Overview

Authority

The Truth In Savings Act of 1991 (TISA) was enacted in December 1991. The statute directed the Federal Reserve Board (FRB) to implement regulations for all depository institutions except credit unions. It also directed the National Credit Union Administration (NCUA) to issue regulations for state-chartered and federally chartered credit unions “substantially similar” to the FRB Regulation DD (Reg. DD), taking into account the unique nature of credit unions and the limitations under which they may pay dividends on member accounts.

Purpose

TISA is basically a disclosure law, the purpose of which is to enable consumers (credit union members and potential members) to make meaningful comparisons of deposit accounts among depository institutions.

Truth In Savings imposes special disclosure requirements at five different points in the life cycle of a deposit account: 1) preaccount opening, 2) account opening, 3) periodic statements, 4) changes in account terms and account maturity, and 5) advertising.

Coverage

Credit unions are required to disclose to members fees, dividend and interest rates, and other terms in connection with an account before an account is opened, upon request, on periodic statements, and upon subsequent events.

TISA also establishes rules for payment of dividends or interest and advertising rules for deposit accounts.

NCUA Staff Commentary

On November 8, 1994, NCUA issued its Official Staff Interpretation (Commentary) to the Truth In Savings Rule (Part 707) incorporating much of the Supplementary information issued with Part 707 and addressing additional compliance questions.

Good-faith compliance with NCUA’s commentary affords credit unions protections from civil liability penalties.

Credit unions

NCUA’s regulation applies to all federal and state-chartered credit unions whether federally or privately insured, except corporate credit unions. (Regulation DD does not directly apply to credit unions.)

Covered accounts

The following are covered accounts:

- Traditional accounts such as: share, share draft, checking, and time deposits.
• Dividend-bearing and nondividend-bearing accounts.

• Insured and uninsured accounts (for example, a jumbo certificate account in excess of $100,000).

• IRA accounts.

• Uniform Gifts to Minors Act (UGMA) or Uniform Transfers to Minors Act (UTTMA) accounts.

• Accounts held by deposit brokers (only for purposes of advertising rules).

Accounts not covered by TISA

The rule does not cover the following accounts:

• Accounts held by an unincorporated nonbusiness association of natural persons (club or organization accounts). Originally, NCUA had included club accounts opened after the effective date as accounts covered by Truth In Savings.

• In the Riegle Community Development and Regulatory Improvement Act of 1994, Congress amended TISA to exempt unincorporated association accounts.

  Note: While club accounts are not covered, credit unions may find it easier to treat these accounts as covered accounts rather than maintaining two different procedures, one for club accounts and another for all other accounts.

• Sole proprietorship accounts because such accounts are held for a business purpose.

• Accounts of natural persons who, in their professional capacity, hold the account for another (for example, attorney-client trust accounts and trust accounts opened by a trustee as a result of a formal written trust agreement).

• Nondeposit type accounts, such as mortgage escrow accounts, construction loan accounts, discount brokerage accounts, and overdraft line of credit accounts.

Members and potential members

NCUA defines account coverage for members by a consumer vs. business purpose account distinction. The term member under the final rule includes the following persons holding an account primarily for personal, family, or household (consumer) purposes: (1) natural person (individual) members who hold a consumer purpose account, and (2) a natural person nonmember (individual joint owner). Members holding an account for a purpose other than primarily for personal, family, or household (consumer) purposes and members holding an account for another in a professional capacity would not be covered.

For example, members holding accounts for corporations, partnerships and, sole proprietorships or other business purposes would not be covered. Similarly, attorney-client trust accounts and certain trust, estate, and court-ordered accounts would not be covered.

The term potential member is important as the credit union must give certain disclosures to “potential members.” The term includes a natural person with-
in the credit union’s field of membership or one eligible to become a member.

**Note:** Similar to the coverage issues for “accounts,” credit unions may also consider treating all members as covered members including members with business accounts. Again, compliance is easier with one set of account procedures.

### Rules Affecting Credit Union Accounts

#### The nature of dividends

One of the key differences between the Truth In Savings rules for banks and credit unions is the unique limitation on credit unions’ payment of dividends.

Credit union dividends comprise the portion of available current and undivided earnings of the credit union, which, by declaration of the board of directors, is set aside for distribution to members after required transfers to reserves.

Dividends cannot be guaranteed and members have no right to a dividend, even on share certificates, unless available earnings exist and dividends are, in fact, declared for such accounts.

The term **dividends** means any declared or prospective earnings on a member’s shares in a credit union to be paid to a member or a member’s account. The term excludes bonuses, extraordinary dividends, and similar incentives. The **dividend period** is the time period, set by the credit union board, at the end of which dividends are earned and credited. The dividend period may be different for different types of accounts (for example, weekly, monthly, and quarterly). For some certificate accounts, the dividend period may be at maturity. Credit union dividends are not guaranteed.

**Note:** In the commentary, NCUA makes the distinction between dividend- and interest-bearing accounts by emphasizing that federal credit unions are only permitted to offer dividend-bearing accounts and only certain state-chartered credit unions may offer interest-bearing accounts.

#### Interest-bearing accounts

In some states state-chartered credit unions are permitted to offer **interest-bearing** accounts pursuant to state law; thus, the rule includes rules for payment of interest. (Check with your state League to determine whether your state allows state-chartered credit unions to offer interest-bearing accounts.) The term **interest** means any payment to a member or to a member’s account for use of funds in the account of a state-chartered credit union under state law. For purposes of the rule, the term “interest” is generally substituted for the term “dividends.” Like the term “dividends,” “interest” excludes bonuses and similar incentives.

#### Rules governing account terminology

TISA requires the use of certain basic account terminology to achieve meaningful and uniform understanding of accounts. In addition to the TISA required terms, NCUA has imposed additional account terminology requirements.
Required TISA terms — dividend rate, APY, and APYE

TISA requires the disclosure of an accurate reflection of the effective rate of interest. This effective rate of interest is known as the “annual percentage yield” (APY) which is designed to permit a true comparison of deposit products among institutions. Credit unions are required to disclose earnings through the use of the terms: “dividend rate,” “annual percentage yield,” and “annual percentage yield earned.” The APY disclosure is one of the most important features of TISA and is required in the oral rate disclosures, account disclosures, renewal notices, and advertising.

- The term dividend rate means the declared or prospective annual dividend rate paid on an account without regard to compounding. “Prospective rates” are rates set in good faith in advance of the close of a dividend period, which may be altered if sufficient funds are not available or in the event of a superseding event such as a strike, plant closure, significant fluctuation in market rates and/or significant change in financial structure, natural disaster, or emergency that alters the assumptions under which the “prospective rates” were made. The dividend rate used for account disclosures and advertising is to be rounded to the nearest basis point (.01 percent) and disclosed to two decimal places (for example, 4.55%). Bonuses (and similar incentives, such as the waiver or reduction of fees and items worth less than $10 in a calendar year) are excluded from dividends and in calculating the dividend rate.

- The term Annual Percentage Yield (APY) means the percentage rate reflecting the total amount of dividends paid on an account based on the dividend rate and the frequency of compounding for a 365-day period for share and share draft accounts or for the term of the account for term share accounts. The APY assumes the principal amount remains in the account for 365 days or the term of the account. Appendix A to the NCUA Rule sets forth detailed computation specifications.

- The term Annual Percentage Yield Earned (APYE) reflects the total amount of dividends actually earned for the dividend or statement period as a percent of the actual average daily balance in the account. The APYE is affected by additions and withdrawals during the period and is required for periodic statements only. The APYE is calculated according to the formula provided in Appendix A to the NCUA Rule.

Permissible account terms

Credit unions are permitted to use the following terms to describe accounts:

- “Checking Account” for share draft accounts
- “Money Market Account” for money market share accounts
- “Savings Account” for regular share or share accounts
- “Share Certificate,” “Certificate Account,” or “Certificate” for share certificate accounts or dividend-bearing term share accounts
Prohibited account terms

Federal credit unions are prohibited from describing a Certificate Account with terms such as “Certificate of Deposit,” “CD,” “time account,” and “time deposit.” Similarly, state-chartered credit unions may not use such terms to describe dividend-bearing certificate accounts. However, state-chartered credit unions that can offer interest-bearing accounts can use such terms for interest-bearing certificate accounts.

Rules affecting account earnings

The TISA rule contains five categories of substantive provisions governing the computation and disclosure of account earnings: (1) balance computation rules, (2) dividend nonpayment rules, (3) dividend accrual rules, (4) compounding and crediting; and (5) minimum balance rules.

