

October 27, 1993

John H. Pax, Treasurer
Buffalo Conrail Federal Credit Union
502 Dick Road
Depew, New York 14043

Re: Truth in Savings - Rollback Accounts (Your September 16, 1993, Letter)

Dear Mr. Pax:

You asked whether NCUA's new truth in savings regulation, 12 C.F.R. Part 707, will require Buffalo Conrail Federal Credit Union ("BCFCU") to discontinue its "in by the fifth" rollback accounts. Although the NCUA News article that you cited specifically referred to rollback accounts as "in by the tenth" accounts, all rollback accounts are banned by the new rule, no matter what rollback date the credit union uses. Therefore, BCFCU will have to cease offering rollback accounts when the rule takes effect.

You also asked whether, if rollbacks are banned, BCFCU must discontinue such accounts at the beginning of its next dividend period (July 1, 1993), or if it may continue such accounts until the end of the next dividend period (December 1, 1993). Please be advised that Part 707 does not become effective until January 1, 1995. Although NCUA encourages credit unions to comply with the rule before the effective date, compliance is not mandatory until the effective date. Thus, BCFCU may continue its rollback accounts until December 31, 1994.

Copies of the new rule are now being printed, and will be sent to all credit unions as change 3 to the NCUA Rules and Regulations.

Sincerely,

Hattie M. Ulan
Associate General Counsel

GC/MRS:sg
SSIC 3500
93-1018