ 4001. Definitions

For purposes of this chapter—

(1) Account

The term ''account'' means a demand deposit account or other similar transaction account at a depository institution.

(2) Board

The term ''Board'' means the Board of Governors of the Federal Reserve System.

(3) Business day

The term ''business day'' means any day other than a Saturday, Sunday, or legal holiday.

(4) Cash

The term ''cash'' means United States coins and currency, including Federal Reserve notes.

(5) Cashier's check

The term ''cashier's check'' means any check which—

(A) is drawn on a depository institution;

(B) is signed by an officer or employee of such depository institution; and

(C) is a direct obligation of such depository institution.

(6) Certified check

The term ''certified check'' means any check with respect to which a depository institution certifies that—

(A) the signature on the check is genuine; and

(B) such depository institution has set aside funds which—

(i) are equal to the amount of the check; and

(ii) will be used only to pay such check.

(7) Check

The term ''check'' means any negotiable demand draft drawn on or payable through an office of a depository institution located in the United States. Such term does not include noncash items.

(8) Check clearinghouse association

The term ''check clearinghouse association'' means any arrangement by which participant depository institutions exchange deposited checks on a local basis, including an entire metropolitan area, without using the check processing facilities of the Federal Reserve System.

(9) Check processing region

The term ''check processing region'' means the geographical area served by a Federal Reserve bank check processing center or such larger area as the Board may prescribe by regulations.

(10) Consumer account

The term ''consumer account'' means any account used primarily for personal, family, or household purposes.

(11) Depository check

The term ''depository check'' means any cashier's check, certified check, teller's check, and any other functionally equivalent instrument as determined by the Board.

(12) Depository institution

The term ''depository institution'' has the meaning given such term in clauses (i) through (vi) of section 461(b)(1)(A) of this title. Such term also includes an office, branch, or agency of a foreign bank located in the United States.

(13) Local originating depository institution

The term ''local originating depository institution'' means any originating depository institution which is located in the same check processing region as the receiving depository institution.

(14) Noncash item

The term ''noncash item'' means—

(A) a check or other demand item to which a passbook, certificate, or other document is attached;

(B) a check or other demand item which is accompanied by special instructions, such as a request for special advise of payment or dishonor; or

(C) any similar item which is otherwise classified as a noncash item in regulations of the Board.

(15) Nonlocal originating depository institution

The term ''nonlocal originating depository institution'' means any originating depository institution which is not a local depository institution.

(16) Proprietary ATM

The term ''proprietary ATM'' means an automated teller machine which is—

(A) located—

(i) at or adjacent to a branch of the receiving depository institution; or

(ii) in close proximity, as defined by the Board, to a branch of the receiving depository institution; or

(B) owned by, operated exclusively for, or operated by the receiving depository institution.

(17) Originating depository institution

The term ''originating depository institution'' means the branch of a depository institution on which a check is drawn.

(18) Nonproprietary ATM

The term ''nonproprietary ATM'' means an automated teller machine which is not a proprietary ATM.

(19) Participant

The term ''participant'' means a depository institution which—

(A) is located in the same geographic area as that served by a check clearinghouse association; and

(B) exchanges checks through the check clearinghouse association, either directly or through an intermediary.

(20) Receiving depository institution

The term ''receiving depository institution'' means the branch of a depository institution or the proprietary ATM in which a check is first deposited.

(21) State

The term ''State'' means any State, the District of Columbia, the Commonwealth of Puerto Rico, or the Virgin Islands.

(22) Teller's check

The term ''teller's check'' means any check issued by a depository institution and drawn on another depository institution.

(23) United States

The term ''United States'' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.

(24) Unit of general local government

The term ''unit of general local government'' means any city, county, town, township, parish, village, or other general purpose political subdivision of a State.

(25) Wire transfer

The term ''wire transfer'' has such meaning as the Board shall prescribe by regulations.

(Pub. L. 100–86, title VI, § 602, Aug. 10, 1987, 101 Stat. 635.)

REFERENCES IN TEXT

This chapter, referred to in text, was in the original ''this title'', meaning title VI of Pub. L. 100–86, Aug. 10, 1987, 101 Stat. 635, known as the Expedited Funds Availability Act, which enacted this chapter, amended section 248a of this title, and enacted provisions set out as notes under sections 248a and 4001 of this title. For

complete classification of this Act to the Code, see Short Title note below and Tables.

EFFECTIVE DATE

Section 613 of title VI of Pub. L. 100–86 provided that:

''(a) DATE OF ENACTMENT.—Except as provided in subsection (b), this title [enacting this chapter, amending section 248a of this title, and enacting provisions set out as notes under sections 248a and 4001 of this title] shall take effect on the date of the enactment of this title [Aug. 10, 1987].

''(b) 1 YEAR AFTER DATE OF ENACTMENT.—Sections 603, 604, 605, 606, 610, and 611 [enacting sections 4002 to 4005, 4009, and 4010 of this title] shall take effect on September 1, 1988.''

SHORT TITLE

Section 601 of title VI of Pub. L. 100–86 provided that: ''This title [enacting this chapter, amending section 248a of this title, and enacting provisions set out as notes under sections 248a and 4001 of this title] may be cited as the 'Expedited Funds Availability Act'.''

SEPARABILITY

If any provision of Pub. L. 100–86 or the application thereof to any person or circumstances is held invalid, the remainder of Pub. L. 100–86 and the application of the provision to other persons not similarly situated or to other circumstances not to be affected thereby, see section 1205 of Pub. L. 100–86, set out as a note under section 226 of this title.