1. Balance computation rules. As a general rule, credit unions must calculate dividends/interest “on the full amount of principal in the account for each day of the stated calculation period.” NCUA’s rule prohibits payment of dividends based on a “rollback” or “low balance” accounts method, increments of par value, ending balance, or investable balance method. To calculate interest/dividends credit unions must use either the daily balance or the average daily balance method. Under the daily balance method the credit union applies a daily periodic rate to the exact daily balance in the account for each day. Since dividends must be calculated on the full amount of principal in the account for each day, the ending balance rather than a “low” daily balance would be used. Under the average daily balance method the credit union adds the full amount of principal in the account each day of the period, divides that figure by the number of days in the period, and applies a periodic rate to the result.

2. Dividend nonpayment rules. There are certain instances when credit unions are not required to pay dividends. They would not be required to pay dividends on term share accounts (term share/share certificates) during the grace period of a rollover term share account, after maturity of a nonrollover term share account, or for the time period during which checks are returned unpaid. Credit unions also have the option of not paying accrued dividends if a member closes an account before those dividends are paid. However, this policy must be in the account disclosures. Be sure to check for any state law concerning accrued dividends and closed accounts as well as any bylaws outlining when an account is considered closed.

Dividends must continue to be paid on dormant or inactive accounts. If a credit union accrues dividends on funds represented by a deposited check that is later dishonored, the credit union need not pay dividends for the time period the check was outstanding. Dividends must be paid on accounts of members who have caused the credit union a loss. To read the NCUA letter addressing these issues, go to www.ncua.gov/Legal/OpinionLetters/OL1999-0448.pdf

3. Dividend accrual rules. Credit unions must begin to accrue dividends on accounts no later than the day the
credit union receives provisional credit for the deposit, and must continue to accrue on those funds until the day they are withdrawn from the account. (For example, if a share draft is debited from the account on Tuesday, the credit union must accrue dividends on those funds on deposit through Monday.) Credit unions may not accrue or pay dividends on par-value increments. (For example, prior to the new regulation, if par value was $5 and an account had a $24 balance, dividends could be paid on $20 rather than the entire $24 balance.)

4. **Compounding and crediting.** NCUA’s rule does not mandate a particular minimum or maximum frequency with which dividends are compounded or credited (for example, daily, monthly, quarterly, annually, continuously, etc.). However, the compounding frequency must be disclosed in the account disclosures. Credit unions are not required to pay dividends that have accrued but that have not yet been credited if the account is closed between crediting dates.

5. **Minimum balance rules.** Credit unions are permitted to set minimum balance requirements that must be met for the member to earn dividends or to earn a specified rate on an account. (For example, the credit union may choose to pay a 4.00% dividend rate on an account only for those days the minimum balance of $500 is met.) Credit unions may not refuse to pay dividends on a portion of a balance once a member has met a required minimum balance. (For example, if the minimum balance requirement for dividends is $250 and the member maintains a $500 balance, the credit union must pay dividends on the entire $500.)

For credit unions using a daily balance method, an account balance need only meet the minimum requirement for the particular day to earn dividends for that day. (For example, a credit union may not provide that a member will earn a 5.00% rate only if a minimum balance of $500 is maintained each day in the period.) For credit unions using an average daily balance, the average daily account balance needs to meet the minimum balance requirement for the period to earn dividends for the period. Credit unions must use the same method to determine a minimum balance required to earn dividends as they use to determine the balance upon which dividends will accrue and be paid. (For example, a credit union calculating dividends on a daily balance method must use the daily balance method to calculate the minimum balance requirement, if any, to earn dividends.)

**Account Disclosures**

**Oral disclosures to rate inquiries**

As a further promotion of comparative shopping, credit unions must give standardized responses to oral inquiries regarding rates. While there is no duty that credit unions respond to rate inquiries, if the credit union elects to respond, standard oral disclosure information must be provided. The required disclosure information is much less than the full TISA account disclosures.

Any rates quoted by the credit union must be stated as an annual percentage yield (APY). For dividend-bearing accounts (except term share accounts), the credit union must disclose the APY.
as of the last dividend declaration date or the prospective APY offered on the account. For term share accounts and interest-bearing accounts, the APY disclosed must be accurate as of the last seven calendar days. The credit union must also (1) state that the APY is accurate as of a specified date and (2) provide a telephone number for members to call to obtain current rate information. The dividend/interest rate figure may also be provided, but not in lieu of the APY figure. No other rate may be stated. Credit union staff responding to oral rate inquiries need only provide disclosures as appropriate. (For example, the requirement to give a telephone number to call about rates for a term share account would not be necessary when a member was calling for a rate.)

**Note:** Similar to the redundant telephone number information, the accuracy date for a term share account rate should not be necessary if the rate is current as of that day and the rate provided disclosed as current.

To the extent the oral rate inquiry involves a request for account disclosures rather than an account rate, the credit union must provide the TISA account disclosures as explained in the following text.

**Account-opening disclosures**

**General disclosure rules**

Credit unions must make disclosures as applicable, clearly, conspicuously, and in writing, in a form the member may keep. These disclosures can be delivered either in paper or electronic form. If the member agrees to receive these disclosures electronically via their e-mail address or retrieve them from the credit union’s website, the credit union must follow the regulation’s requirements for electronic communication. See the Electronic Communication section for details.

The TISA account disclosures for each account may be presented separately, or combined with disclosures for other accounts and services (for example, Regulation CC funds availability disclosures and Regulation E Electronic Fund Transfer disclosures), as long as it is clear which disclosures are applicable to the member’s account. The TISA disclosures may be provided in multiple account documents (for example, a signature card, rate sheet, fee schedule, and brochure describing other terms), but all relevant documents must be provided at the same time. If an account is held by more than one account holder, disclosures may be made to any one of the account holders.

**Note:** A credit union should avoid TISA account disclosures that cross reference terms or information contained in a credit union’s bylaws or other collateral documents unless the credit union intends to provide copies of its bylaws or other collateral documents along with its TISA account disclosures.

There is no particular type size or “more conspicuous” standard or segregation requirements for the disclosures. Other than the terms “annual percentage yield” and “dividend rate,” there are no required terms or conspicuous term requirements. The term “annual percentage yield” must be used when referring to a rate of return and, for purposes of account disclosures, must be so labeled. There is no APY abbreviation provision.
The annual percentage yield, annual percentage yield earned, and dividend rate figures must be rounded to the nearest 1/100 of one percent (.01%) (for example, 5.644% would be rounded to 5.64%) and disclosed to two decimal places. However, for TISA account disclosures, the dividend rate may be expressed to more than two decimal places. There is a 1/20 of one percentage point (.05%) tolerance for accurate disclosure of the annual percentage yield and annual percentage yield earned. There is no tolerance for dividend rates.

**Account opening**

A credit union must provide the TISA account disclosures to a member or potential member before an account is opened or services provided (for example, a credit check fee is imposed before opening an account), whichever is earlier. The same holds true when an individual opens an account via the credit union’s website. The member or potential member must be required to access the TISA disclosures before the account is opened or the credit union provides services, whichever is earlier. A link to the disclosures satisfies the timing rule if the member cannot bypass the disclosures before opening the account. Or the disclosures must automatically appear on the screen even if multiple screens are required to display the entire disclosure. The credit union is not required to confirm that the member has read the disclosure.

New account disclosures need not be provided for a subsequent account opening if proper disclosures were previously provided and the disclosures remain accurate at the time of the new account opening. If the account is not opened in person (for example, telephone, mail, or wire transfer), the TISA account disclosures must be mailed or delivered to the address shown on the credit union’s records no later than 10 business days after the account opening.

The renewal of a term share account that does not automatically renew (non-rollover) is a “new account,” which requires new disclosures. In contrast, the renewal of an automatically renewable (rollover) term share account is not a new account and does not require new TISA account disclosures.

**Upon request**

Credit unions are required to provide TISA account disclosures to any member or potential member upon request. If the individual is not at the credit union when the request is made (for example the request is made over the telephone), the disclosures must be mailed or delivered within a reasonable time (10 business days after the request is made). Disclosures can be in paper form or be provided electronically.

When providing disclosures electronically, the credit union must send the disclosures to the member or potential member’s e-mail address or send the member a notice describing the location of the disclosures on the credit union’s website. Posting the disclosures on the website, however, does not relieve a credit union’s duty to provide disclosures upon request. See the Electronic Communication section for details on providing electronic disclosures.

