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Truth in Savings Act (NCUA Rules & Regulations Part 707)

In This Publication



Overview

Part 707 of the NCUA Rules and Regulations implements the Truth in Savings Act of 1991 (TISA), contained in the Federal Deposit Insurance Corporation Improvement Act of 1991, 12 U.S.C. 4301, *et seq.* NCUA's regulation (12 CFR Part 707) became effective in 1993 and should not be confused with Regulation DD. [Regulation DD](#) is a Consumer Financial Protection Bureau regulation that implements TISA for all depository institutions, except credit unions, that offer deposit accounts to residents of any state. However, it is important to note Congress mandated that NCUA's regulation be "substantially similar" to Regulation DD.

The purpose of Part 707 is to enable credit union members and potential members to make informed decisions about accounts at credit unions. Part 707 requires credit unions to provide disclosures so that members and potential members can make meaningful comparisons among credit unions and depository institutions. The disclosure requirements are intended to inform consumers about the fees, annual percentage yield, interest rate, and other terms for deposit accounts. Those include disclosures when an account is opened, upon request, when account terms are changed, when periodic statements are required, and when term share accounts mature. Part 707 also includes disclosure requirements concerning advertising, record retention, dividend payments, and overdraft protection practices.

Full text of TISA can be found [here](#). NCUA's Truth in Savings regulation can be found [here](#).

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Associated Risks

Compliance risk can occur when the credit union fails to implement the necessary controls to comply with Part 707.

Transaction risk can occur when the credit union does not have adequate internal controls in place and as a result suffers a loss.

Reputation risk can occur when the credit union incurs fines and penalties or receives decreased member confidence as a result of failure to comply with Part 707.

Strategic risk can occur when the board of directors fails to perform necessary due diligence in reviewing existing and prospective products and services for compliance with Part 707.

Examination Objectives

Determine whether the credit union complies with all required provisions of Part 707, such as:

- Providing all required account disclosures to members and potential members within the required time frames and ensuring that account disclosures reflect the terms of the legal obligation between the parties;
- Accurately disclosing all required information on periodic statements for covered accounts;
- Using a permissible method for paying dividends, and accurately applying other calculations (e.g., daily balance, average daily balance, minimum balance, etc.);
- Ensuring advertisements include all required information and are not misleading or inaccurate (credit unions should maintain an advertising file containing copies of the credit union's advertisements); and
- Maintaining evidence of compliance (for a period of two years) with all provisions of Part 707.

Examination Procedures

1. Review the credit union's TISA policies and procedures.
2. Determine the credit union has a detailed disclosure as required.
3. Determine the credit union accurately calculates the APY, dividends, and APYE.
4. Determine whether the credit union provides initial disclosures as required.
5. Determine whether the credit union appropriately discloses the annual percentage yield and the dividend rate.

6. Determine procedures are in place for staff to accurately respond to oral account inquiries.
7. Determine whether the credit union notifies members of any adverse changes at least 30 days before the change.
8. Determine whether periodic statements include clear and conspicuous disclosure of:
 - a. APYE;
 - b. Amount of dividends earned;
 - c. Amount and type of fees imposed; and
 - d. Time frame of the reporting period.
9. Determine whether the share account advertisements, announcements, internet web pages, or other solicitations avoid misleading or inaccurate representations of share account terms.

TRUTH IN SAVINGS ACT (TISA) (NCUA RULES AND REGULATIONS PART 707) CHECKLIST

Item	Description	YES	NO	N/A
1	Does the credit union make the required disclosures clearly and conspicuously in writing and in a form the member may keep? (§ 707.3(a))			
1(a)	If the disclosures required by the regulation are combined with the credit union's other accounts, is it clear which disclosures are applicable to the member's account? (§ 707.3(a))			
2	Do the disclosures reflect the terms of the legal obligation between the member and the credit union? (§ 707.3(b))			
3	When orally responding to a member's inquiry about dividend rates, does the credit union state the annual percentage yield? (§ 707.3(e)).			
4	Are all annual percentage yields accurate to within .05% above or below the annual percentage yield determined in accordance with Appendix A of the regulation? (§ 707.3(f)(2))			

