



## OVERVIEW OF LAWS AND REGULATIONS

### Truth in Savings Act

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#### Truth in Savings Act (Regulation DD)

##### Executive Summary:

In general Regulation DD, covers deposit accounts held by consumers at depository institution. The regulation requires that depository institutions provide consumers with uniform disclosures about fees, interest rates, and annual percentage yields (APY) and other terms of deposit accounts. The disclosure enables a consumer to make meaningful comparisons of deposit products among depository institutions. Accounts covered by the regulation include time, demand savings and NOW accounts held by an individual for personal, family or household purposes. Full account disclosures must be provided either prior to the opening of an account or upon request. Depository institutions must also provide certain prescribed notices or disclosures including: (i) advance notices to consumers who may be adversely affected by changes in account terms or fees; (ii) maturity notices for certain types of time accounts; and (iii) periodic statement disclosures relating to consumer accounts if such statements are delivered by the institution. The regulation also imposes substantive requirements on the method of calculating interest in order to ensure that interest is paid on the full principal balance for each calculation period. Finally, the regulation contains detailed rules covering the advertising of deposit accounts by depository institutions.

##### Business Areas Impacted:

- New Accounts
- Deposit Operations/Processing
- Teller Operations
- Marketing
- Customer Service
- Trust operations
- Institution Web site



## Truth in Savings Act

### Highlights:

| REQUIREMENTS/RECOMMENDATIONS   | TIME FRAME   | DOCUMENT, RECORD OR REPORT  |
|--|--|---|
| <p>Policy/Procedures</p> <p>Adopt policy for implementing Regulation DD and establish procedures addressing relevant activities including: (i) account opening disclosures, (ii) interest calculations, (iii) subsequent disclosures, (iv) customer inquiries, (v) training, (vi) record retention, (vii) advertising and (viii) monitoring.</p>   | Continuing   | <p>Policy Statement</p> <p>Written Procedures</p>                                 |
| <p>Content of Account Disclosures</p> <p>Ensure that account disclosures include appropriate information relating to: (1) interest rate and APY 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 consumer and (ii) the rate information and fees are current and accurate.</p> | Continuing   | Account Disclosures   |
| <p>Providing Account Disclosures</p> <p>Provide account disclosures to consumers prior to opening an account or upon the assessment of a fee for a provided service, whichever is earlier. Account disclosures must also be provided to consumers upon request.</p>  | At account opening or upon request. (If consumer is not present, mail or deliver, no later than 10 business days after account opening or within a reasonable time after a request.) | Account Disclosures   |
| <p>Oral Quotes on Rates</p> <p>Ensure that the APY is stated when providing oral quotes on rates.</p>  | Continuing   | <p>Employee Guidelines/ Instructions as appropriate</p> <p>Written procedures</p> |
| <p>Subsequent Disclosures</p> <p>Provide subsequent disclosures to consumers concerning changes in account terms or the annual percentage yield (APY) which adversely af-</p>  | Mail or deliver at least 30 calendar days prior to the effective date of the change.   | Written Notices/Disclosures   |



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|---|---|--|
| <p>fect the consumer. Be sure to disclose the effective date of the change.</p>   |   |  |
| <p>Notices of Maturity for Time Accounts</p> <p>Provide notices of maturity for time accounts in the manner described in the regulation.</p> <ol style="list-style-type: none"> <li>1. Time accounts longer than one month that renew automatically.</li> <li>2. Time accounts one month or less that renew automatically.</li> <li>3. Time accounts longer than one year that do not renew automatically.</li> </ol> <p>The content of the maturity notices referenced above is described in Section 230.5(b), (c), and (d).</p> | <ol style="list-style-type: none"> <li>1. At least 30 calendar days before maturity or at least 20 calendar days before the end of a grace period lasting at least 5 calendar days.</li> <li>2. Within a reasonable time after the renewal.</li> <li>3. Mailed or delivered at least 10 calendar days before maturity.</li> </ol> | <p>Written notices (the content of which varies according to the type of time account involved).</p> |
| <p>Periodic Statements</p> <p>Periodic statements, if delivered by an institution, 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>Continuing</p>   | <p>Periodic Statements</p>   |
| <p>Payment of Interest</p> <p>Interest payments on accounts must be calculated on the full amount of principal in the account for each day using either the daily-balance method or the average-daily-balance method.</p> <p>Interest must begin to accrue on funds deposited in an interest-bearing account no later than the</p>  | <p>Continuing</p>   | <p>Accounting/Operations</p> <p>Procedural Guidelines</p>  |



