



## Where Can I Find Reg. CC

Answer by Mary Beth Guard, BOL Guru  
[Guru BIOS](#)

**Question:** I need to find the complete Reg. CC. I am looking for detailed information on what accounts fall under Reg. CC requirements.

**Answer:** You can find the complete Reg. CC in the [Alphabet Soup section of BankersOnline.com](#).

## Required Reg. CC Training

Answer by Andy Zavoina, BOL Guru  
[Guru BIOS](#)

**Question:** For national banks, is there an annual mandatory Reg. CC training requirement for the bank's employees?

**Answer:** The OCC doesn't impose requirements beyond the FRB regulatory requirements. These (12 CFR §229.19(f)) provide each employee who performs duties subject to the regulation be trained to do them properly. "Annual" is not there.

Initial training may suffice. If your audits and quality control programs reflect complete compliance, no additional training would be needed for those staffers. Obviously new hires require training and training should occur as remedial steps when errors are found.

## Notice of Large Item Return

Answer by John Burnett, BOL Guru  
[Guru BIOS](#)

**Question:** If we are returning a large-dollar check, do we have to notify the depository bank?

**Answer:** You are required to provide notice of return of any check of \$2,500 or more no later than 4 p.m. on the second business day following the banking day of presentment. See Reg. CC, Section 229.33.

If the returned check is received by the depository bank by that deadline, no other notice is required.

So, if the check is presented on Monday and you decide to bounce it on Tuesday, you have to get a notice or the check to the depository bank by Wednesday, 4 p.m., THEIR time.

## Reg. CC New Account Holds

Answer by Jim Bedsole, BOL Guru  
[Guru BIOS](#)

**Question:** I have always instructed my tellers and new accounts people that new accounts are placed on a nine business day hold for Reg. CC. But recently at a conference I was informed that

new account holds are six days maximum for local checks and seven days for non-local. Please let me know which is correct.

**Answer:**

Neither is entirely accurate, actually.

Special rules apply for the new account exception. For most items subject to a new account exception hold, there is NO specified hold limit. The only items subject to any limit in terms of hold period for the new account exception are items that normally must received next day availability (like Treasury checks, cashiers checks, etc.). For these items even under a new account exception hold, the first \$5,000 still must be given next day availability. The amount over \$5,000 for these types of items under the new account exception hold must still be available no later than the 9th business day after deposit.

I suspect that the six/seven day periods taught at your conference come from a misunderstanding that says your exception hold period runs an additional 5 days for local checks and six days for non-local checks over the ordinary availability schedule. Since the ordinary availability for cashiers checks and the like is next day, when you add the 5/6 days you come up with the 6/7 days taught in your conference. However, the mistake here is that the ordinary next day availability requirement is tossed out the window when an exception hold applies. At that point the item that is normally next day becomes either a local or non-local item. So for purposes of placing a repeat overdraft hold on a deposit of a cashiers check drawn on a non-local bank, you could hold the item for 11 business days, not for only seven business days.

But to state again, except for cashiers checks and the like, under a new account exception hold there is no maximum number of days the hold period can extend. Many institutions have adopted policies to hold these items under the schedule applied to all local and non-local exception holds, but that is typically just for simplicity's sake in training.

## **Reg. CC Exception Holds for Less Than \$5,000**

**Question:** Can an exception hold be put on a check in an amount less than \$5,000? I can not find any specific reference to an amount, over or under, when using the exception hold for delayed availability. I know that I can use the case by case hold, but would prefer to have the longer collection days since this particular customer does not have a very good account.

Answer by David Dickinson, BOL Guru

[Guru BIOS](#)

**Answer:** Exception Holds can be placed on any checks, regardless of the amount. The "large deposit" exception hold cannot be used for deposits of less than \$5,000, but another reason may be used for these deposits.

Answer by Jim Bedsole, BOL Guru

[Guru BIOS](#)

**Answer:** There are six specific categories of exception holds. Large deposit (over \$5,000) is one of those. Other exception categories may be applicable for your item of less than \$5,000. The other categories of exception holds that you could look at as possibilities are: Redeposited item, Repeat overdraft, Reasonable Cause to Doubt Collectibility, New Account, and Emergency Conditions. These are all spelled out in 229.13.

## **Reg. CC Exception Hold Amounts**

Answer by John Burnett, BOL Guru

[Guru BIOS](#)

**Question:** If you do not want to put the entire allowable amount on hold, is it permissible to put less on hold and still comply with Reg. CC?