**NOTE:**

Credit unions with account representatives must closely review their procedures to determine whether certain initial membership activities constitute the opening of an account.
Content of TISA account disclosures

The TISA account disclosures must contain eight categories of information to the extent applicable. Sample copies of the Loanliner® Truth in Savings Rate and Fee Schedule for savings and checking accounts, and Form D3100 Rate and Fee Schedule for certificate accounts, are included as Appendix 1-A and 1-B to this section.

The type of rate information that needs to be disclosed depends on whether the account is a fixed-rate or variable-rate account. **Fixed-rate accounts** are any accounts that are not variable-rate accounts. This means an account in which the rate will not change unless the credit union contracts to give at least 30 calendar days’ advance written notice of dividend/interest rate decreases.

(For example, credit unions’ term share accounts and state-chartered credit unions’ payment of interest on deposit accounts are considered fixed-rate accounts.)

A **variable-rate account** is an account in which the dividend/interest rate may change after the account is opened.

However, if the credit union contracts to change rates but only after providing the member at least 30 calendar days’ advance written notice of rate decreases, the rate would constitute a fixed-rate.

**Note:** Except for term share accounts in which credit unions promise fixed-rate returns, there is little, if any, advantage to offering fixed rates on transaction or savings-type accounts. Under variable-rate accounts, credit unions gain the benefit of changing rates without notice.

- **APY and dividend rate.** Credit unions must disclose the APY and dividend rate (or interest rate, if applicable) effective the day of the account opening. For dividend-bearing accounts, except term share accounts, the APY and dividend/interest rate must be either as of the last dividend declaration date, or the prospective (anticipated) rate and APY offered for that dividend period. Credit unions cannot guarantee dividend rates, but can provide prospective rates and APYs. For term share accounts and interest-bearing accounts, the rate and APY must be the rate and APY offered that day. Also, for fixed-rate accounts, the period of time the dividend rate will be in effect (for example, for at least thirty days) must also be disclosed.

  **Note:** No retroactive rate setting is permissible on any term share account including club accounts that are term share accounts.

  In the case of variable-rate accounts, four additional disclosures are required: (1) the fact that the dividend rate and APY may change, (2) how the dividend rate is determined (for example, identify the index or state that the rate is determined by the credit union’s board), (3) the frequency with which the dividend rate may change (for example, weekly, monthly, and so on; credit unions that reserve a right to change rates at any time must state that fact.), and (4) any limitation on the amount the dividend rate may change (for example, rate floor or ceiling; if there are no limitations, the credit union may, but need not, disclose that fact).

  A **stepped-rate account** is an account that has two or more divi-
dend rates that take effect in succeeding periods and are known when the account is opened (for example, a one-year term share account with a 5% dividend rate for the first six months, a 6% rate for the second six months). For stepped-rate accounts, each rate must be disclosed, but only one (composite) APY may be given. A tiered-rate account is an account that has two or more dividend rates that are applicable to specified balance levels (for example, 5% paid on balances below $1,000; 6% on balances of $1,000 and above). Unlike stepped-rate accounts, there is no single composite APY for tiered-rate accounts. Each applicable dividend rate and the corresponding APY must be given, and the applicable tier balance method used must be disclosed [for example, Tier Method A (Full Balance) or Tier Method B (Pure); see Appendix A to NCUA Part 707, APY Calculator for a discussion on these methods].

Note: A credit union policy that dividends are not paid below a specified amount would not constitute a tiered-rate account. Similarly, the credit union cannot label the nondividend portion as earning 0%, as zero is not a rate. This policy would violate the general rule that dividends are paid on the full balance of the account.

• Compounding and crediting policies. The frequency with which dividends or interest are compounded and credited must be disclosed (for example, quarterly or monthly). If the credit union will not pay dividends or interest that has accrued but has not been credited on an account that is closed, that fact must be disclosed. For dividend-bearing accounts, the dividend period (for example, monthly, quarterly, etc.) must be disclosed. If the member will forfeit dividends if they close an account before accrued dividends are credited, a statement that the dividends will not be paid in such cases.

• Balance information. The credit union must make four types of balance disclosures: (1) any minimum balance required to open the account, avoid the imposition of a fee, or obtain the APY disclosed, (2) the balance computation methods for dividends (daily or average daily method), (3) the minimum balance determination, including an explanation of how the balance is determined; or (4) the credit union’s membership share par value.

Note: While NCUA seems to equate membership share par value with a minimum balance requirement, credit unions should be careful not to confuse the two. Minimum-balance requirement features require careful account price planning, independent of any par value requirement. Also, credit unions may have various minimum balance requirements for different accounts, but there is generally only one membership share required for all accounts, not each account.

• Fees. The amount of any fee that may be imposed in connection with the account (or an explanation of how the fee will be determined) and the conditions under which the fee may be imposed (name and description of fee) must be disclosed. The commentary includes the following list of fees that are considered related to the routine
use of an account:

1. Maintenance fees (for example, a monthly service fee)
2. Fees related to deposits or withdrawals (per-check fees, ATM fees)
3. Fees for special services (stop-payment requests; balance inquiries; fees to certify checks)
4. Return check fees
5. Fees to open or close accounts
6. Check printing fees (a range of prices or a statement that prices vary)
7. Dormant account fees

Fees that may be charged for services unrelated to a particular account, such as traveler’s check fees, cashier check purchase fees, wire transfer fees, safe deposit fees, or “incidental fees,” such as photocopy fees or statement copy fees, need not be disclosed. Also, fee disclosures required under Regulation E do not have to be duplicated so long as the Regulation E disclosures are provided at the same time.

• Transaction limitations. The credit union must disclose any limitations on the number or dollar amount of withdrawals or deposits (for example, minimum withdrawal limits on savings accounts under Regulation D, minimum withdrawal amounts or restrictions on deposits to term share accounts). Regulation E disclosures will satisfy this requirement to the extent of limitations on the frequency and amount of Electronic Funds Transfers.

• Nature of dividends. For dividend-bearing accounts other than term share accounts, credit unions are required to include a statement that dividends are paid from current income and available earnings after required transfers to reserves at the end of a dividend period. This disclosure should protect credit unions in the rare event a prospective dividend rate cannot be paid or is not properly payable.

• Features of term share accounts. The term term share accounts includes time deposits, time or term share accounts, share certificates, and certificate of deposit accounts with a maturity of at least seven days in which withdrawals are restricted, unless an early withdrawal penalty of at least seven days’ dividends applies. A Christmas or vacation club account that contains both a maturity date and an early withdrawal penalty feature would be considered a term share account for purposes of these disclosures.

There are four required disclosures for term share accounts, to the extent applicable: (1) the maturity date, (2) early withdrawal penalties, (3) consequences of withdrawal prior to maturity, and (4) a statement of whether or not the account will renew automatically at maturity. If it will, a statement of whether or not a “grace period” must be provided and the length of the grace period.

Note: The term “grace period” means a period following the maturity of an automatically renewing term share account during which the member may withdraw funds without being assessed a penalty. A credit union has the option of providing a grace period or not. If it does not renew automatically, a statement must be made...
whether dividends/interest will be paid after maturity if the member does not renew the account.

**Bonuses.** If the credit union offers a “bonus” for opening, maintaining, renewing, or increasing an account balance, the TISA account disclosures must include the following disclosures, if applicable: 1) the amount or type of any bonus, 2) when the bonus will be provided, and 3) any minimum balance and time requirements to obtain the bonus.

### Periodic Statement Disclosures

#### General rules

If a credit union mails or delivers a periodic statement, the statement must include certain required TISA disclosures for each account on the statement known as “periodic statement disclosures.” A periodic statement means a statement setting forth information about an account (other than newsletters and promotional materials) that is provided to a member on a regular basis four or more times a year. Credit unions are not required to send periodic statements, but disclosures are required if the credit union chooses to send such statements.

Periodic statements can be delivered electronically as long as the credit union complies with the consumer consent provisions of the Electronic Signatures in Global and National Commerce Act (ESIGN). NCUA’s TISA regulation was revised to reflect ESIGN’s requirement that disclosures be provided in electronic form only if the member or potential member “affirmatively consents” after receiving certain information. See the Electronic Communication section for full details and the RegTraC *General Operations Regulations* book for information on ESIGN’s requirements.

Disclosures provided by mail or e-mail are considered timely based on when the disclosures are sent. Disclosures posted on an Internet website, such as periodic statements, change-in-terms notices, or other notices are considered timely when the credit union has both made the disclosures available and sent a notice to the member that the disclosures have been posted.

