

Consumer Financial Protection Bureau

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# Regulation DD Truth in Savings

12 CFR 1030; as amended effective April 19, 2023



# Consumer Financial Protection Bureau's Regulation DD Truth in Savings

12 CFR 1030; as amended effective April 19, 2023

## Section

- 1030.1 Authority, purpose, coverage, and effect on state laws
- 1030.2 Definitions
- 1030.3 General disclosure requirements
- 1030.4 Account disclosures
- 1030.5 Subsequent disclosures
- 1030.6 Periodic statement disclosures
- 1030.7 Payment of interest
- 1030.8 Advertising
- 1030.9 Enforcement and record retention
- 1030.10 [Reserved]
- 1030.11 Additional disclosure requirements for overdraft services

Appendix A to Part 1030—Annual percentage yield calculation

Appendix B to Part 1030—Model clauses and sample forms

Appendix C to Part 1030—Effect on state laws

Appendix D to Part 1030—Issuance of official interpretations

Supplement I to Part 1030—Official interpretations\*

AUTHORITY: 12 U.S.C. 4302-4304, 4308, 5512, 5581.

## 6-6900

### SECTION 1030.1—Authority, Purpose, Coverage, and Effect on State Laws

(a) *Authority*. This part, known as Regulation DD, is issued by the Bureau of Consumer Financial Protection to implement the Truth in Savings Act of 1991<sup>†</sup> (the act), contained in the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 3201 *et seq.*, Public Law 102-242, 105 Stat. 2236), as amended by Title X, section 1100B of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203, 124 Stat. 1376). Information-collection requirements contained in this part have been ap-

proved by the Office of Management and Budget under the provisions of 44 U.S.C. 3501 *et seq.* and have been assigned OMB No. 3170-0004.

(b) *Purpose*. The purpose of this part is to enable consumers to make informed decisions about accounts at depository institutions. This part requires depository institutions to provide disclosures so that consumers can make meaningful comparisons among depository institutions.

## 6-6901

(c) *Coverage*. This part applies to depository institutions except for credit unions. In addition, the advertising rules in section 1030.8 of this part apply to any person who advertises an account offered by a depository institution, including deposit brokers.

(d) *Effect on state laws*. State law requirements that are inconsistent with the requirements of the act and this part are preempted to the extent of the inconsistency. Additional information on inconsistent state laws and the procedures for requesting a preemption determination from the Bureau are set forth in Appendix C of this part.

(e) *Relationship to Regulation CC*. The Director of the Bureau and the Board of Governors of the Federal Reserve System jointly issue regulations under sections 603(d)(1), 604, 605, and 609(a) of the Expedited Funds Availability Act (12 U.S.C. 4002(d)(1), 4003, 4004, 4008(a)) that are codified within Regulation CC (12 CFR part 229).

## 6-6902

### SECTION 1030.2—Definitions

For purposes of this part, the following definitions apply:

(a) *Account* means a deposit account at a depository institution that is held by or offered to a consumer. It includes time, demand, sav-

\* The interpretations (also referred to as the official staff commentary) begin at 6-7010.

<sup>†</sup> See the Truth in Savings Act at 6-6960.

ings, and negotiable order of withdrawal accounts. For purposes of the advertising requirements in section 1030.8 of this part, the term also includes an account at a depository institution that is held by or on behalf of a deposit broker, if any interest in the account is held by or offered to a consumer.

(b) *Advertisement* means a commercial message, appearing in any medium, that promotes directly or indirectly:

(1) The availability or terms of, or a deposit in, a new account; and

(2) For purposes of sections 1030.8(a) and 1030.11 of this part, the terms of, or a deposit in, a new or existing account.

(c) *Annual percentage yield* means a percentage rate reflecting the total amount of interest paid on an account, based on the interest rate and the frequency of compounding for a 365-day period and calculated according to the rules in Appendix A of this part.

#### 6-6903

(d) *Average daily balance method* means the application of a periodic rate to the average daily balance in the account for the period. The average daily balance is determined by adding the full amount of principal in the account for each day of the period and dividing that figure by the number of days in the period.

(e) *Bureau* means the Bureau of Consumer Financial Protection.