Account Disclosures (§707.4)

Item	Description	YES	NO	N/A
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Item	Description	YES	NO	N/A
5	Does the credit union provide initial disclosures before an account is opened or a service is provided, whichever is earlier? (§ 707.4(a)(1))			
5(a)	If the member is not present, does the credit union mail or deliver the disclosures no later than 10 business days after the account is opened or a service is provided? (§ 707.4(a)(1))			
6	Does the credit union provide account disclosures to members upon request? (§ 707.4(a)(2)(i))			
6(a)	If the member's request is not made in person, does the credit union mail or deliver the account disclosures within a reasonable time after it receives the request? (§ 707.4(a)(2)(i))			
6(b)	In providing disclosures upon request, does the credit union:	N/A	N/A	N/A
6(b)(i)	Specify an interest rate and APY that were offered within the most recent seven calendar days?			
6(b)(ii)	State that the rate and yield are accurate as of an identified date?			
6(b)(iii)	Provide a telephone number members may call to obtain current rate information? (§ 707.4(a)(2)(ii)(A))			
7	Do account disclosures include the following rate information (as applicable): (§ 707.4(b)(1)(i))	N/A	N/A	N/A
7(a)	The "annual percentage yield" and "interest rate," using those terms?			
7(b)	The period of time the interest rate will be in effect for fixed-rate accounts?			
8	Do disclosures for variable-rate accounts include the following: (§ 707.4(b)(1)(ii))	N/A	N/A	N/A
8(a)	The fact that the interest rate and APY may change?			
8(b)	How the interest rate is determined?			

Item	Description	YES	NO	N/A
8(c)	The frequency with which the interest rate may change?			
8(d)	Any limitation on the amount the interest rate may change?			
9	Do the account disclosures describe the frequency with which interest is compounded and credited?			
10	Do the account disclosures include a statement that interest will not be paid if members close an account before accrued interest is credited? (§ 707.4(b)(2)(ii))			
11	Do the account disclosures describe the minimum balance requirements necessary to open an account, avoid the imposition of a fee, or obtain the APY disclosed?			
11(a)	Do the account disclosures state how the minimum balance requirement is determined for these purposes (except for the balance to open the account)? (§ 707.4(b)(3)(i))			
12	Do the account disclosures include an explanation of the balance computation method used to calculate interest on the account? (§ 707.4(b)(3)(ii))			
13	Do the account disclosures state when dividends begins to accrue on non-cash deposits? (§ 707.4(b)(3)(iii))			
14	Do the account disclosures disclose the amount of any fee that may be imposed in connection with the account (or how the fee will be determined) and the conditions under which the fee may be imposed? (§ 707.4(b)(4))			
15	Do the account disclosures disclose all limitations on the number or dollar amount of withdrawals or deposits? (§ 707.4(b)(5))			
16	For time accounts, do the account disclosures include the following:	N/A	N/A	N/A
16(a)	The maturity date? (§ 707.4(b)(6)(i))			
16(b)	Early withdrawal penalties? (§ 707.4(b)(6)(ii))			
16(c)	If compounding occurs and dividends may be withdrawn during the term, a statement that the APY assumes			

Item	Description	YES	NO	N/A
	dividends remains on deposit and that a withdrawal will reduce earnings? (§ 707.4(b)(6)(iii))			
16(d)	Information regarding renewal policies (§ 707.4(b)(6)(iv))			
16(d)(i)	Whether the account will renew automatically?			
16(d)(ii)	If it renews automatically, if a grace period exists and the length?			
16(d)(iii)	If not renewed automatically, whether dividends will be paid after maturity?			
17	Do account disclosures state the amount or type of bonus and the conditions under which the bonus will be paid? (§ 707.4(b)(7))			
18	Was the notice of availability of disclosures to existing account holders included on or with the first periodic statement sent beginning on or after January 1, 1995 (or first periodic statement for a statement cycle beginning on or after that date)? (§ 707.4(c))			

Subsequent Disclosures (§707.5)

