

**TRUTH IN SAVINGS ACT**  
**(NCUA RULES AND REGULATIONS PART 707)**  
**REVIEW CONSIDERATIONS**

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<b>Review Area</b>	<b>Requirements / Recommendations</b>
Policies / Procedures	Adopt policy for implementing Part 707 and establish procedures addressing relevant activities including: (i) account opening disclosures, (ii) dividend calculations, (iii) subsequent disclosures, (iv) member inquiries, (v) training, (vi) record retention, (vii) advertising and (viii) monitoring.
Content of Account Disclosures	Ensure that account disclosures include appropriate information relating to: (1) rate information, (2) compounding and crediting features, (3) balance information, (4) fees imposed, (5) transaction limitations, (6) time account features, and (7) bonus information. Also ensure that: (i) the disclosures reflect the terms of the account agreement with the member and (ii) the rate information and fees are current and accurate.
Providing Account Disclosures	Provide account disclosures to members prior to opening an account or upon the assessment of a fee, whichever is earlier. Account disclosures must also be provided to members upon request.
Oral Quotes on Rates	Ensure that the APY is stated when providing oral quotes on rates.
Subsequent Disclosures	Provide subsequent disclosures to members concerning changes in account terms or the annual percentage yield (APY) which adversely affect the member. Be sure to disclose the effective date of the change.
Notices of Maturity for Time Accounts	Provide notices of maturity for time accounts in the manner described in the regulation. 1. Time accounts longer than one month that renew automatically. 2. Time accounts one month or less that renew automatically. 3. Time accounts longer than one year that do not renew automatically.

	<p>The content of the maturity notices referenced above is described in Section 707.5(a), (b), and (c).</p>
<p>Periodic Statements</p>	<p>Periodic statements, if delivered by a credit union, must include certain specific disclosures including:</p> <ol style="list-style-type: none"> <li>(1) Annual percentage-yield earned;</li> <li>(2) Amount of interest;</li> <li>(3) Fees imposed; and</li> <li>(4) Length of period.</li> </ol>
<p>Payment of Dividends</p>	<p>Dividend payments on accounts must be calculated on the full amount of principal in the account once the member meets the minimum balance to earn dividends.</p> <p>Each day the credit union must pay dividends equal to at least <math>1/365</math> (<math>1/366</math> in a leap year) of the dividend rate on the full amount of principal in the account. A credit union may apply a daily periodic rate greater than <math>1/365</math> of the dividend rate (e.g., a daily periodic rate of <math>1/360</math>) as long as the credit union applies that rate 365 days a year.</p> <p>The credit union must calculate the account balance on which it pays dividends using either:</p> <ul style="list-style-type: none"> <li>• The daily balance method, which applies a daily periodic rate to the full amount of principal in the account every day; or</li> <li>• The average daily balance method, which applies a periodic rate to the average daily balance (the sum of the full amount of principal in the account for each day of the period, divided by the number of days in the period).</li> </ul> <p>Credit unions with a minimum balance requirement to earn dividends may choose not to pay a dividend for those days when balances fall below the required minimum. Credit unions using the average daily balance method may choose not to pay a dividend if the average balance for the period falls below the minimum. If a credit union imposes a minimum balance to earn a dividend, it must use the same calculation method to determine whether a member meets the</p>

	<p>minimum balance as it uses to calculate dividends. If members would benefit, the credit union can use an additional method to determine if the members meet the minimum balance requirements.</p> <p>Credit unions must choose how often they will compound and credit dividends. If previously disclosed in writing, credit unions may require members that close accounts between crediting dates to forfeit accrued but uncredited dividends.</p> <p>Dividends must begin to accrue on funds deposited not later than the day specified in Section 606 of the Expedited Funds, Availability Act and Regulation CC.</p>
<p>Advertisements</p>	<p>Advertisements of share accounts: (i) may not be misleading or inaccurate; (ii) may not refer to accounts as “free” or “no cost” if any maintenance or activity fee may be imposed; and (iii) must state rate of return as an “annual percentage yield” using that term if it states a rate. If an annual percentage yield is stated in an advertisement, the following additional disclosures are required, as described in Section 707.8 (c):</p> <ol style="list-style-type: none"> <li>(1) Variable rate information;</li> <li>(2) Time APY is offered;</li> <li>(3) Minimum balance;</li> <li>(4) Minimum opening deposit;</li> <li>(5) Effect of fee; and</li> <li>(6) Features of term share accounts such as: <ol style="list-style-type: none"> <li>a) Time requirements;</li> <li>b) Early withdrawal penalties; and</li> <li>c) Required dividend payouts.</li> </ol> </li> </ol> <p>Note: additional information must be provided where a bonus is stated in an advertisement (Section 707.8(d)), and be aware of exemptions for certain types of advertisements (Section 707.8(e)).</p>
<p>Record Retention</p>	<p>Retain evidence of compliance with the regulation.</p>
<p>APY Calculations</p>	<p>Ensure that APY for account disclosures and advertisements and APY earned for periodic statements conform to calculation formulas in</p>

	Appendix A of Part 707.
Training	Provide training to employees whose duties are affected by the requirements of the regulation.
Update	Update policies, procedures, disclosures, and notices as necessary to reflect changes in the regulation or changes in equipment or internal operations/processes as appropriate.
Internal Review	Conduct an internal review at least annually to assess compliance with the regulation and conformity of the credit union's practices with its policies and procedures. Review should include an accuracy check of APY calculations, dividend rates/payments, fees, and balance-computation methods reflected on disclosures, notices, and/or statements.