§ 4002. Expedited funds availability schedules

(a) Next business day availability for certain deposits

(1) Cash deposits; wire transfers

Except as provided in subsection (e) of this section and in section 4003 of this title, in any case in which—

(A) any cash is deposited in an account at a receiving depository institution staffed by individuals employed by such institution, or

(B) funds are received by a depository institution by wire transfer for deposit in an account at such institution,

such cash or funds shall be available for withdrawal not later than the business day after the business day on which such cash is deposited or such funds are received for deposit.

(2) Government checks; certain other checks

Funds deposited in an account at a depository institution by check shall be available for withdrawal not later than the business day after the business day on which such funds are deposited in the case of—

(A) a check which—

(i) is drawn on the Treasury of the United States; and

(ii) is endorsed only by the person to whom it was issued;

(B) a check which—

(i) is drawn by a State;

(ii) is deposited in a receiving depository institution which is located in such State and is staffed by individuals employed by such institution;

(iii) is deposited with a special deposit slip which indicates it is a check drawn by a State; and

(iv) is endorsed only by the person to whom it was issued;

(C) a check which—

(i) is drawn by a unit of general local government;

(ii) is deposited in a receiving depository institution which is located in the same State as such unit of general local government and is staffed by individuals employed by such institution;

(iii) is deposited with a special deposit slip which indicates it is a check drawn by a unit of general local government; and

(iv) is endorsed only by the person to whom it was issued;

(D) the first $100 deposited by check or checks on any one business day;

(E) a check deposited in a branch of a depository institution and drawn on the same or another branch of the same depository institution if both such branches are located in the same State or the same check processing region;

(F) a cashier's check, certified check, teller's check, or depository check which—

(i) is deposited in a receiving depository institution which is staffed by individuals employed by such institution;

(ii) is deposited with a special deposit slip which indicates it is a cashier's check, certified check, teller's check, or depository check, as the case may be; and

(iii) is endorsed only by the person to whom it was issued.

(b) Permanent schedule

(1) Availability of funds deposited by local checks

Subject to paragraph (3) of this subsection, subsections (a)(2), (d), and (e) of this section, and section 4003 of this title, not more than 1 business day shall intervene between the business day on which funds are deposited in an account at a depository institution by a check drawn on a local originating depository institution and the business day on which the funds involved are available for withdrawal.

(2) Availability of funds deposited by nonlocal checks

Subject to paragraph (3) of this subsection, subsections (a)(2), (d), and (e) of this section, and section 4003 of this title, not more than 4 business days shall intervene between the business day on which funds are deposited in an account at a depository institution by a check drawn on a nonlocal originating depository institution and the business day on which such funds are available for withdrawal.

(3) Time period adjustments for cash withdrawal of certain checks

(A) In general

Except as provided in subparagraph (B), funds deposited in an account in a depository institution by check (other than a check described in subsection (a)(2) of this section) shall be available for cash withdrawal not later than the business day after the business day on which such funds otherwise are available under paragraph (1) or (2).

(B) 5 p.m. cash availability

Not more than $400 (or the maximum amount allowable in the case of a with-

drawal from an automated teller machine but not more than $400) of funds deposited by one or more checks to which this paragraph applies shall be available for cash withdrawal not later than 5 o'clock post meridian of the business day on which such funds are available under paragraph (1) or (2). If funds deposited by checks described in both paragraph (1) and paragraph (2) become available for cash withdrawal under this paragraph on the same business day, the limitation contained in this subparagraph shall apply to the aggregate amount of such funds.

(C) $100 availability

Any amount available for withdrawal under this paragraph shall be in addition to the amount available under subsection (a)(2)(D) of this section.

(4) Applicability

This subsection shall apply with respect to funds deposited by check in an account at a depository institution on or after September 1, 1990, except that the Board may, by regulation, make this subsection or any part of this subsection applicable earlier than September 1, 1990.

(c) Temporary schedule

(1) Availability of local checks

(A) In general

Subject to subparagraph (B) of this paragraph, subsections (a)(2), (d), and (e) of this section, and section 4003 of this title, not more than 2 business days shall intervene between the business day on which funds are deposited in an account at a depository institution by a check drawn on a local originating depository institution and the business day on which such funds are available for withdrawal.

(B) Time period adjustment for cash withdrawal of certain checks

(i) In general

Except as provided in clause (ii), funds deposited in an account in a depository institution by check drawn on a local depository institution that is not a participant in the same check clearinghouse association as the receiving depository institution (other than a check described in subsection (a)(2) of this section) shall be available for cash withdrawal not later than the business day after the business day on which such funds otherwise are available under subparagraph (A).

(ii) 5 p.m. cash availability

Not more than $400 (or the maximum amount allowable in the case of a withdrawal from an automated teller machine but not more than $400) of funds deposited by one or more checks to which this subparagraph applies shall be available for cash withdrawal not later than 5 o'clock post meridian of the business day on which such funds are available under subparagraph (A).

(iii) $100 availability

Any amount available for withdrawal under this subparagraph shall be in addition to the amount available under subsection (a)(2)(D) of this section.

(2) Availability of nonlocal checks

Subject to subsections (a)(2), (d), and (e) of this section and section 4003 of this title, not more than 6 business days shall intervene between the business day on which funds are deposited in an account at a depository institution by a check drawn on a nonlocal originating depository institution and the business day on which such funds are available for withdrawal.

(3) Applicability

This subsection shall apply with respect to funds deposited by check in an account at a depository institution after August 31, 1988, and before September 1, 1990, except as may be otherwise provided under subsection (b)(4) of this section.

(d) Time period adjustments

(1) Reduction generally

Notwithstanding any other provision of law, the Board shall, by regulation, reduce the time periods established under subsections (b), (c), and (e) of this section to as short a time as possible and equal to the period of time achievable under the improved check clearing system for a receiving depository institution to reasonably expect to learn of the nonpayment of most items for each category of checks.