Item	Description	YES	NO	N/A
19	Does the credit union provide advance notification to depositors of any change in a term required to be disclosed under §707.4			
19(a)	If the change may reduce the APY or adversely affect the member does the notice include the effective date of the change?			
19(b)	Is the notice mailed or delivered at least 30 days before the effective date of the change? (§ 707.5(a)(1)).			
20	If notice is not provided, does one of the following exceptions to the notice requirement apply:	N/A	N/A	N/A
20(a)	Variable-rate changes? (§ 707.5(a)(2)(i))			
20(b)	Check printing fees? (§ 707.5(a)(2)(ii))			

Item	Description	YES	NO	N/A
20(c)	Short-term time accounts (one month or less)? (§ 707.5(a)(2)(iii))			
21	Are the proper subsequent disclosures provided for the following time accounts:	N/A	N/A	N/A
21(a)	Renew automatically with maturities longer than one year? (§ 707.5(b)(1))			
21(b)	Renew automatically with maturities one year or less but longer than one month? (§ 707.5(b)(2))			
21(c)	Renew automatically with maturities one month or less? (§ 707.5(a)(2)(iii))			
21(d)	Do not renew automatically with maturities longer than one year?			

Periodic Statement Disclosures (§707.6)

Item	Description	YES	NO	N/A
22	Is the annual percentage yield earned, using that term, disclosed on the periodic statement?			
22(a)	Is the APY earned calculated in accordance with Appendix A? (§ 707.6(b)(1))			
23	Is the amount of dividends earned during the statement period accurately disclosed? (§ 707.6(b)(2))			
24	Are fees required to be disclosed under §707.4(b) (that were debited to the account during the statement period) itemized by dollar and type? (§ 707.6(b)(3))			
25	Is the total number of days in the statement period, or the beginning and ending dates of the period disclosed? (§ 707.6(b)(4))			
26	Does the periodic statement disclose the Total Overdraft Fees, using that term, for the statement period? (§ 707.11(a))			
27	Does the periodic statement disclose the total amount of all fees or charges for returning items unpaid, for the statement period? (§ 707.11(a))			

Item	Description	YES	NO	N/A
28	Does the periodic statement have a separate disclosure of the Total Overdraft Fees for the current year to date? (§ 707.11(a))			
29	Does the period statement have a separate disclosure for the total amount of all fees or charges for returning items unpaid for the current year to date? (§ 707.11(a))			

Payment of Dividends (§ 707.7)

Item	Description	YES	NO	N/A
30	If the credit union uses the average daily balance method, and calculates dividends for a period other than the statement period, was the APY earned and the amount of dividends earned based on that period rather than the statement period? (§ 707.6(a))			
31	Does the credit union calculate dividends on the full amount of principal in the account each day by use of either the daily balance method or the average daily balance method? (§ 707.7(a)(1))			
32	Does the credit union use the same method to determine any minimum balance required to earn dividends as it uses to determine the balance on which dividends are calculated? (§ 707.7(a)(2))			
33	Do dividends begin to accrue not later than the business day specified for interest bearing accounts in section 606 of the Expedited Funds Availability Act?			
33(a)	Do dividends accrue until the day the funds are withdrawn? (§ 707.7(c))			
34	Do the advertisements refrain from misleading or inaccurate statements and do they accurately represent the deposit contract?			
34(a)	Do the advertisements refrain from using the terms “free” or “no cost” if any maintenance or activity fee may be imposed?			
34(b)	Do the advertisements refrain from using the word “profit” when referring to interest paid on an account? (§ 707.8(a))			

Item	Description	YES	NO	N/A
35	If the credit union advertises rates on accounts, are the rates stated as an “annual percentage yield?”			
35(a)	If the credit union uses the abbreviation “APY,” has the term annual percentage yield” been stated at least once in the advertisement?			
35(b)	If the credit union states the dividend rate, using that term, in conjunction with the APY, is it not more conspicuous than the APY? (§ 707.8(b))			
35(c)	Are the annual percentage yields and dividend rates rounded to the nearest one-hundredth of one percentage point (.01%) and expressed to two decimal places? (§ 707.3(f)(1))			
36	If the credit union advertises “tiered rate” accounts, does the credit union state all of the APYs, including ranges where applicable, as well as the corresponding minimum balance requirements? (§ 707.8(c)(3))			