NCUA’s previous regulation addressing the electronic delivery of periodic statements was withdrawn. However, credit unions will not have to redeliver disclosures subject to ESIGN’s consent provisions for members who agreed to receive periodic statements electronically under NCUA’s earlier rule.

#### Content of periodic statement disclosures

**“Annual Percentage Yield Earned” usage required**

The periodic statement must show the annual percentage yield earned, using this exact term. No abbreviations such as APY earned or APYE are allowed. The annual percentage yield earned reflects the relation of the actual dividend/interest earned during the statement period and the balance in the account for the same period. This disclosure should capture all rate changes that occurred, producing a single composite annual percentage yield earned. (For tiered-rate accounts, the single annual percent-
age yield earned figure demonstrates the effect of the tiering method on total earnings.) The figure is not affected by fees imposed or bonuses provided, and should be distinguished from the prospective annual percentage yield earned figure used for account disclosures and advertising. This is a “historical” figure, not a projected figure, and is formulated differently according to specific calculations set forth in Appendix A, Part 2 of the NCUA rule.

### Amount of dividends/interest earned

The periodic statement must show the dollar amount of dividends/interest earned during the statement period. This disclosure may show either dividends accrued but not yet credited to the account or dividends paid and credited to the account.

However, if a member closes an account between crediting periods and forfeits accrued dividends, the credit union may not show any figures for “dividends earned” or annual percentage yield earned for the period.

If no dividends are earned for a statement period, credit unions need not state that fact or may show “$0 dividends earned” and a “0% annual percentage yield earned.”

The amount of any extraordinary dividends earned during the statement period is not a component of the annual percentage yield earned, but must be disclosed as a separate figure.

Bonuses should be excluded from the total dividend/interest figure, but the value of any bonuses could be disclosed elsewhere on the statement as additional information.

### Fees imposed

The periodic statement must disclose all fees of the type required under the initial account disclosures that were debited from the account during the statement period, such as monthly fees, NSF charges, or stop payment fees. The fees shall be itemized by type and dollar amounts and must be identified the same as they are in the account disclosures. See also: “Overdraft Privilege Plans” regarding the aggregate disclosure of overdraft and returned item fees on periodic statements.

Fees related to a credit account such as fees for accessing an overdraft feature (covered by Regulation Z) and ATM fees (covered by Regulation E) would be excluded from the TISA disclosure. Similarly, fees not imposed in connection with the account (such as safe deposit box fees or wire transfer fees) would be excluded. The periodic statement need not include a total fee figure or a net earnings figure (that is, the total dividend earned less any fees imposed).

### Number of days in period

The statement must show either the total number of days in the statement period or the beginning and ending dates of the period. Current statements typically provide the beginning and ending dates for the period. The statement must clearly disclose whether the beginning and ending dates are included, such as “May 1 through May 31.”

### Optional information on periodic statements

Additional information may be shown on a statement including: dividend
rates, year-to-date dividends, bonuses paid, and excluded fees.

**Special rules for noncalendar month crediting**

NCUA provides a special rule for credit unions that calculate dividends for a period other than the statement period (for example, quarterly, or from the 16th of one month to the 15th of another month). Credit unions may disclose the required information either upon each periodic statement or upon the statement on which dividends are actually earned or credited to the account. For example, if a credit union has quarterly dividend periods or uses a quarterly average daily balance on an account, the first two monthly statements may not state annual percentage yield earned and dividends earned figures; the third “monthly” statement will reflect the dividends earned and the annual percentage yield earned for the entire quarter.

Each statement must show both the length of the statement period and dividend period. However, the fees imposed disclosure must be included on the periodic statement on which they are imposed. Credit unions that calculate dividends monthly but only send quarterly statements may show one single dividend figure and annual percentage yield earned for the quarter or three dividend figures and three annual percentage yield earned figures so long as the dividend periods are shown.

**Overdraft Privilege Plans**

In 2005, the Federal Reserve Board and NCUA amended their Truth in Savings regulations to address overdraft privilege plans. These regulations only required financial institutions that promoted the payment of overdrafts to disclose on the periodic statement the fees charged for overdraft services and the fees charged for returning items unpaid, for the both the statement period and year-to-date.

In 2008, the Fed amended its regulation with the NCUA following suit in 2009. The amended rules required all financial institutions to disclose the periodic and year-to-date overdraft fees and returned item fees on periodic statements, regardless of whether they promoted the payment of overdrafts. The amended regulations also addressed balance disclosures provided to consumers through automated systems, such as ATMs, telephone response systems and websites. The mandatory compliance date was January 1, 2010.

**Account-opening disclosures**

TISA requires the disclosure of any fee that may be imposed in connection with the account and the conditions when it may be imposed. Credit unions must specify in their TISA account-opening disclosures the categories of transactions an overdraft fee may be imposed on.

This description does not have to be an exhaustive list. Model language is included in which the credit union may simply state that the fee is imposed for overdrafts “created by checks, in-person withdrawals, ATM withdrawals, or by other electronic means,” as applicable. However, describing the fee as a fee for “overdraft items” is not sufficient since
this would not describe whether it would apply only to share drafts or whether it applies to other transactions, such as ATM withdrawals or other types of electronic transactions.

**Periodic statement disclosures**

All credit unions must disclose on periodic statements a total dollar amount for all overdraft fees and returned item (NSF) fees imposed on a member’s account. The credit union must disclose separate totals for the statement period and for the calendar year-to-date. The total dollar amount includes per-item fees as well as interest charges, daily or other periodic fees, or fees charged for maintaining an account in overdraft status, whether the overdraft is by check or by other means. It does not include fees for transferring funds from another member account to avoid an overdraft, or fees related to overdraft lines of credit subject to Regulation Z.

The total dollar amount for all fees for returning items unpaid must include all fees charged to the account for dishonoring or returning checks or other items drawn on the account. The credit union must disclose separate totals for the statement period and for the calendar year-to-date. Fees imposed when deposited items are returned are not included.

The disclosure must be made in a tabular format (including gridlines) and be near the other itemized fees. The regulation includes a sample form for making this disclosure. The credit union must use this sample format, or a substantially similar one, when making this disclosure.

### Sample Aggregate Overdraft and Returned Item Fees Sample Form

<table>
<thead>
<tr>
<th></th>
<th>Total For This Period</th>
<th>Total Year-to-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Overdraft Fees</td>
<td>$60.00</td>
<td>$150.00</td>
</tr>
<tr>
<td>Total Returned Item Fees</td>
<td>$0.00</td>
<td>$30.00</td>
</tr>
</tbody>
</table>

(Appendix B to Part 707, Sample B-12)

The fee disclosure does not have to be provided if no fees have been charged whatsoever. If a fee is waived in a later periodic statement period, the credit union may (but is not required to) show that adjustment in the year-to-date total on that later statement. If the fee is assessed and waived during the same statement period, the credit union may at its option show the adjustment in both the year-to-date total and the total for that statement period.

**Advertising disclosures**

Credit unions that promote the payment of overdrafts are required to include the following disclosures in their advertisements for this service.

- The applicable fee or charge.
- The categories of transactions that are covered. The model language for account-opening disclosures may be used.
- The time period members have to repay or cover the overdraft. If a credit union reserves the right to require repayment immediately or on demand, instead of providing a specific time period for repayment, the credit union
may comply with the requirement by disclosing this information.

- The circumstances when the credit union would not pay an overdraft. The official staff interpretation provides the following model language: “Whether your overdrafts will be paid is discretionary and we reserve the right not to pay. For example, we typically do not pay overdrafts if your account is not in good standing, or you are not making regular deposits, or you have too many overdrafts.”

Stating the available overdraft limit or the amount of funds available on a periodic statement would be considered an advertisement that would trigger the required disclosures. The rule provides exceptions to these requirements, similar to those described above for periodic statement disclosures. For example, the advertising disclosure requirements will not apply when providing educational materials, responding to member-initiated inquiries about overdrafts or deposit accounts, or notifying a member about a specific overdraft on their account.

These advertising disclosures are also not required on ATM receipts or for advertisements using broadcast media, such as television or radio, or outdoor media, such as billboards. These exceptions do not apply to advertisements on Internet websites, ATM screens, advertisements on telephone response systems, or those sent by e-mail. However, limited disclosures are required on an ATM screen, on telephone response machines and on indoor signs. The specific disclosures described above regarding the categories of transactions covered and the circumstances in which the credit union will not pay an overdraft will not be required for advertisements made through these methods. Advertisements on indoor signs must indicate that fees may apply and that the member should contact an employee for further information about fees and terms.