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|---|-------------------|--|
| <p>business day on which the depository institution receives provisional credit for such funds. (See Section 606 of the Expedited Funds, Availability Act and Section 229.14 of Regulation CC). Interest must continue until funds are withdrawn.</p>   |                   |  |
| <p>Advertisements</p> <p>Advertisements of deposit accounts: (i) may not be misleading or inaccurate; (ii) may not refer to accounts using certain terminology such as free or no cost (or contain similar terms); and (iii) must state any rate of return as an annual percentage yield using that term. If an annual percentage yield is stated in an advertisement, the following additional disclosures are required, as described in Section 230.8 (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 fees; and</li> <li>6. Features of time accounts:               <ol style="list-style-type: none"> <li>a) Time requirements;</li> <li>b) Early withdrawal penalties; and</li> <li>c) Required interest payouts.</li> </ol> </li> </ol> <p>Note additional requirements where a bonus is stated in an advertisement (Section 230.8(d)), and be aware of exemptions for certain types of advertisements (Section 230.8(e)).</p> | <p>Continuing</p> | <p>Advertising Copy</p> <p>Advertising Documentation</p> <p>Institution Web Site</p> |



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| REQUIREMENTS/RECOMMENDATIONS   | TIME FRAME   | DOCUMENT, RECORD OR REPORT   |
|--|--|--|
| <p>Record Retention</p> <p>Retain evidence of compliance with the regulation.</p>  | <p>Retain for at least two years after date disclosures are required to be made or action required to be taken (May be longer if so requested by the institution's regulator).</p> | <p>All affected documentation</p> <p>Record Retention Guidelines</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 Appendix A of Regulation DD.</p>   | <p>Continuing</p>  | <p>Account Disclosures</p> <p>Advertisements</p> <p>Periodic Statements</p> <p>Accounting/Operations Procedural Guidelines</p> |
| <p>Training</p> <p>Provide appropriate background for the board of directors and senior management. Communicate policy and procedures to staff. Provide training to employees whose duties are affected by the requirements of the regulation.</p>   | <p>Continuing</p>  | <p>Policies and Procedures</p> <p>Curriculum</p> <p>Training materials</p>   |
| <p>Updating</p> <p>Update policies, procedures, disclosures, advertisements and notices as necessary to reflect changes in the regulation internal systems or operations/processes as necessary. Ensure effective communication and distribution of updated material to all levels of personnel.</p> | <p>Continuing</p>  | <p>All affected documentation</p> <p>Institution Web site</p>  |



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| <p>Monitoring</p> <p>Establish and implement standards and controls to supervise accurate execution of procedures and systems.</p>  | <p>Continuing</p>        | <p>Regular supervisory reports</p>  |
| <p>Self-Evaluation</p> <p>Establish and execute an internal review program emphasizing periodic self-assessment reviews of operational areas for compliance with regulatory obligations and regulatory standards.</p> | <p>Per Risk Schedule</p> | <p>Compliance Management Program</p> <p>Written reports (include deficiencies and corrective action)</p> <p>Audit reports</p> |