Advertising Requirements (§707.8)

Item	Description	YES	NO	N/A
37	If the credit union advertises “stepped rate” accounts, does the credit union accurately disclose the APY? (§ 707.8(b))			
38	If the deposit advertisements placed by the credit union state the APY, are the following disclosures stated clearly and conspicuously to the extent applicable?			
38(a)	Variable rate notice; (§ 707.8(c)(1))			
38(b)	Time APY is offered; (§ 707.8(c)(2))			
38(c)	Minimum balance to obtain the APY; (§707.8(c)(3))			
38(d)	Minimum opening deposit; (§ 707.8(c)(4))			
38(e)	Effect of fees (§ 707.8(c)(5)); and			
38(f)	The following features of time accounts (§ 707.8(c)(6)):	N/A	N/A	N/A
38(f)(i)	Time requirements; and (§ 707.8(c)(6)(i))			

Item	Description	YES	NO	N/A
38(f)(ii)	Notice of early withdrawal penalties. (§ 707.8(c)(6)(ii))			
39	If a bonus is stated in an advertisement, does the advertisement state the following information, as applicable:	N/A	N/A	N/A
39(a)	The “annual percentage yield,” using that term; (§ 707.8(d)(1))			
39(b)	Time requirement to obtain the bonus; (§ 707.8(d)(2))			
39(c)	Minimum balance required to obtain the bonus; (§ 707.8(d)(3))			
39(d)	Minimum balance required to open the account (if it is greater than the minimum balance necessary to obtain the bonus) ; and, (§ 707.8(d)(4))			
39(e)	When the bonus will be provided? (§ 707.8(d)(5))			
40	Are exemptions to the requirements made for those media set forth under § 707.8(e) ?			
41	If the advertisement promotes overdraft services, does the advertising disclose, in a clear or conspicuous manner:	N/A	N/A	N/A
41(a)	The fee or fees for the payment of each overdraft			
41(b)	The categories of transactions for which a fee for paying an overdraft may be imposed;			
41(c)	The time period by which the member must repay or cover any overdraft; and			
41(d)	The circumstances under which the credit union will not pay an overdraft? (§ 707.11(b)(1))			
42	<i>If the answer to 41 is “no,”</i> Do any of the exceptions from § 707.11(b)(2) apply?			
43	<i>If the answer to 42 is “yes,”</i> If the advertisement is an ATM screen or on a Telephone Response Machine, does the advertisement disclose:	N/A	N/A	N/A
43(a)	The fee or fees for the payment of each overdraft; and			
43(b)	The time period by which the member must repay or cover any overdraft? (§ 707.11(b)(3))			

Item	Description	YES	NO	N/A
44	<i>If the answer to 42 is “yes,”</i> If the advertisement is an indoor sign, does the advertisement contain a clear and conspicuous statement that:	N/A	N/A	N/A
44(a)	Fees may apply; and			
44(b)	Member should contact an employee for further information about applicable fees and terms? (§ 707.11(b)(4))			

Account Balance Overdraft Disclosure Requirements (§707.11)

Item	Description	YES	NO	N/A
45	If a credit union displays a member’s account balance information on automated systems, does the credit union ensure that it does not include additional amounts that the credit union may provide to cover an item when there are insufficient or unavailable funds in the member’s account? (§ 707.11(c))			
46	If a credit union discloses additional account balances that include additional amounts that the credit union may provide to cover an item when there are insufficient or unavailable funds in the member’s account, does the credit union:	N/A	N/A	N/A
46(a)	Prominently state that any such balance includes these additional funds?			
46(b)	Additional amounts are not available for all transactions (if applicable)?			

Record Retention Requirements (§707.9)

Item	Description	YES	NO	N/A
47	Has the credit union maintained evidence of compliance for a minimum of 2 years after the date disclosures are required to be made or action is required to be taken? (§ 707.9(c))			

Last modified on 10/30/19