TRUTH IN SAVINGS ACT

(NCUA RULES AND REGULATIONS PART 707)

DEFINITIONS

Definitions (§ 707.2)

For purposes Part 707, the following definitions apply:

Account

A share or deposit account at a credit union held by or offered to a member or potential member. It includes, but is not limited to, accounts such as share, share draft, checking and term share accounts. For purposes of the advertising regulations in § 707.8, the term also includes an account at a credit union that is held by or offered by a share or deposit broker.

Advertisement

A commercial message, appearing in any medium that promotes directly or indirectly the availability of, or a deposit in, an account.

Annual percentage yield

A 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 and calculated according to the rules in Appendix A of this part.

Average daily balance method

The application of a periodic rate to the average daily balance in the account for the period. The average daily balance is determined by adding the full amount of principal in the account for each day of the period and dividing that figure by the number of days in the period.

Board

The National Credit Union Administration Board.

Bonus

A premium, gift, award, or other consideration worth more than $10 (whether in the form of cash, credit, merchandise, or any equivalent) given or offered to a member during a year in exchange for opening, maintaining, or renewing an account, or increasing an account balance. The term does not include dividends, other consideration worth $10 or less given during a year, the waiver or reduction of a fee, the absorption of expenses, non-dividend membership benefits, or extraordinary dividends

Credit union
A federal or state-chartered credit union that is either insured by, or is eligible to apply for insurance from, the National Credit Union Share Insurance Fund.

Daily balance method
The application of a daily periodic rate to the full amount of principal in the account each day.

Dividend and dividends
Any declared or prospective earnings on a member's shares in a credit union to be paid to a member or to the member's account. For purposes of this part, the term does not include the payment of a bonus or other consideration worth $10 or less given during a year, the waiver or reduction of a fee, the absorption of expenses, non-dividend membership benefits, or extraordinary dividends.

Dividend declaration date
The date that the board of directors of a credit union declares a dividend for the preceding dividend period.

Dividend period
The span of time established by the board of directors of a credit union by the end of which shares in a member account earn dividend credit. The dividend period may be different for each type of account.

Dividend rate
The declared or prospective annual dividend rate paid on an account, which does not reflect compounding. For purposes of the account disclosures in § 707.4(b)(1)(i), the rate may, but need not, be referred to as the ''annual percentage rate'' in addition to being referred to as the ''dividend rate.''

Extraordinary dividends
A non-repetitive dividend paid at an irregular time from funds legally available for such distribution.

Fixed-rate account
An account that is not a variable rate account as defined in paragraph (z) of this section.

Grace period
A period following the maturity of an automatically renewing term share account during which the member may withdraw funds without being assessed a penalty.

Interest
Any payment to a member or to a member's account for the use of funds in a non-dividend-bearing account at a state-chartered credit union offered pursuant to state law, calculated by application of a periodic rate to the balance. For purposes of this regulation, the term does not include the payment of a bonus or other consideration worth $10 or less

given during a year, the waiver or reduction of a fee, the absorption of expenses, non-dividend membership benefits, or extraordinary dividends. Except as is specifically otherwise provided in this part, in the case of an interest-bearing account held in or offered by a state-chartered credit union pursuant to state law, the word ''interest'' shall be substituted for all references to ''dividend'' or ''dividends'' in this part.

Member
(1) A natural person member of the credit union who holds an account primarily for personal, family, or household purposes;

(2) A natural person nonmember who holds an account primarily for personal, family, or household purposes, either jointly with a natural person member or in a credit union designated as a low-income credit union, or to whom such an account is offered; and

(3) A natural person nonmember who holds a deposit account in a state-chartered credit union pursuant to state law, or to whom such deposit account is offered. The term does not include a natural person who holds an account for another in a professional capacity or an unincorporated non-business association of natural person members.

Non-dividend membership benefits
Any property or service provided by a credit union to its members, the nature of which makes its valuation unreasonable and administratively impracticable.

Passbook account
*A*n account in which the member retains a book or other document in which the credit union records transactions on the account.

Periodic statement
A statement setting forth information about an account (other than a term share account or passbook account) that is provided to a member on a regular basis four or more times a year.

Potential member
A natural person within the credit union's field of membership (or an unincorporated non-business association of such persons) or otherwise eligible to become a member as defined in paragraph (q) of this section.

State
A state, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

Stepped-rate account
An account that has two or more dividend rates that take effect in succeeding periods and are known when the account is opened.

Term share account
Any share certificate, interest-bearing certificate of deposit account, or other account with a maturity of at least seven days in which the member generally does not have a right to make withdrawals for six days after the account is opened, unless the account is subject to an early withdrawal penalty of at least seven days' dividends on amounts withdrawn, offered by a credit union to a member or potential member.

Tiered-rate account
An account that has two or more dividend rates that are applicable to specified balance levels.

Variable-rate account
A share, share draft, checking, or term share account in which the simple dividend rate may change after the account is opened, unless the credit union contracts to give at least thirty days advance written notice of rate decreases.