**Prohibiting misleading advertisements**

The interim final rule expanded TISA’s prohibition against advertisements, announcements, or solicitations for new accounts that are misleading or misrepresent the deposit contract to include communications with current members about the terms of their existing accounts. The following are examples of misleading advertisements:

- Representing an overdraft service as a “line of credit.”

- Representing that the credit union will honor all checks or transactions, when the credit union has discretion to not honor a transaction.

- Representing that members with an overdrawn account are allowed to maintain a negative balance when the terms of the overdraft service require the member to promptly return the account to a positive balance.

- Describing the overdraft service solely as protection against bounced share drafts when the credit union also permits overdrafts in connection with ATM withdrawals or other electronic fund transfers.

- Describing the account as “free” or “no cost” in an advertisement that also promotes a service in which there
is a fee, such as an overdraft service, unless the advertisement for the account clearly indicates that there is a cost for this service. Advertisements for the overdraft program itself must disclose the amount of the fee, as well as the other required information.

**Disclosure of account balances**

When displaying available balance information on an ATM screen, website or telephone response system, NCUA’s Part 707 prohibits a credit union from including any additional amounts that may be provided through overdraft protection plans, lines of credit, or through transfers from other accounts.

The balance may, but need not, include funds that are deposited in the member’s account, such as from a check, that are not yet made available for withdrawal in accordance with the funds availability rules (Regulation CC). In addition, the balance may, but need not, include funds that are held by the credit union to satisfy a prior obligation of the member, for example, to cover a hold for an ATM or debit card transaction that has been authorized but for which the credit union has not settled.

The credit union may choose to display a second balance that includes amounts available through an overdraft protection plan, as long as it prominently discloses that this second balance includes the additional amount. Disclosing the second balance simply as the “unavailable balance” or “available funds” will not be sufficient.

The ATM should not display a second balance connected to an overdraft service for members who have opted-out of the service (or have not opted-in, if applicable). In the case of members who opt-out of some, but not all, of the credit union’s overdraft services (e.g., member elects overdraft services for ATM and point-of-sale [POS] debit card transactions only), the credit union may provide the second balance, but only if the balance information indicates that overdraft funds are not available for all transactions.

**Disclosures upon Maturity and Changes in Terms**

**Renewal notices for rollover term share accounts**

Term share accounts that automatically renew at maturity without member action request (“rollover” or “renewal term share accounts”) are not treated as the opening of a new account. Thus, for most term share accounts less disclosure is required at renewal. For a term share account with a maturity of more than one month, credit unions must mail or deliver a notice containing both maturity and renewal account information at least 30 calendar days before maturity or 20 calendar days prior to the end of a five-day grace period (except short-term accounts).

The type of account disclosures in a renewal notice depends on the term of the term share account. For rollover accounts with maturity greater than one year, the notice must state the date the existing account matures, and the full account disclosures applicable on renewal must be provided. If the dividend rate and APY are undetermined
at the time of notice, the credit union shall state that rates have not been determined, specify the date they will be determined, and include a credit union telephone number to call to obtain the rate and APY for the new account.

For rollover accounts with a maturity greater than one month but less than one year, the credit union has two options: (1) the renewal notice would state the date the existing account matures, the new maturity date of the renewal account, the dividend rate and APY, if known (or if unknown, the date it will be determined and a telephone number), and any differences in terms between the existing and renewal accounts or (2) the full TISA account disclosures in the manner discussed above.

For rollover accounts with a maturity of one month or less, credit unions must provide a renewal notice disclosing any differences in the terms between the existing and the renewal account (except the dividend rate and the APY) within a reasonable time after renewal (generally 20 days).

A sample of the Loanliner Account Renewal Notice is included as Appendix 1-C to this section.

Maturity notices for nonrollover term share accounts

For term share accounts (maturity greater than one year) that do not roll over but renew only upon the member’s request, the credit union must give a maturity notice to members. A renewal is considered a new account requiring full account disclosures. The maturity notice must be mailed or delivered at least ten calendar days before a maturity and state the maturity date and whether dividend/interest will be paid after maturity. For nonrollover accounts with maturity less than one year, no maturity notice is required. Again, a renewal is considered a new account requiring full account disclosures. A sample of the Loanliner Account Maturity Notice is included as Appendix 1-D to this section.

Change-in-terms notice

Credit unions must give advance notice to affected members (members holding the account being changed) of any change in terms required under the initial TISA account disclosure requirements, if the change may reduce the APY or adversely affect the member. The notice must be mailed or delivered at least 30 calendar days before the effective date of the change. (If the change affects a Regulation E term, the shorter Regulation E change-in-terms rules may apply.) The notice must be in writing in a form the member can keep and must describe the change and state the effective date of the change. The notice may be included on a periodic statement or in another mailing.

When overdraft protection services or bounce protection services are added to an existing account, a change in terms notice, 30 days prior to the effective date of the change, may be required if the fee for the service exceeds the fee for accounts that do not have the service. An advance change in terms notice would not be required if the account opening disclosures stated that an overdraft check may or may not be paid and the same fee would apply.

A change-in-terms notice is not
required for: changes in the dividend/interest rate and corresponding changes in the APY for variable-rate accounts; changes in fees for share draft and check printing fees; changes in any term for short-term term share accounts (one month or less); or terms that will automatically change upon the occurrence of a stated event, provided the contemplated change is fully described in the TISA account disclosures (for example, expiration of a reduced or waived fee promotion).

Advertising

The TISA advertising rules control what information must be disclosed and the manner in which the information is presented in order to give members standardized deposit account information to enhance comparative shopping.

These rules include general rules prohibiting inaccurate and misleading advertisements, rules for advertising key deposit terms like “APY” and “bonuses,” the additional disclosures triggered by use of such terms, and exemptions for certain types of media.

Scope of the advertising rules

The rule defines advertisement as a commercial message appearing in any medium that promotes directly or indirectly the availability of, or deposit in, an account. While this term is not defined in the rule, it means virtually anything that conveys a message promoting a deposit account product. There is one express exception in the rule for “rate sheets” that are published in newspapers, periodicals, or trade journals.

Account rate sheets are not considered commercial messages (and thus not advertising) as long as there is no fee paid by the credit union and no control by the credit union over whether the information will be published.

The term account covers all share and deposit accounts offered to or held by members. IRA advertisements fall within the advertisement rules to the extent that the funds are held in a credit union account. Promotional messages that cross-sell deposit products are advertisements, including promotions that appear in leaflets, brochures, periodic account statements, and statement stuffers. Advertisements of financial services, such as safe deposit boxes and cashier’s checks, are not covered. Similarly, annuities are not covered because they are not a deposit account.

Credit union newsletters, lobby rate boards, and certain types of advertising media require less disclosure of account information due to the inherent limitations of time and space in such media. The special media include: (1) broadcast and electronic media, (2) outdoor media, such as billboards, and (3) telephone response machines.

Prohibition on misleading or inaccurate advertising

NCUA’s rule contains a broad prohibition that “an advertisement shall not be misleading or inaccurate and shall not misrepresent a credit union’s account contract.” The prohibition applies to all advertisements regardless of the ad content or the media used.

The rule contains a specific prohibition of advertising an account using the
terms “free,” “no cost,” or other words having similar meaning (for example, fees waived) if any regular maintenance or activity fee may be applied to the account. Thus, if there are no maintenance fees related to the account or any costs for the member to have or use an account, it can be advertised as “free.”

A maintenance or activity fee includes transaction and service fees members reasonably expect to be regularly imposed on an account. For example, monthly service charges, and fees imposed to deposit, withdraw, or transfer funds, (including per-share draft or check charges, or $0.25 for each withdrawal, by check or in person). It also includes fees imposed if a minimum balance requirement is not met or if a transaction limit is exceeded. A maintenance fee would not include stop-payment fees, fees for returned items, NSF fees, fees unrelated to the account (such as cashier’s check fees), third-party check printing charges, fees for copies of share drafts or checks, dormant account fees, balance inquiry fees, fees to use a proprietary or nonproprietary ATM, and fees for electronic transfer services that are not required to obtain an account (such as preauthorized transfers or home electronic credit union services.)

If the account is free for a limited time, the time restriction must be stated. Credit unions may not use a term such as “fees waived” if a maintenance or activity fee may be imposed since it is similar to the terms “free” or “no cost.” However, credit unions may advertise accounts as “free” for members who meet conditions not related to share accounts, such as the member’s age (for example, “free for persons over 65 years old”). In contrast to the free account prohibition, credit union services may be advertised as “free” or with “no cost,” so long as there is no fee imposed for the service or feature. For example, a credit union that offers free ATM services could advertise that fact. If the service is free for a limited time, the time restriction must be stated.