**Answer:** You can hold fewer dollars or for fewer days than the limits set out in Regulation CC.

Think of the regulation as a fence limiting your actions. You can do anything with respect to holds that is inside the fence

## Placing a Second Reg. CC Hold

Answer by Ken Gollhofer, BOL Guru

[Guru BIOS](#)

**Question:** May I place a second hold on an item and re-disclose to the client if I am unable to confirm that the deposited item has cleared the originating bank?

**Answer:** I have to assume a couple of things in order to respond. First, that the hold you placed at the time of deposit was a case-by-case hold. Second, that the hold you would like to impose when you are unable to verify that the check has been paid is an exception hold.

In short, your only cause to doubt the collectibility of the item is the fact that it has not cleared by the date you choose to call. In that circumstance, no, I do not believe you are entitled to impose an exception hold. Checks may be delayed in clearing for any number of reasons; the fact that a check has not arrived yet does not indicate it will not be paid when it gets there.

I know some banks release holds when they verify that a check has cleared. However, I would suggest the logic does not work in reverse when a check has not cleared.

## Reg. CC "Safeguard Exception" Use

Answer by John Burnett, BOL Guru

[Guru BIOS](#)

**Question:** Can we use the "safeguard exception" reason ("a check you deposited was previously returned unpaid") because the customer has had returned checks in the past?

**Answer:** No. The exception hold applicable to returned checks applies only to specific checks that are being redeposited after being returned for other than endorsement or post-dating. Reference is 229.13(c).

Only the recurring overdraft exception in 229.13(d) is available for "past bad acts" of the depositor.

## Special Endorsements Affecting Reg. CC

Answer by John Burnett, BOL Guru

[Guru BIOS](#)

**Question:** If a cashier's check has a special endorsement, such as ones issued for loans on tax refunds, does it affect the hold times on Reg. CC? We've been told to treat them as either local or non-local because of the special endorsement, but I can't seem to find that written into Reg. CC anywhere.

**Answer:** What is the nature of this special endorsement that someone thinks it trumps Regulation CC?

If it's truly a cashier's check, being deposited with a special deposit ticket (if required) in person with an employee of the bank to an account of the payee of the check, it gets treated like a cashier's check. The special endorsement means nothing to Regulation CC.

If you inform customers they need a special ticket to give next-day treatment to cashier's checks and the customer uses a regular ticket, the check gets treated like any other check drawn on the issuing bank.

If the cashier's check qualifies for next-day availability except for not being deposited in person with an employee of the bank, it must be available by the second business day after the banking day of deposit.

If the cashier's check is payable to someone other than the depositor, it loses its special status altogether, and becomes a local or non-local check subject to 229.13 rules.

### **Can We Place an Additional Reg. CC Hold Now?**

Answer by Jim Bedsole, BOL Guru

[Guru BIOS](#)

**Question:** Our customer deposited a credit card "cash advance" check. We placed a large item Reg. CC hold on it. The credit card company indicates it may not clear and they are sending the check back to us. May we invoke an exception hold now and extend the hold for an additional nine days, as long as we notify the customer?

**Answer:**

Since you've already received notice the check is being returned, I'd go ahead and charge-back the account pending the returned item. Saves the need for a hold and ensures you'll have the funds to cover the returned check.

### **Retaining Copies of Hold Notices**

Answer by Ken Gollhofer, BOL Guru

[Guru BIOS](#)

**Question:** If a bank has a "case-by-case" Reg. CC policy, what do you think about the bank's practice of not retaining a copy of the hold notice placed on a local check?

**Answer:** From the Commentary to 12CFR229.21(g):

*Generally, a bank is not required to retain records showing that it actually has given disclosures or notices required by this subpart to each customer, but it must retain evidence demonstrating that its procedures reasonably ensure the customers' receipt of the required disclosures and notices. A bank must, however, retain a copy of each notice provided pursuant to its use of the reasonable cause exception under Sec. 229.13(g) as well as a brief description of the facts giving rise to the availability of that exception.*

So, your bank is not required to keep copies of case-by-case hold notices, as long as your procedures reasonably ensure they were received by the customer. Some banks keep them for 30-60 days just so they can be reviewed by outside evaluators. Please note that exception hold notices based on "reasonable cause to doubt collectibility" are subject to a two-year record retention requirement.