(2) Extension for certain deposits in noncontiguous States or territories

Notwithstanding any other provision of law, any time period established under subsection (b), (c), or (e) of this section shall be extended by 1 business day in the case of any deposit which is both—

(A) deposited in an account at a depository institution which is located in Alaska, Hawaii, Puerto Rico, or the Virgin Islands; and

(B) deposited by a check drawn on an originating depository institution which is not located in the same State, commonwealth, or territory as the receiving depository institution.

(e) Deposits at ATM

(1) Nonproprietary ATM

(A) In general

Not more than 4 business days shall intervene between the business day a deposit described in subparagraph (B) is made at a nonproprietary automated teller machine (for deposit in an account at a depository institution) and the business day on which funds from such deposit are available for withdrawal.

(B) Deposits described in this paragraph [1]

A deposit is described in this subparagraph if it is—

(i) a cash deposit;

[1] So in original. Probably should be "subparagraph".

(ii) a deposit made by a check described in subsection (a)(2) of this section;

(iii) a deposit made by a check drawn on a local originating depository institution (other than a check described in subsection (a)(2) of this section); or

(iv) a deposit made by a check drawn on a nonlocal originating depository institution (other than a check described in subsection (a)(2) of this section).

(2) Proprietary ATM—temporary and permanent schedules

The provisions of subsections (a), (b), and (c) of this section shall apply with respect to any funds deposited at a proprietary automated teller machine for deposit in an account at a depository institution.

(3) Study and report on ATM's

The Board shall, either directly or through the Consumer Advisory Council, establish and maintain a dialogue with depository institutions and their suppliers on the computer software and hardware available for use by automated teller machines, and shall, not later than September 1 of each of the first 3 calendar years beginning after August 10, 1987, report to the Congress regarding such software and hardware and regarding the potential for improving the processing of automated teller machine deposits.

(f) Check return; notice of nonpayment

No provision of this section shall be construed as requiring that, with respect to all checks deposited in a receiving depository institution—

(1) such checks be physically returned to such depository institution; or

(2) any notice of nonpayment of any such check be given to such depository institution within the times set forth in subsection (a), (b), (c), or (e) of this section or in the regulations issued under any such subsection.

(Pub. L. 100–86, title VI, § 603, Aug. 10, 1987, 101 Stat. 637; Pub. L. 101–625, title X, § 1001, Nov. 28, 1990, 104 Stat. 4424; Pub. L. 102–242, title II, § 227(a), (b)(1), Dec. 19, 1991, 105 Stat. 2307.)

AMENDMENTS

1991—Subsec. (e)(1). Pub. L. 102–242, § 227(b)(1)(A), struck out ''—temporary schedule'' after ''ATM'' in heading.

Subsec. (e)(1)(C). Pub. L. 102–242, § 227(a), struck out subpar. (C) which read as follows: ''This paragraph shall apply with respect to funds deposited at a nonproprietary automated teller machine after August 31, 1988, and prior to the expiration of the 2-year period beginning on November 28, 1990.''

Subsec. (e)(2) to (4). Pub. L. 102–242, § 227(a), (b)(1)(B), redesignated pars. (3) and (4) as (2) and (3), respectively, and struck out former par. (2) which related to permanent schedule for funds deposited at nonproprietary automated teller machines.

1990—Subsec. (e)(1)(A). Pub. L. 101–625, § 1001(1), substituted ''4'' for ''6''.

Subsec. (e)(1)(C). Pub. L. 101–625, § 1001(2), substituted ''prior to the expiration of the 2-year period beginning on November 28, 1990'' for ''before September 1, 1990''.

Subsec. (e)(2)(D). Pub. L. 101–625, § 1001(3), substituted ''the expiration of the 2-year period beginning on November 28, 1990'' for ''September 1, 1990''.

EFFECTIVE DATE

Section effective Sept. 1, 1988, see section 613(b) of Pub. L. 100–86, set out as a note under section 4001 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 4003, 4006, 4008 of this title.

§ 4003. Safeguard exceptions

(a) New accounts

Notwithstanding section 4002 of this title, in the case of any account established at a depository institution by a new depositor, the following provisions shall apply with respect to any deposit in such account during the 30-day period (or such shorter period as the Board may establish) beginning on the date such account is established—

(1) Next business day availability of cash and certain items

Except as provided in paragraph (3), in the case of—

(A) any cash deposited in such account;

(B) any funds received by such depository institution by wire transfer for deposit in such account;

(C) any funds deposited in such account by cashier's check, certified check, teller's check, depository check, or traveler's check; and

(D) any funds deposited by a government check which is described in subparagraph (A), (B), or (C) of section 4002(a)(2) of this title,

such cash or funds shall be available for withdrawal on the business day after the business day on which such cash or funds are deposited or, in the case of a wire transfer, on the business day after the business day on which such funds are received for deposit.

(2) Availability of other items

In the case of any funds deposited in such account by a check (other than a check described in subparagraph (C) or (D) of paragraph (1)), the availability for withdrawal of such funds shall not be subject to the provisions of section 4002(b), 4002(c), or paragraphs[1] (1) of section 4002(e) of this title.

(3) Limitation relating to certain checks in excess of $5,000

In the case of funds deposited in such account during such period by checks described in subparagraph (C) or (D) of paragraph (1) the aggregate amount of which exceeds $5,000—

(A) paragraph (1) shall apply only with respect to the first $5,000 of such aggregate amount; and

(B) not more than 8 business days shall intervene between the business day on which any such funds are deposited and the business day on which such excess amount shall be available for withdrawal.

(b) Large or redeposited checks; repeated overdrafts

The Board may, by regulation, establish reasonable exceptions to any time limitation established under subsection (a)(2), (b), (c), or (e) of section 4002 of this title for—

(1) the amount of deposits by one or more checks that exceeds the amount of $5,000 in any one day;

[1] So in original. Probably should be ''paragraph''.