Disclosure requirements

General rules

If any rate or yield is stated in an advertisement, it must be the annual percentage yield using that term. While advertisements are not required to disclose an annual percentage yield (unless a bonus is stated), if the credit union states a rate or yield, the rate or yield must be stated in terms of the annual percentage yield. If an advertisement discloses an annual percentage yield as of a specified date, that date must be recent in relation to the publication.

An advertisement can state the dividend rate as long as the annual percentage yield is also disclosed. If a dividend rate is stated, the term “dividend rate” must be used, and the rate stated must correspond to the annual percentage yield stated. The abbreviation “APY” may be used, provided that the term “annual percentage yield” is stated at least once in the advertisement. The term “dividend rate” cannot be abbreviated.

In addition, a dividend rate can be stated only if it is provided in conjunction with, but not more conspicuously than, the annual percentage yield it relates to. Advertisements on a credit union’s website must display both rates simultaneously. This requirement is not
satisfied if the individual can only view the annual percentage yield by using a link to another location.

There are special format rules for advertising tiered-rate accounts. The annual percentage yield for each tier must be shown in the advertisement along with the corresponding tier balance requirements. Also, an advertisement that states a dividend rate for a stepped-rate account must state all the dividend rates and the time period that each rate is in effect.

**Representative example**

An advertisement that states an annual percentage yield for a type of account need not state the annual percentage yield applicable to every variation offered by the credit union. If rates vary depending on the initial deposit amount or term for a term share account, a representative example may be shown clearly describing the annual percentage yield offered and stating that various rates are available. (For example, “our six-month share certificate currently pays a 3.15% annual percentage yield,” and “we offer share certificates with annual percentage yields that depend on the maturity you choose.”)

**APY disclosures**

If an APY is stated in an advertisement, additional advertising disclosures relating to fees and terms applicable to the account must be given (the “APY disclosures”). General rate information in an advertisement will not be considered trigger terms so long as rates are not determinable from the advertisement “for example, 1% over our current rate.”

There are six disclosures, triggered by the APY. These disclosures must be shown in the ad, clearly and conspicuously, as follows:

1. **Variable-rate accounts.** If the advertisement covers a variable-rate account, the ad must also state that the “rate may change” after the account is opened.

2. **Time the APY is offered.** The ad must provide an accuracy disclosure as follows: 1) for dividend-bearing accounts except term share accounts, a statement that the APY is accurate as of the last dividend declaration date or that the disclosed prospective APY is accurate or 2) for interest-bearing accounts and dividend-bearing term share accounts, the period the APY is offered for that account or a statement that the APY is accurate as of a specified date. For example, “the APY is offered as of Sept. 7, 2013.”

3. **Minimum balance.** The minimum balance required to obtain the advertised APY must be disclosed. For tiered-rate accounts, the minimum balance requirement for each tier must be stated in close proximity to the applicable APY and given equal prominence.

4. **Minimum opening deposit.** The minimum balance requirement to open an account must be provided if it is greater than the minimum balance necessary to obtain the advertised APY.

5. **Effect of fees.** A statement that “fees could reduce earnings” must also be included if maintenance or activity fees could be imposed that would reduce earnings (for example, monthly service charges, per-draft charges, a fee if a minimum balance is not maintained).
Neither the applicable fee nor the conditions for imposing the fee need be shown in the advertisement.

6. **Features of term share accounts.** For term share accounts, a statement of the term of the account and a statement that a penalty will or may be imposed for early withdrawal must be provided. The phrase “will or may” is used to cover credit unions that impose early withdrawal penalties either on a mandatory basis or discretionary basis.

**Bonus disclosures**

If a bonus is offered in an advertisement, additional advertising disclosures relating to terms applicable to the account must be given (the “bonus disclosures”). A general reference to bonuses or the word “bonus” itself is not a trigger term (for example, “bonus checking”).

A **bonus** is a premium, gift, award, or other consideration, paid in cash or merchandise, worth more than $10 during the course of a year, given or offered to a member for opening, maintaining, renewing, or increasing an account balance. Under the commentary, NCUA states that credit unions may rely on IRS valuation standards to determine the $10 de minimis value standard (for example, fair market valuation). Credit unions must aggregate per account, per calendar year, any items given to a member that are individually valued at $10 or less. Such items will be a bonus if their aggregate value exceeds $10. De minimis incentives, such as pens or coffee mugs (with a market value of $10 or less), and any waiver or reduction of an account fee, the absorption of expenses (for example, free checks), nondividend membership benefits, extraordinary dividends, and life savings benefits, regardless of value, are excluded from the term “dividends.”

**Note:** Because the term “bonus” excludes most incentives credit unions offer with accounts (for example, the waiver or reduction of fees or the absorption of expenses, nondividend membership benefits, extraordinary dividends), bonus disclosures will be triggered only in limited situations (for example, cash or merchandise worth more than $10).

There are five disclosures triggered by a bonus. These disclosures must be shown in the ad as follows:

1. The annual percentage yield must be stated using that term. Since the APY is itself a trigger term, the five annual percentage yield disclosures must also be given.
2. A statement of the time requirement necessary to obtain the bonus.
3. A statement of the minimum balance required to obtain the bonus. If the balance requirement is the same as for the APY, the disclosures may be combined.
4. The minimum balance required to open the account must be given if it is greater than the balance necessary to obtain the bonus.
5. The ad must state when the bonus will be paid or provided to the member.

**Note:** If a credit union’s Web advertisement displays a triggering term (such as a bonus or annual percentage yield) the advertisement must clearly refer the member or potential member to the location where the additional required
information begins. For example, an advertisement that includes a bonus or annual percentage yield can include a link that takes the individual to the additional information.

**Credit union newsletters, lobby signs, and special media**

There are limited advertising disclosures required for advertisements through special media such as credit union newsletters, indoor signs, and electronic media.

Credit union newsletters sent to existing members or reasonably calculated to reach only members (for example, newsletters displayed or offered in the credit union lobby) are generally not subject to the advertising requirements but are subject to the minimal rules. The credit union newsletter must include the APY if a rate is stated and must contain a notice advising members to contact the credit union for further information on applicable fees and terms. A dividend rate may be shown in conjunction with the APY that it refers to.

Indoor signs (including computer screens, banners, preprinted posters) and lobby boards located inside a credit union are generally not subject to the advertising requirements. The exemption for lobby boards applies to signs inside the premises of the credit union, including signs facing outside which are intended to be viewed from outside. Advertisements on inside banners, preprinted posters, chalk boards, and computer screens are subject to the same exemption that applies to lobby boards.

TIS regulations require additional disclosures in ads that promote the payment of overdrafts. These include the amount of the overdraft fee, the transactions in which they apply, the time period in which the member must repay the overdraft, and the circumstances in which the overdraft will not be repaid. However, the credit union’s opt-in/opt-out notice that it provides with regard to the payment of overdrafts is a communication that is not subject to these additional disclosures.

**Note:** Advertisements may be “indoor signs” even though members from outside may view them. For example, a banner located behind a teller counter facing members but readable by a passerby is still an indoor sign.

**Electronic Disclosures**

Truth in Savings disclosures that are required to be in writing can be provided electronically as long as the credit union complies with the consumer consent provisions of the Electronic Signatures in Global and National Commerce Act (ESIGN) of 2000. Under Part 707, TIS disclosures must be provided before the account is opened or the service is provided — this includes instances when a member or potential member who is not present at the credit union uses an Internet website or other electronic means to open an account or request a service.

ESIGN requires that members “affirmatively consent” before receiving electronic disclosures relating to a transaction when those disclosures are required by law or regulation to be in writing. Before a member can give consent, the credit union must provide the member with a disclosure informing them of
Credit unions should take extreme care in using NCUA model clauses and forms. The incorrect use of provisions or the inclusion of incorrect or irrelevant contract provisions may create liability rather than protect a credit union.

their rights as they relate to electronic transactions. This disclosure must also include a statement of the hardware and software requirements for access and retention of electronic records. For more information on ESIGN, see the RegTraC General Operations Regulations book. In addition, electronic disclosures remain subject to TISA’s format, timing, and retainability rules as well as the “clear and conspicuous” standard.

Certain disclosures are not considered “related to a transaction” for purposes of ESIGN’s consumer consent provision. These include disclosures used in connection with advertisements as well as disclosures about deposit accounts that are provided upon request. Advertising disclosures fall under this exception since they are considered to be available to the general public. Disclosures given to members and potential members upon request are exempt as these recipients may decide not to open an account. Those who do open accounts should receive timely disclosures subject to the consent requirements at account opening.

