

December 11, 2006

Patricia M. Price, Manager
West Denver Community Credit Union
3299 West Alameda Avenue
Denver, CO 80219

Re: Establishing No-Interest/Dividend Accounts for Members Lacking a
Taxpayer Identification Number.

Dear Ms. Price:

Regional Director Melinda Love asked us to respond to your question of whether a credit union may establish an account, which does not pay dividends or interest, for members who do not have a social security number (SSN) or other taxpayer identification number (TIN). Federal credit unions (FCUs) may establish a share account that does not pay dividends but must be careful to comply with Truth in Savings Act (TISA) disclosure and notice requirements. State-chartered credit unions should contact their state supervisory agency to determine if a no-dividend account is permissible and, if so, likewise must comply with TISA requirements.

FCUs may offer various types of share accounts and must accurately represent the terms and conditions of their accounts. 12 C.F.R. §701.35. While FCUs are authorized to pay dividends on share accounts, the Federal Credit Union Act and NCUA regulations do not require dividends to be paid on every type of share account. 12 U.S.C. §1763. We note the Office of General Counsel has previously stated an account with a no-dividend feature would eliminate the need for a TIN. OGC Op. 02-0250 (Feb. 22, 2002) (available on the agency website).

Federally insured credit unions will need to ensure compliance with the notice and disclosure requirements of NCUA's TISA regulations and ensure no-dividend accounts are distinguished from regular share accounts. 12 C.F.R. Part 707. Without a TIN or SSN, federally insured credit unions must also ensure their customer identification program adequately addresses the documentation required for compliance with requirements of the Bank Secrecy Act. 12 C.F.R. §748.2. We hope you find this information helpful.

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/LKD:bhs/06-1101
cc: Colorado SSA