(2) checks that have been returned unpaid and redeposited; and

(3) deposit accounts which have been overdrawn repeatedly.

(c) Reasonable cause exception

(1) In general

In accordance with regulations which the Board shall prescribe, subsections (a)(2), (b), (c), and (e) of section 4002 of this title shall not apply with respect to any check deposited in an account at a depository institution if the receiving depository institution has reasonable cause to believe that the check is uncollectible from the originating depository institution. For purposes of the preceding sentence, reasonable cause to believe requires the existence of facts which would cause a well-grounded belief in the mind of a reasonable person. Such reasons shall be included in the notice required under subsection (f) of this section.

(2) Basis for determination

No determination under this subsection may be based on any class of checks or persons.

(3) Overdraft fees

If the receiving depository institution determines that a check deposited in an account is a check described in paragraph (1), the receiving depository institution shall not assess any fee for any subsequent overdraft with respect to such account, if—

(A) the depositor was not provided with the written notice required under subsection (f) of this section (with respect to such determination) at the time the deposit was made;

(B) the overdraft would not have occurred but for the fact that the funds so deposited are not available; and

(C) the amount of the check is collected from the originating depository institution.

(4) Compliance

Each agency referred to in section 4009(a) of this title shall monitor compliance with the requirements of this subsection in each regular examination of a depository institution and shall describe in each report to the Congress the extent to which this subsection is being complied with. For the purpose of this paragraph, each depository institution shall retain a record of each notice provided under subsection (f) of this section as a result of the application of this subsection.

(d) Emergency conditions

Subject to such regulations as the Board may prescribe, subsections (a)(2), (b), (c), and (e) of section 4002 of this title shall not apply to funds deposited by check in any receiving depository institution in the case of—

(1) any interruption of communication facilities;

(2) suspension of payments by another depository institution;

(3) any war; or

(4) any emergency condition beyond the control of the receiving depository institution,

if the receiving depository institution exercises such diligence as the circumstances require.

(e) Prevention of fraud losses

(1) In general

The Board may, by regulation or order, suspend the applicability of this chapter, or any portion thereof, to any classification of checks if the Board determines that—

(A) depository institutions are experiencing an unacceptable level of losses due to check-related fraud, and

(B) suspension of this chapter, or such portion of this chapter, with regard to the classification of checks involved in such fraud is necessary to diminish the volume of such fraud.

(2) Sunset provision

No regulation prescribed or order issued under paragraph (1) shall remain in effect for more than 45 days (excluding Saturdays, Sundays, legal holidays, or any day either House of Congress is not in session).

(3) Report to Congress

(A) Notice of each suspension

Within 10 days of prescribing any regulation or issuing any order under paragraph (1), the Board shall transmit a report of such action to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(B) Contents of report

Each report under subparagraph (A) shall contain—

(i) the specific reason for prescribing the regulation or issuing the order;

(ii) evidence considered by the Board in making the determination under paragraph (1) with respect to such regulation or order; and

(iii) specific examples of the check-related fraud giving rise to such regulation or order.

(f) Notice of exception; availability within reasonable time

(1) In general

If any exception contained in this section (other than subsection (a) of this section) applies with respect to funds deposited in an account at a depository institution—

(A) the depository institution shall provide notice in the manner provided in paragraph (2) of—

(i) the time period within which the funds shall be made available for withdrawal; and

(ii) the reason the exception was invoked; and

(B) except where other time periods are specifically provided in this chapter, the availability of the funds deposited shall be governed by the policy of the receiving depository institution, but shall not exceed a reasonable period of time as determined by the Board.

(2) Time for notice

The notice required under paragraph (1)(A) with respect to a deposit to which an excep-

tion contained in this section applies shall be made by the time provided in the following subparagraphs:

(A) In the case of a deposit made in person by the depositor at the receiving depository institution, the depository institution shall immediately provide such notice in writing to the depositor.

(B) In the case of any other deposit (other than a deposit described in subparagraph (C)), the receiving depository institution shall mail the notice to the depositor not later than the close of the next business day following the business day on which the deposit is received.

(C) In the case of a deposit to which subsection (d) or (e) of this section applies, notice shall be provided by the depository institution in accordance with regulations of the Board.

(D) In the case of a deposit to which subsection (b)(1) or (b)(2) of this section applies, the depository institution may, for nonconsumer accounts and other classes of accounts, as defined by the Board, that generally have a large number of such deposits, provide notice at or before the time it first determines that the subsection applies.

(E) In the case of a deposit to which subsection (b)(3) of this section applies, the depository institution may, subject to regulations of the Board, provide notice at the beginning of each time period it determines that the subsection applies. In addition to the requirements contained in paragraph (1)(A), the notice shall specify the time period for which the exception will apply.

(3) Subsequent determinations

If the facts upon which the determination of the applicability of an exception contained in subsection (b) or (c) of this section to any deposit only become known to the receiving depository institution after the time notice is required under paragraph (2) with respect to such deposit, the depository institution shall mail such notice to the depositor as soon as practicable, but not later than the first business day following the day such facts become known to the depository institution.

(Pub. L. 100–86, title VI, § 604, Aug. 10, 1987, 101 Stat. 642; Pub. L. 102–242, title II, §§ 225, 227(b)(2), Dec. 19, 1991, 105 Stat. 2307, 2308.)

AMENDMENTS

1991—Subsec. (a)(2). Pub. L. 102–242, § 227(b)(2), struck out ''and (2)'' after ''paragraphs (1)''.

Subsec. (b). Pub. L. 102–242, § 225(1), inserted ''(a)(2),'' after ''subsection''.

Subsec. (c)(1). Pub. L. 102–242, § 225(2), substituted ''(a)(2)'' for ''(a)(2)(F)''.