# Truth in Savings Act

## Truth in Savings Act Worksheet

|   |   |   |              |               |                           |                     |                       |               |
|---|---|---|--------------|---------------|---------------------------|---------------------|-----------------------|---------------|
| Name of Bank: _____ Location: _____   |   | Legend: ✓ Reviewed and in Compliance<br>✗ Questionable, Investigation<br>○ In Violation<br>N/A Not Applicable |              |               |                           |                     |                       |               |
| Examiner: _____ Examination Date: _____   |   |   |              |               |                           |                     |                       |               |
| Types of Accounts   |   | REGULATED ACCOUNTS  |              |               |                           |                     |                       |               |
|   |   | Regular Savings Accounts  | NOW Accounts | MMDA Accounts | Regular Checking Accounts | IRA/Keough Accounts | Time Deposit Accounts | Other (Specif |
| <b>SECTION 230.4 – ACCOUNT DISCLOSURES</b>                                      |   |   |              |               |                           |                     |                       |               |
| (a) Delivery of account disclosures during (1) account opening and (2) requests | (1) provide disclosures to a consumer before account is opened or a service is provided, whichever is earlier.  |   |              |               |                           |                     |                       |               |
|   | (2)(i) provide disclosures to a consumer upon request   |   |              |               |                           |                     |                       |               |
|   | (2)(ii) In providing disclosures upon request, it is permissible to:  |   |              |               |                           |                     |                       |               |
|   | (A) specify an interest rate and APY that were offered within the most recent seven calendar days; state that the rate and yield are accurate as of an identified date; and provide a telephone number consumers may call to obtain current rate information. |   |              |               |                           |                     |                       |               |
|   | (B) state the maturity of a time account as a term rather than a date.  |   |              |               |                           |                     |                       |               |
| (b) Content of Account disclosures  | (1)(I) Rate information. Annual percentage yield & interest rate.   |   |              |               |                           |                     |                       |               |
|   | (1)(II) For variable rate accounts:   |   |              |               |                           |                     |                       |               |
|   | (1)(II)(A) the fact the interest rate & APY may change;   |   |              |               |                           |                     |                       |               |
|   | (1)(II)(B) how the interest rate is determined;   |   |              |               |                           |                     |                       |               |
|   | (1)(II)(C) the frequency the interest rate may change; and  |   |              |               |                           |                     |                       |               |
|   | (1)(II)(D) any limitation on the amount the interest rate may change.   |   |              |               |                           |                     |                       |               |
|   | (2)(I) The frequency interest is compounded and credited.   |   |              |               |                           |                     |                       |               |
|   | (2)(II) The effect of closing an account. A statement of forfeiture of accrued interest if account is closed.   |   |              |               |                           |                     |                       |               |
|   | (3)(I) Any minimum balance required to -  |   |              |               |                           |                     |                       |               |
|   | (3)(I)(A) open the account  |   |              |               |                           |                     |                       |               |
|   | (3)(I)(B) avoid the imposition of a fee; or   |   |              |               |                           |                     |                       |               |
|   | (3)(I)(C) obtain the annual percentage yield disclosed.   |   |              |               |                           |                     |                       |               |
|   | (3)(II) Balance-computation method. An explanation of the balance-computation method specified in section 230.7.  |   |              |               |                           |                     |                       |               |
|   | (3)(III) When interest begins to accrue. A statement of when interest begins to accrue on noncash deposits.   |   |              |               |                           |                     |                       |               |
|   | (4) the amount of any fee that may be imposed in connection with the account.   |   |              |               |                           |                     |                       |               |
|   | (5) Transaction limitations   |   |              |               |                           |                     |                       |               |
|   | (6) Features of time accounts. For time accounts:   |   |              |               |                           |                     |                       |               |
|   | (6)(I) Time Requirements. Maturity date for time accounts.  |   |              |               |                           |                     |                       |               |
|   | (6)(II) A statement of early withdrawal penalties.  |   |              |               |                           |                     |                       |               |
|   | (6)(III) Withdrawal of interest prior to maturity.  |   |              |               |                           |                     |                       |               |