State Law, Model Clauses, Enforcement

Pre-emption of state law

State law requirements that are inconsistent with requirements of NCUA Part 707 are pre-empted to the extent of the inconsistency. A state law is inconsistent if it requires a credit union to make disclosures or take actions that contradict the requirements of federal law. In other words, if the credit union can comply with state law without violat-

Model clauses and sample forms

NCUA published its own model clauses and sample forms for compliance with the Truth In Savings regulations. According to NCUA’s commentary, credit unions providing disclosures properly using the model clauses will be deemed in compliance with applicable disclosure rules. The forms are similar to the FRB model forms with numerous modifications to address specific credit union issues.

Administrative enforcement

Compliance by all credit unions will be enforced by the National Credit Union Administration. TISA was amended to repeal the civil liability provisions, effective September 30, 2001. Thus, TISA does not contain a private right of action.

Record retention

Credit unions are required to retain evidence of compliance with this regulation for at least two years after the date disclosures are required to be made. Credit unions must retain copies of all the disclosures, notices, and advertising copy (including the text of advertisements conveyed by electronic and broadcast media) to evidence compliance. To meet the record retention requirements of NCUA’s rules, credit unions need not retain copies of each disclosure provided...
to a member but must demonstrate they have established and maintained procedures for providing proper disclosures and notices when required. Sample disclosures, notices, and advertising copy should be retained. Credit unions need not retain periodic statements or logs of rate inquiries or disclosure requests. Records may be stored by use of microfiche, microfilm, magnetic tape, or other methods capable of retaining and reproducing information.
Appendix 1–A

Truth In Savings Disclosure for Savings and Checking Accounts
The rates, fees and terms applicable to your account at the Credit Union are provided in this Truth-in-Savings Disclosure. The Credit Union may offer other rates for these accounts from time to time.

### RATE SCHEDULE

<table>
<thead>
<tr>
<th>ACCOUNT TYPE</th>
<th>DIVIDENDS</th>
<th>BALANCE REQUIREMENTS</th>
<th>ACCOUNT LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dividend Rate/ Annual Percentage Yield (APY)</td>
<td>Dividends Compounded</td>
<td>Dividends Credited</td>
</tr>
<tr>
<td>Account Names HERE</td>
<td>/</td>
<td>INSERT</td>
<td>INSERT</td>
</tr>
</tbody>
</table>
Except as specifically described, the following disclosures apply to all of the accounts.

### FEE SCHEDULE EXAMPLE

#### SHARE ACCOUNT FEES

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dormant</td>
<td>$2.00/Month</td>
</tr>
<tr>
<td></td>
<td>Account inactive for one (1) year and balance is less than $100.00</td>
</tr>
<tr>
<td>Account Closure</td>
<td>$10.00/If account closed within (3) three months</td>
</tr>
<tr>
<td>New Membership Fee</td>
<td>$5.00/One time fee</td>
</tr>
<tr>
<td>Non-Bundle Fee</td>
<td>$25.00*</td>
</tr>
</tbody>
</table>

*one time fee imposed if member does not elect "New Account Bundle" when joining the credit union. The New Account Bundle includes Regular Share Accounts; any type of Checking account; Debit Card; and Homebanking or Voiceline.

#### HOLIDAY CLUB ACCOUNT FEES

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Withdrawal</td>
<td>$5.00/Withdrawal</td>
</tr>
</tbody>
</table>

#### MONEY MARKET AND PREMIUM MONEY MARKET ACCOUNT FEES

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Balance</td>
<td>$2.00/Month</td>
</tr>
<tr>
<td></td>
<td>If minimum average daily balance not met</td>
</tr>
<tr>
<td>Withdrawal</td>
<td>$5.00/Withdrawal</td>
</tr>
<tr>
<td></td>
<td>In excess of four (4) per month</td>
</tr>
</tbody>
</table>

### MEMBERS SELECT SHARE DRAFT ACCOUNT FEES

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Balance</td>
<td>$25.00/Month</td>
</tr>
<tr>
<td></td>
<td>If minimum average daily balance is not met</td>
</tr>
</tbody>
</table>

### SHARE DRAFT/INFINITY DRAFT ACCOUNT FEES

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Courtesy Pay</td>
<td>$29.00/Item</td>
</tr>
<tr>
<td>NSF</td>
<td>$29.00/Item</td>
</tr>
<tr>
<td>Stop Payment</td>
<td>$15.00/Item</td>
</tr>
<tr>
<td>Overdraft Transfer</td>
<td>$10.00/Item</td>
</tr>
<tr>
<td>Check Copy</td>
<td>$5.00/Item</td>
</tr>
<tr>
<td>Check Printing</td>
<td>Prices may vary depending upon style - Infinity Checking will receive reimbursement for one box of standard checks per order</td>
</tr>
<tr>
<td>Infinity Share Draft Checking</td>
<td>$5.00/Month ~ Primary Owner Age 50 or older $4.00/Month</td>
</tr>
</tbody>
</table>

### OTHER SERVICE FEES

<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wire Transfer (Incoming)</td>
<td>$10.00/Transfer</td>
</tr>
<tr>
<td>Wire Transfer (Outgoing)</td>
<td>$16.50/Transfer</td>
</tr>
<tr>
<td>Foreign Wire</td>
<td>$40.00/Transfer</td>
</tr>
<tr>
<td>Money Order</td>
<td>$2.00/Money Order</td>
</tr>
<tr>
<td>Travelers Check for Two</td>
<td>$1.50/$100.00</td>
</tr>
<tr>
<td>Account Reconciliation</td>
<td>$15.00/Hour</td>
</tr>
<tr>
<td>Account Research</td>
<td>$15.00/Hour</td>
</tr>
<tr>
<td>Statement Copy</td>
<td>$5.00/Copy</td>
</tr>
<tr>
<td>Account Activity Printout</td>
<td>$2.00/Printout</td>
</tr>
<tr>
<td>Deposited Item Return</td>
<td>$15.00/Item</td>
</tr>
<tr>
<td>Legal Process</td>
<td>$25.00</td>
</tr>
<tr>
<td>Telephone Transfer</td>
<td>$2.00/Transfer</td>
</tr>
<tr>
<td>Telephone Check Withdrawal</td>
<td>$1.00/Check</td>
</tr>
<tr>
<td>Reg D</td>
<td>$3.00/Transaction</td>
</tr>
<tr>
<td>Official Check Copy</td>
<td>$5.00/Item</td>
</tr>
<tr>
<td>Check Payable Third Party</td>
<td>$2.00/Check</td>
</tr>
<tr>
<td>American Express Gift Check</td>
<td>$2.00/Check</td>
</tr>
<tr>
<td>Return Mail</td>
<td>$5.00/Item</td>
</tr>
<tr>
<td>Foreign Item (plus correspondent fee)</td>
<td>$5.00/Item</td>
</tr>
<tr>
<td>Bulk Coin</td>
<td>$3% for coin over $200.00. Does not apply to Kids Club</td>
</tr>
<tr>
<td>Escheat</td>
<td>$10.00</td>
</tr>
<tr>
<td>Official Check Stop Payment</td>
<td>$15.00/Item</td>
</tr>
<tr>
<td>SHARE VALUE</td>
<td></td>
</tr>
<tr>
<td>Par Value of One Share</td>
<td>$5.00</td>
</tr>
</tbody>
</table>

The rates appearing in this Schedule are accurate as of the Effective Date indicated on this Truth-in-Savings Disclosure. If you have any questions or require current rate and fee information on your accounts, please call the Credit Union.
Appendix 1-B

Truth In Savings Disclosure for Term Share/Certificate Accounts
The rates, fees and terms applicable to your account at the Credit Union are provided in this Truth-in-Savings Disclosure. The Credit Union may offer other rates for these accounts from time to time.