Subsec. (d). Pub. L. 102–242, § 225(3), inserted ''(a)(2),'' after ''subsections''.

Subsec. (f)(1)(A)(i). Pub. L. 102–242, § 225(4), substituted ''time period within which'' for ''day''.

Subsec. (f)(2)(D), (E). Pub. L. 102–242, § 225(5), added subpars. (D) and (E).

CHANGE OF NAME

Committee on Banking, Finance and Urban Affairs of House of Representatives treated as referring to Committee on Banking and Financial Services of House of Representatives by section 1(a) of Pub. L. 104–14, set out as a note preceding section 21 of Title 2, The Congress.

EFFECTIVE DATE

Section effective Sept. 1, 1988, see section 613(b) of Pub. L. 100–86, set out as a note under section 4001 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 4002 of this title.

§ 4004. Disclosure of funds availability policies

(a) Notice for new accounts

Before an account is opened at a depository institution, the depository institution shall provide written notice to the potential customer of the specific policy of such depository institution with respect to when a customer may withdraw funds deposited into the customer's account.

(b) Preprinted deposit slips

All preprinted deposit slips that a depository institution furnishes to its customers shall contain a summary notice, as prescribed by the Board in regulations, that deposited items may not be available for immediate withdrawal.

(c) Mailing of notice

(1) First mailing after enactment

In the first regularly scheduled mailing to customers occurring after September 1, 1988, but not more than 60 days after September 1, 1988, each depository institution shall send a written notice containing the specific policy of such depository institution with respect to when a customer may withdraw funds deposited into such customer's account, unless the depository institution has provided a disclosure which meets the requirements of this section before September 1, 1988.

(2) Subsequent changes

A depository institution shall send a written notice to customers at least 30 days before implementing any change to the depository institution's policy with respect to when customers may withdraw funds deposited into consumer accounts, except that any change which expedites the availability of such funds shall be disclosed not later than 30 days after implementation.

(3) Upon request

Upon the request of any person, a depository institution shall provide or send such person a written notice containing the specific policy of such depository institution with respect to when a customer may withdraw funds deposited into a customer's account.

(d) Posting of notice

(1) Specific notice at manned teller stations

Each depository institution shall post, in a conspicuous place in each location where deposits are accepted by individuals employed by such depository institution, a specific notice which describes the time periods applicable to the availability of funds deposited in a consumer account.

(2) General notice at automated teller machines

In the case of any automated teller machine at which any funds are received for deposit in

an account at any depository institution, the Board shall prescribe, by regulations, that the owner or operator of such automated teller machine shall post or provide a general notice that funds deposited in such machine may not be immediately available for withdrawal.

(e) Notice of interest payment policy

If a depository institution described in section 4005(b) of this title begins the accrual of interest or dividends at a later date than the date described in section 4005(a) of this title with respect to all funds, including cash, deposited in an interest-bearing account at such depository institution, any notice required to be provided under subsections (a) and (c) of this section shall contain a written description of the time at which such depository institution begins to accrue interest or dividends on such funds.

(f) Model disclosure forms

(1) Prepared by Board

The Board shall publish model disclosure forms and clauses for common transactions to facilitate compliance with the disclosure requirements of this section and to aid customers by utilizing readily understandable language.

(2) Use of forms to achieve compliance

A depository institution shall be deemed to be in compliance with the requirements of this section if such institution—

(A) uses any appropriate model form or clause as published by the Board, or

(B) uses any such model form or clause and changes such form or clause by—

(i) deleting any information which is not required by this chapter; or

(ii) rearranging the format.

(3) Voluntary use

Nothing in this chapter requires the use of any such model form or clause prescribed by the Board under this subsection.

(4) Notice and comment

Model disclosure forms and clauses shall be adopted by the Board only after notice duly given in the Federal Register and an opportunity for public comment in accordance with section 553 of title 5.

(Pub. L. 100–86, title VI, § 605, Aug. 10, 1987, 101 Stat. 644.)

REFERENCES IN TEXT

After enactment, referred to in the heading of subsec. (c)(1), probably means after the effective date of this section, which is Sept. 1, 1988.

EFFECTIVE DATE

Section effective Sept. 1, 1988, see section 613(b) of Pub. L. 100–86, set out as a note under section 4001 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 4005, 4009 of this title.

§ 4005. Payment of interest

(a) In general

Except as provided in subsection (b) or (c) of this section and notwithstanding any other provision of law, interest shall accrue on funds deposited in an interest-bearing account at a depository institution beginning not later than the business day on which the depository institution receives provisional credit for such funds.

(b) Special rule for credit unions

Subsection (a) of this section shall not apply to an account at a depository institution described in section 461(b)(1)(A)(iv) of this title if the depository institution—

(1) begins the accrual of interest or dividends at a later date than the date described in subsection (a) of this section with respect to all funds, including cash, deposited in such account; and

(2) provides notice of the interest payment policy in the manner required under section 4004(e) of this title.

(c) Exception for checks returned unpaid

No provision of this chapter shall be construed as requiring the payment of interest or dividends on funds deposited by a check which is returned unpaid.

(Pub. L. 100–86, title VI, § 606, Aug. 10, 1987, 101 Stat. 646.)

EFFECTIVE DATE

Section effective Sept. 1, 1988, see section 613(b) of Pub. L. 100–86, set out as a note under section 4001 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 4004, 4306 of this title.

§ 4006. Miscellaneous provisions

(a) After-hours deposits

For purposes of this chapter, any deposit which is made on a Saturday, Sunday, legal holiday, or after the close of business on any business day shall be deemed to have been made on the next business day.

(b) Availability at start of business day

Except as provided in subsections (b)(3) and (c)(1)(B) of section 4002 of this title, if any provision of this chapter requires that funds be available for withdrawal on any business day, such funds shall be available for withdrawal at the start of such business day.

