

Truth in Savings Act Program

EXAMINATION OBJECTIVES

To verify that the institution has procedures in place to assure compliance with all provisions of the regulation.

To verify that the institution provides all required deposit account disclosures to consumers on a timely basis; and that the account disclosures are accurate and reflect the terms of the legal obligation between the consumer and the institution.

To verify that the institution complies with the subsequent disclosure requirements of the regulation, including change in terms and maturity notices.

To verify, if the institution provides periodic statements for deposit accounts, that such statements accurately disclose all required information.

To verify that the method used by the institution to pay interest is permissible, and to verify the accuracy of other calculations (e.g., the method used by the institution to calculate daily balances, average daily balances, and minimum balances).

To determine that the institution's advertisements are not misleading or inaccurate and that they include all required information.

EXAMINATION PROCEDURES

Management and/or Policy-related Procedures

1. Determine the extent and adequacy of the institution's policies, procedures and practices for ensuring compliance with the regulation. This should include a determination as to whether the institution has an adequate mechanism in place to monitor the effectiveness of its compliance with the regulation.

Exam Date:	
Prepared By:	
Reviewed By:	
Docket #:	

Truth in Savings Act Program

WKP. REF.

2. Determine the extent and adequacy of the training received by the various individuals in the institution with responsibilities related to compliance with the regulation. This should include a review of any training materials pertaining to the regulation.

3. Determine the procedures or policies used by the institution to ensure that account disclosure information is provided to new or potential deposit account customers within the appropriate time frames.

4. Determine if the institution's procedures ensure subsequent disclosure of any change in terms required to be disclosed under 230.4(b) and that exceptions to notice requirements are limited to those set forth in §230.5(a)(2).

5. Determine if the institution's method of paying interest is permissible. This should include a review of when interest begins to accrue for deposits to the account as required by the Expedited Funds Availability Act.

6. Determine if the institution's advertising policies are consistent with the requirements of the regulation.

Transaction-Related Procedures

The procedures in this section of the examination procedures call for testing of the institution's procedures, policies and practices with respect to the regulation. In this regard, the examiner should review a sample of the various deposit account disclosures and notices required by the regulation, in addition to a sample of the institution's advertisements. The examiner must use judgment in deciding how large the sample should be. The samples of each required action, deposit account disclosure and advertisement reviewed should be expanded until the examiner is confident that all aspects of the institution's activities and policies that are subject to the regulation are reviewed.

Exam Date:	
Prepared By:	
Reviewed By:	
Docket #:	

Truth in Savings Act Program

Account Disclosures

1. Determine the types of deposit accounts offered by the institution to consumers (including accounts usually offered to commercial customers that may occasionally be offered to consumers) as well as the characteristics for each type of deposit account (e.g., bonuses offered, minimum balances, balance computation method, frequency of interest crediting, fixed or variable rates, fees imposed, frequency of periodic statements, etc.).

2. Review each deposit account disclosure to determine whether the contents are accurate and include all information required by the regulation and that the disclosures reflect the legal obligation between the consumer and the institution.

3. Determine whether the institution provides the required deposit account disclosures on a timely basis in connection with the opening of an account or upon request.

Notice of Change in Terms and Notice Before Maturity

1. Determine whether the institution sends out change in terms notices to consumers at least 30 calendar days in advance of the effective date of any change in a term that may reduce the APY or that adversely affects the consumer. Review a sample of these notices to ensure that they include all required information and that they are sent on a timely basis.

2. Determine whether the institution sends out notices before maturity for time accounts. Review a sample of these notices to ensure that they contain all required information and that they are sent on a timely basis.

Exam Date:	
Prepared By:	
Reviewed By:	
Docket #:	

Truth in Savings Act Program

WKP. REF.

Periodic Statement Disclosures

An institution is not required to send a periodic statement; however, if it does, it must comply with the provisions of the regulation concerning periodic statements.

1. Determine the accounts for which the institution sends a periodic statement and the frequency with which they are sent.
-

2. Review a sample of periodic statements from each of the different types of deposit accounts. The examiner should obtain samples of periodic statements for each deposit account that illustrates the various types of transactions and activities permitted on the account. Determine if the periodic statement includes all required disclosures and that they are accurate.
-

Payment of Interest

1. Review a sample of each of the different types of deposit accounts to determine whether the institution's method of paying interest is one of the methods permitted by the regulation.
-

2. Determine if interest begins to accrue not later than the business day specified for interest bearing accounts in Section 606 of the Expedited Funds Availability Act (Regulation CC) and that interest accrues until the day funds are withdrawn.
-

3. Determine that accrued interest is not forfeited when a consumer closes their account prior to crediting of the interest unless this practice is included in the initial account disclosures.
-

Exam Date:	
Prepared By:	
Reviewed By:	
Docket #:	

Truth in Savings Act Program

Advertising Requirements

1. Determine the types of advertisements placed by the institution, including but not limited to, radio ads, newspaper, brochures, television, statement stuffers, etc.

2. Review a sample of each type of advertisement to determine if the advertisements are misleading, inaccurate, or misrepresent the deposit contract. In addition, verify that the advertisements include all required disclosures.

Record Retention Requirements

1. Review a sample of the institution's records to determine whether the institution has maintained evidence of compliance for a minimum of 2 years after disclosures are required to be made or action is required to be taken, including rate information, advertising, etc.

EXAMINER'S SUMMARY, RECOMMENDATIONS, AND COMMENTS

Exam Date:	
Prepared By:	
Reviewed By:	
Docket #:	