### RATE SCHEDULE

<table>
<thead>
<tr>
<th>Dividend Rate (%)</th>
<th>Annual Percentage Yield (APY) %</th>
<th>Rate Type</th>
<th>Minimum Opening Deposit</th>
<th>Dividends Compounded</th>
<th>Dividends Credited</th>
<th>Dividend Period</th>
<th>Additional Deposits</th>
<th>Withdrawals</th>
<th>Renewable</th>
</tr>
</thead>
<tbody>
<tr>
<td>INSERT</td>
<td>INSERT</td>
<td>INSERT</td>
<td>INSERT</td>
<td>INSERT</td>
<td>INSERT</td>
<td>INSERT</td>
<td>INSERT</td>
<td>INSERT</td>
<td>INSERT</td>
</tr>
</tbody>
</table>

### ACCOUNT DISCLOSURES

Except as specifically described, the following disclosures apply to all of the accounts. All accounts described in this Truth-in-Savings Disclosure are share accounts.
Appendix 1-C

Account Renewal Notice
CHANGE IN ACCOUNT TERMS (IF APPLICABLE):

Maturity Date: ____________________
Grace Period: ____________________ days
New Maturity Date: ________________

TRUTH-IN-SAVINGS DISCLOSURES

1. Maturity. Your account will mature on the maturity date set forth above.

2. Grace Period. If indicated above, after maturity your account provides a grace period within which you may withdraw or transfer account funds without penalty.

3. Account Renewal. Unless you withdraw or transfer the account funds at maturity or within the grace period, if applicable, your account will automatically renew for an additional term, and the new maturity date is set forth above. The terms and conditions applicable to your renewal account (except Dividend Rate and Annual Percentage Yield) will be the original account terms and conditions unless indicated above or as set forth in the Truth-in-Savings Disclosure accompanying this Renewal Notice.

4. Rate Information. The Dividend Rate and Annual Percentage Yield that will apply to your account, if renewed, have not yet been determined. This rate information will be available from the credit union on the maturity date. You may call the credit union at the telephone number set forth above for current rate information on your account or if you have any instructions or questions related to your account.

This Renewal Notice informs you of the renewal of your account with the credit union pursuant to the terms of the Membership and Account Agreement, Account Card, any applicable Account Change Card(s), and current Truth-in-Savings Disclosure.

ACCOUNT OWNER(S) MAILING NAME AND ADDRESS:

______________________________  ________________________________

______________________________  ________________________________
Appendix 1-D

Account Maturity Notice

Dear Member:

Your Account No. will mature on , and will not automatically renew. To renew, contact the credit union and request an account renewal.

Upon the maturity date, dividends □ will □ will not be paid after the maturity date. Unless renewed, the account balance will be paid in accordance with your previous payment instructions.

Please call us if you have questions about your account.

ACCOUNT OWNER(S) MAILING NAME AND ADDRESS:
Quiz/Study Guide

1. When opening a joint share account, should the account disclosures be given to each joint member, or is it sufficient to give the disclosures to one of the members?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

2. Name the five different points in the life cycle of a deposit account where TIS imposes special disclosure requirements.

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

3. The initial account disclosures must include eight categories of information. List four of those categories.

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

4. Define the term “dividends.”

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
5. What TISA disclosure is required in all oral rate disclosures, account disclosures, and advertisements for deposit accounts?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

6. TIS defines the exact form the dividend rate must be in for all disclosures and advertisements. What is that form?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

7. Explain the difference between the Annual Percentage Yield (APY) and the Annual Percentage Yield Earned (APYE).

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

8. List the two methods of dividend calculation allowed by TIS and briefly describe how each one works.

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

9. The dividend nonpayment rules outline four instances when credit unions are not required to pay dividends. List three of them.

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
10. Does NCUA mandate a particular frequency for compounding and crediting dividends?

_____________________________________________________________________

11. If your credit union provides TIS account disclosures electronically, the member must first provide their affirmative consent to receive electronic disclosures. Before the credit union accepts that consent, the member must receive a written disclosure containing specific information. What two pieces of information must be included in that disclosure?

_____________________________________________________________________

_____________________________________________________________________

12. If members can open accounts online, at what point in that process must they receive the TIS account disclosures?

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

13. Name the four major items TIS requires on periodic statements.

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

14. When is a change in terms notice required?

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________
15. If an advertisement mentions an APY, what other disclosures must be shown clearly and conspicuously?

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

16. When opening a term share account, what is the correct APY and dividend rate that must be quoted to the member?

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

17. There are four types of balance disclosures that must be included in the account disclosures. One of those is the minimum balance required to open the account, avoid a fee, and obtain the disclosed APY. What are the other three required balance disclosures?

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

18. All credit unions must disclose on periodic statements a total dollar amount for all ___________________ and ___________________ fees imposed on a member’s account for the ___________________ and ___________________.

19. What does NCUA’s Part 707 prohibit the credit union from displaying on an ATM screen, website, or telephone response system?

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________
Truth In Savings/NCUA Part 707

Answer Key

1. The account disclosures can be given to any one of the accountholders.  
   (Page 1-8)

2. Preaccount opening, account opening, periodic statements, changes in account  
   terms and account maturity, and advertising.  (Page 1-2)

3. Initial account disclosures should include: (1) APY and dividend rate,  
   (2) compounding and crediting policies, (3) balance information, (4) fees,  
   (5) transaction limitations, (6) nature of dividends, (7) features of term share  
   accounts, and (8) bonuses.  (Pages 1-10 to 1-13)

4. Dividends — declared or prospective earnings on a member’s shares in a credit  
   union to be paid to a member or a member’s account excluding bonuses,  
   extraordinary dividends, or similar incentives.  (Page 1-4)

5. The “annual percentage yield.”  (Page 1-5)

6. It must be rounded to the nearest basis point (.01) and disclosed to two decimal  
   places (4.55%).  (Page 1-5)

7. Annual Percentage Yield (APY) — the percentage rate reflecting the total amount  
   of dividends paid on an account based on the dividend rate and the frequency  
   of compounding for a 365-day period for share and share draft accounts or for  
   the term of the account for term share accounts. The APY assumes the principal  
   amount remains in the account for 365 days or the term of the account.  
   (Page 1-5)

   Annual Percentage Yield Earned (APYE) — reflects the total amount of dividends  
   actually earned for the dividend or statement period as a percent of the actual  
   average daily balance in the account. The APYE is affected by additions and  
   withdrawals during the period and is required for periodic statements only.  
   (Page 1-5)

8. Daily balance method — a daily periodic rate is applied to the exact daily  
   balance in the account for each day.  (Page 1-6)

   Average daily balance method — the balance for each day is added together,  
   this figure is divided by the number of days in the period, and the periodic rate is  
   applied to this figure.  (Page 1-6)
9. During the grace period of a rollover term share account, after maturity for a nonrollover term share account, funds remaining in a closed account, and the time period during which checks are returned unpaid.  (Pages 1-7)

10. No, they only require that the frequency be stated in the account disclosures.  (Page 1-7)

11. The disclosure must inform members of their rights as they relate to electronic disclosures and provide the hardware and software requirements for accessing and retaining the disclosures.  (Page 1-25)

12. The member must be required to access the account disclosure before the account is opened or the services are provided, whichever is earlier.  (Page 1-9)

13. The Annual Percentage Yield Earned, the amount of dividends/interest earned, any fees imposed, and the number of days in the period.  (Pages 1-14)

14. Affected members must be sent a change in terms notice whenever there will be a change in any terms required in the initial TISA account disclosure if that change may reduce the APY or adversely affect the member.  The notice must be mailed 30 days before the change goes into effect.  (Page 1-19)

15. Variable rate accounts — the fact that the rate may change after the account is opened.

   Time the APY is available — 1) for dividend-bearing accounts except term share accounts, a statement that the APY is accurate as of the last dividend declaration date or that the disclosed prospective APY is accurate or 2) for interest-bearing accounts and dividend-bearing term share accounts, the period the APY is offered for that account or a statement that the APY is accurate as of a specified date.

   Minimum balance required to obtain the advertised APY.

   Minimum opening deposit if it is greater than the minimum balance necessary to obtain the advertised APY.

   Effect of fees — a statement that “fees could reduce earnings if maintenance or activity fees could be imposed that would reduce earnings.

   Features of term share accounts — the term of the account and a statement that a penalty will or may be imposed for early withdrawal.  (Page 1-22 to 1-23)
16. The rate and the APY that is being offered that day must be disclosed to the member. (Page 1-10)

17. The other balance disclosures are: 1) the balance computation method used to figure dividends, 2) an explanation of how the minimum balance is determined, and 3) the membership share par value. (Page 1-11)

18. All credit unions must disclose on periodic statements a total dollar amount for all overdraft fees and returned item (NSF) fees imposed on a member’s account for the statement period and for the calendar year-to-date. (Page 1-16)

19. When displaying available balance information on an ATM screen, website or telephone response system, NCUA’s Part 707 prohibits a credit union from including any additional amounts that may be provided through overdraft protection plans, lines of credit, or through transfers from other accounts. (Page 1-18)