(c) Effect on policies of depository institutions

No provision of this chapter shall be construed as—

(1) prohibiting a depository institution from making funds available for withdrawal in a shorter period of time than the period of time required by this chapter; or

(2) affecting a depository institution's right—

(A) to accept or reject a check for deposit;

(B) to revoke any provisional settlement made by the depository institution with respect to a check accepted by such institution for deposit;

(C) to charge back the depositor's account for the amount of such check; or

(D) to claim a refund of such provisional credit.

(d) Prohibition on freezing certain funds in an account

In any case in which a check is deposited in an account at a depository institution and the funds represented by such check are not yet available for withdrawal pursuant to this chapter, the depository institution may not freeze any other funds in such account (which are otherwise available for withdrawal pursuant to this chapter) solely because the funds so deposited are not yet available for withdrawal.

(e) Employee training on and compliance with requirements of this chapter

Each depository institution shall—

(1) take such actions as may be necessary fully to inform each employee (who performs duties subject to the requirements of this chapter) of the requirements of this chapter; and

(2) establish and maintain procedures reasonably designed to assure and monitor employee compliance with such requirements.

(Pub. L. 100–86, title VI, § 607, Aug. 10, 1987, 101 Stat. 646.)

§ 4007. Effect on State law

(a) In general

Any law or regulation of any State in effect on September 1, 1989, which requires that funds deposited or received for deposit in an account at a depository institution chartered by such State be made available for withdrawal in a shorter period of time than the period of time provided in this chapter or in regulations prescribed by the Board under this chapter (as in effect on September 1, 1989) shall—

(1) supersede the provisions of this chapter and any regulations by the Board to the extent such provisions relate to the time by which funds deposited or received for deposit in an account shall be available for withdrawal; and

(2) apply to all federally insured depository institutions located within such State.

(b) Override of certain State laws

Except as provided in subsection (a) of this section, this chapter and regulations prescribed under this chapter shall supersede any provision of the law of any State, including the Uniform Commercial Code as in effect in such State, which is inconsistent with this chapter or such regulations.

(Pub. L. 100–86, title VI, § 608, Aug. 10, 1987, 101 Stat. 647.)

§ 4008. Regulations and reports by Board

(a) In general

After notice and opportunity to submit comment in accordance with section 553(c) of title 5, the Board shall prescribe regulations—

(1) to carry out the provisions of this chapter;

(2) to prevent the circumvention or evasion of such provisions; and

(3) to facilitate compliance with such provisions.

(b) Regulations relating to improvement of check processing system

In order to improve the check processing system, the Board shall consider (among other proposals) requiring, by regulation, that—

(1) depository institutions be charged based upon notification that a check or similar instrument will be presented for payment;

(2) the Federal Reserve banks and depository institutions provide for check truncation;

(3) depository institutions be provided incentives to return items promptly to the depository institution of first deposit;

(4) the Federal Reserve banks and depository institutions take such actions as are necessary to automate the process of returning unpaid checks,

(5) each depository institution and Federal Reserve bank—

(A) place its endorsement, and other notations specified in regulations of the Board, on checks in the positions specified in such regulations; and

(B) take such actions as are necessary to—

(i) automate the process of reading endorsements; and

(ii) eliminate unnecessary endorsements;

(6) within one business day after an originating depository institution is presented a check (for more than such minimum amount as the Board may prescribe)—

(A) such originating depository institution determines whether it will pay such check; and

(B) if such originating depository institution determines that it will not pay such check, such originating depository institution directly notify the receiving depository institution of such determination;

(7) regardless of where a check is cleared initially, all returned checks be eligible to be returned through the Federal Reserve System;

(8) Federal Reserve banks and depository institutions participate in the development and implementation of an electronic clearinghouse process to the extent the Board determines, pursuant to the study under subsection (f) of this section, that such a process is feasible; and

(9) originating depository institutions be permitted to return unpaid checks directly to, and obtain reimbursement for such checks directly from, the receiving depository institution.

(c) Regulatory responsibility of Board for payment system

(1) Responsibility for payment system

In order to carry out the provisions of this chapter, the Board of Governors of the Federal Reserve System shall have the responsibility to regulate—

(A) any aspect of the payment system, including the receipt, payment, collection, or clearing of checks; and

(B) any related function of the payment system with respect to checks.

(2) Regulations

The Board shall prescribe such regulations as it may determine to be appropriate to carry out its responsibility under paragraph (1).

(d) Reports

(1) Implementation progress reports

(A) Required reports

The Board shall transmit a report to both Houses of the Congress not later than 18, 30, and 48 months after August 10, 1987.

(B) Contents of report

Each such report shall describe—

(i) the actions taken and progress made by the Board to implement the schedules established in section 4002 of this title, and

(ii) the impact of this chapter on consumers and depository institutions.

(2) Evaluation of temporary schedule report

(A) Report required

The Board shall transmit a report to both Houses of the Congress not later than 2 years after August 10, 1987, regarding the effects the temporary schedule established under section 4002(c) of this title have had on depository institutions and the public.

(B) Contents of report

Such report shall also assess the potential impact the implementation of the schedule established in section 4002(b) of this title will have on depository institutions and the public, including an estimate of the risks to and losses of depository institutions and the benefits to consumers. Such report shall also contain such recommendations for legislative or administrative action as the Board may determine to be necessary.

(3) Comptroller General evaluation report

Not later than 6 months after September 1, 1988, the Comptroller General of the United States shall transmit a report to the Congress evaluating the implementation and administration of this chapter.

(e) Consultation

In prescribing regulations under subsections (a) and (b) of this section, the Board shall consult with the Comptroller of the Currency, the Board of Directors of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the National Credit Union Administration Board.