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| Types of Accounts  |   | REGULATED ACCOUNTS       |              |               |                           |                     |                       |                 |
|--|---|--------------------------|--------------|---------------|---------------------------|---------------------|-----------------------|-----------------|
|  |   | Regular Savings Accounts | NOW Accounts | MMDA Accounts | Regular Checking Accounts | IRA/Keough Accounts | Time Deposit Accounts | Other (Specify) |
|  | (6)(IV) Renewal Policies.   |                          |              |               |                           |                     |                       |                 |
|  | (7) Bonuses   |                          |              |               |                           |                     |                       |                 |
| (c) Notice to existing account holders   | (1) Notice of availability of disclosures   |                          |              |               |                           |                     |                       |                 |
|  | (2) Alternative to notice   |                          |              |               |                           |                     |                       |                 |
| <b>SECTION 230.5 – SUBSEQUENT DISCLOSURES</b>  |   |                          |              |               |                           |                     |                       |                 |
| (a) Change in terms  | (1) Advance notice required   |                          |              |               |                           |                     |                       |                 |
|  | (2) No notice required  |                          |              |               |                           |                     |                       |                 |
| (b) Notice before maturity for time accounts longer than one month that renew automatically  | (1) Maturities of longer than one year  |                          |              |               |                           |                     |                       |                 |
|  | (2) Maturities of one year or less but longer than one month  |                          |              |               |                           |                     |                       |                 |
| (c) Notice for time accounts one month or less that renew automatically  |   |                          |              |               |                           |                     |                       |                 |
| (d) Notice before maturity for time accounts longer than one year that do not renew automatically  |   |                          |              |               |                           |                     |                       |                 |
| <b>SECTION 230.6 – PERIODIC STATEMENTS</b>   |   |                          |              |               |                           |                     |                       |                 |
| (a) General Rule - shall include the following   | (1) Annual percentage yield earned  |                          |              |               |                           |                     |                       |                 |
|  | (2) Amount of interest  |                          |              |               |                           |                     |                       |                 |
|  | (3) Fees imposed  |                          |              |               |                           |                     |                       |                 |
|  | (4) Length of period  |                          |              |               |                           |                     |                       |                 |
| (b) Special Rule for average-daily balance method  |   |                          |              |               |                           |                     |                       |                 |
| <b>SECTION 230.8 – ADVERTISING</b>   |   |                          |              |               |                           |                     |                       |                 |
| (a) Misleading or inaccurate advertisements - Advertisements must not be misleading or inaccurate and must not misrepresent an institution's deposit contract. |   |                          |              |               |                           |                     |                       |                 |
| (b) Permissible rates - If an advertisement states a rate of return, it shall state the rate as an annual percentage yield using that term.                    |   |                          |              |               |                           |                     |                       |                 |
| (c) When additional disclosures are required - If APY is stated, the advertisement shall state the following as applicable.                                    | (1) Variable rate - statement that the rate may change after account is opened.   |                          |              |               |                           |                     |                       |                 |
|  | (2) Time period annual percentage yield is offered.   |                          |              |               |                           |                     |                       |                 |
|  | (3) Minimum balance required to obtain advertised APY.  |                          |              |               |                           |                     |                       |                 |
|  | (4) Minimum opening deposit required to obtain the APY.   |                          |              |               |                           |                     |                       |                 |
|  | (5) Effect of fees - statement that fees could reduce earnings.   |                          |              |               |                           |                     |                       |                 |
|  | (6) Features of time accounts   |                          |              |               |                           |                     |                       |                 |
| (d) Bonuses - if a bonus is stated in an advertisement, it shall state the following as applicable:  | (1) The annual percentage yield using that term   |                          |              |               |                           |                     |                       |                 |
|  | (2) The time requirement to obtain the bonus  |                          |              |               |                           |                     |                       |                 |
|  | (3) The minimum balance required to obtain the bonus  |                          |              |               |                           |                     |                       |                 |
|  | (4) The minimum balance required to open the account  |                          |              |               |                           |                     |                       |                 |
|  | (5) When the bonus will be provided   |                          |              |               |                           |                     |                       |                 |
| (e) Exemption for certain advertisements - If an advertisement is made through the following media, they are exempt from certain disclosures of this section   | (1) Certain Media:  |                          |              |               |                           |                     |                       |                 |
|  | (i) Broadcast or electronic media, such as radio or television  |                          |              |               |                           |                     |                       |                 |
|  | (ii) Outdoor media, such as billboards<br>(iii) Telephone response machines; or   |                          |              |               |                           |                     |                       |                 |
|  | (2) Indoor signs (provided the sign (A) states any rate of return as an APY and (B) contains a statement advising consumers to contact an employee for further information) |                          |              |               |                           |                     |                       |                 |



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