(f) Electronic clearinghouse study

(1) Study required

The Board shall study the feasibility of modernizing and accelerating the check payment system through the development of an electronic clearinghouse process utilizing existing telecommunications technology to avoid the necessity of actual presentment of the paper instrument to a payor institution before such institution is charged for the item.

(2) Consultation; factors to be studied

In connection with the study required under paragraph (1), the Board shall—

(A) consult with appropriate experts in telecommunications technology; and

(B) consider all practical and legal impediments to the development of an electronic clearinghouse process.

(3) Report required

The Board shall report its conclusions to the Congress within 9 months of August 10, 1987.

(Pub. L. 100–86, title VI, § 609, Aug. 10, 1987, 101 Stat. 647.)

CODIFICATION

In subsec. (d)(3), ''September 1, 1988'' substituted for ''section 603(b) takes effect'' on authority of section 613(b) of Pub. L. 100–86, set out as an Effective Date note under section 4001 of this title.

TRANSFER OF FUNCTIONS

Federal Home Loan Bank Board abolished and functions transferred, see sections 401 to 406 of Pub. L. 101–73, set out as a note under section 1437 of this title.

EXCEPTIONS IN AREAS WHERE MAJOR DISASTER EXISTS

Pub. L. 105–18, title V, § 50002, June 12, 1997, 111 Stat. 211, provided that:

''(a) TRUTH IN LENDING ACT.—During the 240-day period beginning on the date of enactment of this Act [June 12, 1997], the Board of Governors of the Federal Reserve System may make exceptions to the Truth in Lending Act [15 U.S.C. 1601 et seq.] for transactions within an area in which the President, pursuant to section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act [42 U.S.C. 5170], has determined, on or after February 28, 1997, that a major disaster exists, or within an area determined to be eligible for disaster relief under other Federal law by reason of damage related to the 1997 flooding of the Red River of the North, the Minnesota River, and the tributaries of such rivers, if the Board determines that the exception can reasonably be expected to alleviate hardships to the public resulting from such disaster that outweigh possible adverse effects.

''(b) EXPEDITED FUNDS AVAILABILITY ACT.—During the 240-day period beginning on the date of enactment of this Act [June 12, 1997], the Board of Governors of the Federal Reserve System may make exceptions to the Expedited Funds Availability Act [12 U.S.C. 4001 et seq.] for depository institution offices located within any area referred to in subsection (a) of this section if the Board determines that the exception can reasonably be expected to alleviate hardships to the public resulting from such disaster that outweigh possible adverse effects.

''(c) TIME LIMIT ON EXCEPTIONS.—Any exception made under this section shall expire not later than September 1, 1998.

''(d) PUBLICATION REQUIRED.—The Board of Governors of the Federal Reserve System shall publish in the Federal Register a statement that—

''(1) describes any exception made under this section; and

''(2) explains how the exception can reasonably be expected to produce benefits to the public that outweigh possible adverse effects.''

Similar provisions were contained in the following prior acts:

Pub. L. 103–76, § 2, Aug. 12, 1993, 107 Stat. 752.

Pub. L. 102–485, § 3, Oct. 23, 1992, 106 Stat. 2772.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 4009 of this title.

§ 4009. Administrative enforcement

(a) Administrative enforcement

Compliance with the requirements imposed under this chapter, including regulations prescribed by and orders issued by the Board of Governors of the Federal Reserve System under this chapter, shall be enforced under—

(1) section 8 of the Federal Deposit Insurance Act [12 U.S.C. 1818] in the case of—

(A) national banks, and Federal branches and Federal agencies of foreign banks, by the Office of the Comptroller of the Currency;

(B) member banks of the Federal Reserve System (other than national banks), and offices, branches, and agencies of foreign banks located in the United States (other than Federal branches, Federal agencies, and insured State branches of foreign banks), by the Board of Governors of the Federal Reserve System; and

(C) banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System) and insured State branches of foreign banks, by the Board of Directors of the Federal Deposit Insurance Corporation;

(2) section 8 of the Federal Deposit Insurance Act [12 U.S.C. 1818], by the Director of the Office of Thrift Supervision in the case of savings associations the deposits of which are insured by the Federal Deposit Insurance Corporation; and

(3) the Federal Credit Union Act [12 U.S.C. 1751 et seq.], by the National Credit Union Administration Board with respect to any Federal credit union or insured credit union.

The terms used in paragraph (1) that are not defined in this chapter or otherwise defined in section 3(s) of the Federal Deposit Insurance Act (12 U.S.C. 1813(s)) shall have the meaning given to them in section 1(b) of the International Banking Act of 1978 (12 U.S.C. 3101).

(b) Additional powers

(1) Violation of this chapter treated as violation of other Acts

For purposes of the exercise by any agency referred to in subsection (a) of this section of its powers under any Act referred to in that subsection, a violation of any requirement imposed under this chapter shall be deemed to be a violation of a requirement imposed under that Act.

(2) Enforcement authority under other Acts

In addition to its powers under any provision of law specifically referred to in subsection (a) of this section, each of the agencies referred to in such subsection may exercise, for purposes of enforcing compliance with any requirement imposed under this chapter, any other authority conferred on it by law.

(c) Enforcement by Board

(1) In general

Except to the extent that enforcement of the requirements imposed under this chapter is specifically committed to some other Government agency under subsection (a) of this section, the Board of Governors of the Federal Reserve System shall enforce such requirements.

(2) Additional remedy

If the Board determines that—

(A) any depository institution which is not a depository institution described in subsection (a) of this section, or

(B) any other person subject to the authority of the Board under this chapter, including any person subject to the authority of the Board under section 4004(d)(2) or 4008(c) of this title,

has failed to comply with any requirement imposed by this chapter or by the Board under this chapter, the Board may issue an order prohibiting any depository institution, any Federal Reserve bank, or any other person subject to the authority of the Board from engaging in any activity or transaction which directly or indirectly involves such noncomplying depository institution or person (including any activity or transaction involving the receipt, payment, collection, and clearing of checks and any related function of the payment system with respect to checks).

(d) Procedural rules

The authority of the Board to prescribe regulations under this chapter does not impair the authority of any other agency designated in this section to make rules regarding its own procedures in enforcing compliance with requirements imposed under this chapter.

(Pub. L. 100–86, title VI, § 610, Aug. 10, 1987, 101 Stat. 649; Pub. L. 101–73, title VII, § 744(d), Aug. 9, 1989, 103 Stat. 438; Pub. L. 102–242, title II, § 212(h), Dec. 19, 1991, 105 Stat. 2303.)

REFERENCES IN TEXT

The Federal Credit Union Act, referred to in subsec. (a)(3), is act June 26, 1934, ch. 750, 48 Stat. 1216, as amended, which is classified generally to chapter 14 (§ 1751 et seq.) of this title. For complete classification of this Act to the Code, see section 1751 of this title and Tables.

AMENDMENTS

1991—Subsec. (a). Pub. L. 102–242, § 212(h)(2), inserted at end ''The terms used in paragraph (1) that are not defined in this chapter or otherwise defined in section 3(s) of the Federal Deposit Insurance Act (12 U.S.C. 1813(s)) shall have the meaning given to them in section 1(b) of the International Banking Act of 1978 (12 U.S.C. 3101).''

Subsec. (a)(1). Pub. L. 102–242, § 212(h)(1), added par. (1) and struck out former par. (1) which read as follows: ''section 8 of the Federal Deposit Insurance Act in the case of—

''(A) national banks, by the Comptroller of the Currency;

''(B) member banks of the Federal Reserve System (other than national banks), by the Board of Governors of the Federal Reserve System; and

''(C) banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System), by the Board of Directors of the Federal Deposit Insurance Corporation;''.

1989—Subsec. (a)(2). Pub. L. 101–73 amended par. (2) generally. Prior to amendment, par. (2) read as follows: ''section 5(d) of the Home Owners' Loan Act of 1933, section 407 of the National Housing Act, and section 17 of the Federal Home Loan Bank Act, by the Federal Home Loan Bank Board (acting directly or through the Federal Savings and Loan Insurance Corporation), in the case of any institution subject to any of those provisions; and''.

EFFECTIVE DATE

Section effective Sept. 1, 1988, see section 613(b) of Pub. L. 100–86, set out as a note under section 4001 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 4003 of this title.

§ 4010. Civil liability

(a) Civil liability

Except as otherwise provided in this section, any depository institution which fails to comply

with any requirement imposed under this chapter or any regulation prescribed under this chapter with respect to any person other than another depository institution is liable to such person in an amount equal to the sum of—

(1) any actual damage sustained by such person as a result of the failure;

(2)(A) in the case of an individual action, such additional amount as the court may allow, except that the liability under this subparagraph shall not be less than $100 nor greater than $1,000; or

(B) in the case of a class action, such amount as the court may allow, except that—

(i) as to each member of the class, no minimum recovery shall be applicable; and

(ii) the total recovery under this subparagraph in any class action or series of class actions arising out of the same failure to comply by the same depository institution shall not be more than the lesser of $500,000 or 1 percent of the net worth of the depository institution involved; and

(3) in the case of any successful action to enforce the foregoing liability, the costs of the action, together with a reasonable attorney's fee as determined by the court.

(b) Class action awards

In determining the amount of any award in any class action, the court shall consider, among other relevant factors—

(1) the amount of any actual damages awarded;

(2) the frequency and persistence of failures of compliance;

(3) the resources of the depository institution;

(4) the number of persons adversely affected; and

(5) the extent to which the failure of compliance was intentional.

(c) Bona fide errors

(1) General rule

A depository institution may not be held liable in any action brought under this section for a violation of this chapter if the depository institution demonstrates by a preponderance of the evidence that the violation was not intentional and resulted from a bona fide error, notwithstanding the maintenance of procedures reasonably adapted to avoid any such error.

(2) Examples

Examples of a bona fide error include clerical, calculation, computer malfunction and programming, and printing errors, except that an error of legal judgment with respect to a depository institution's obligation under this chapter is not a bona fide error.

(d) Jurisdiction

Any action under this section may be brought in any United States district court, or in any other court of competent jurisdiction, within one year after the date of the occurrence of the violation involved.

(e) Reliance on Board rulings

No provision of this section imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule, regulation, or interpretation thereof by the Board of Governors of the Federal Reserve System, notwithstanding the fact that after such act or omission has occurred, such rule, regulation, or interpretation is amended, rescinded, or determined by judicial or other authority to be invalid for any reason.

(f) Authority to establish rules regarding losses and liability among depository institutions

The Board is authorized to impose on or allocate among depository institutions the risks of loss and liability in connection with any aspect of the payment system, including the receipt, payment, collection, or clearing of checks, and any related function of the payment system with respect to checks. Liability under this subsection shall not exceed the amount of the check giving rise to the loss or liability, and, where there is bad faith, other damages, if any, suffered as a proximate consequence of any act or omission giving rise to the loss or liability.

(Pub. L. 100–86, title VI, § 611, Aug. 10, 1987, 101 Stat. 650.)

EFFECTIVE DATE

Section effective Sept. 1, 1988, see section 613(b) of Pub. L. 100–86, set out as a note under section 4001 of this title.

CHAPTER 42—LOW-INCOME HOUSING PRESERVATION AND RESIDENT HOMEOWNERSHIP

SUBCHAPTER I—PREPAYMENT OF MORTGAGES INSURED UNDER NATIONAL HOUSING ACT

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