(f) *Bonus* means a premium, gift, award, or other consideration worth more than \$10 (whether in the form of cash, credit, merchandise, or any equivalent) given or offered to a consumer during a year in exchange for opening, maintaining, renewing, or increasing an account balance. The term does not include interest, other consideration worth \$10 or less given during a year, the waiver or reduction of a fee, or the absorption of expenses.

#### 6-6904

(g) *Business day* means a calendar day other than a Saturday, a Sunday, or any of the legal public holidays specified in 5 U.S.C. 6103(a).

(h) *Consumer* means a natural person who

holds an account primarily for personal, family, or household purposes, or to whom such an account is offered. The term does not include a natural person who holds an account for another in a professional capacity.

(i) *Daily balance method* means the application of a daily periodic rate to the full amount of principal in the account each day.

#### 6-6905

(j) *Depository institution* and *institution* mean an institution defined in section 19(b)(1)(A)(i) through (vi) of the Federal Reserve Act (12 U.S.C. 461), except credit unions defined in section 19(b)(1)(A)(iv).

(k) *Deposit broker* means any person who is a deposit broker as defined in section 29(g) of the Federal Deposit Insurance Act (12 U.S.C. 1831f(g)).

(l) *Fixed-rate account* means an account for which the institution contracts to give at least 30 calendar days advance written notice of decreases in the interest rate.

#### 6-6906

(m) *Grace period* means a period following the maturity of an automatically renewing time account during which the consumer may withdraw funds without being assessed a penalty.

(n) *Interest* means any payment to a consumer or to an account for the use of funds in an account, calculated by application of a periodic rate to the balance. The term does not include the payment of a bonus or other consideration worth \$10 or less given during a year, the waiver or reduction of a fee, or the absorption of expenses.

(o) *Interest rate* means the annual rate of interest paid on an account which does not reflect compounding. For the purposes of the account disclosures in section 1030.4(b)(1)(i) of this part, the interest rate may, but need not, be referred to as the "annual percentage rate" in addition to being referred to as the "interest rate."

**6-6907**

(p) *Passbook savings account* means a savings account in which the consumer retains a book or other document in which the institution records transactions on the account.

(q) *Periodic statement* means a statement setting forth information about an account (other than a time account or passbook savings account) that is provided to a consumer on a regular basis four or more times a year.

(r) *State* means a state, the District of Columbia, the commonwealth of Puerto Rico, and any territory or possession of the United States.

**6-6908**

(s) *Stepped-rate account* means an account that has two or more interest rates that take effect in succeeding periods and are known when the account is opened.

(t) *Tiered-rate account* means an account that has two or more interest rates that are applicable to specified balance levels.

(u) *Time account* means an account with a maturity of at least seven days in which the consumer generally does not have a right to make withdrawals for six days after the account is opened, unless the deposit is subject to an early withdrawal penalty of at least seven days' interest on amounts withdrawn.

**6-6909**

(v) *Variable-rate account* means an account in which the interest rate may change after the account is opened, unless the institution contracts to give at least 30 calendar days advance written notice of rate decreases.

**6-6910**

### SECTION 1030.3—General Disclosure Requirements

(a) *Form*. Depository institutions shall make the disclosures required by sections 1030.4 through 1030.6 of this part, as applicable, clearly and conspicuously, in writing, and in a form the consumer may keep. The disclosures required by this part may be provided to the consumer in electronic form, subject to com-

pliance with the consumer consent and other applicable provisions of the Electronic Signatures in Global and National Commerce Act (E-Sign Act) (15 U.S.C. 7001 *et seq.*). The disclosures required by sections 1030.4(a)(2) and 1030.8 may be provided to the consumer in electronic form without regard to the consumer consent or other provisions of the E-Sign Act in the circumstances set forth in those sections. Disclosures for each account offered by an institution may be presented separately or combined with disclosures for the institution's other accounts, as long as it is clear which disclosures are applicable to the consumer's account.

(b) *General*. The disclosures shall reflect the terms of the legal obligation of the account agreement between the consumer and the depository institution. Disclosures may be made in languages other than English, provided the disclosures are available in English upon request.

**6-6911**

(c) *Relation to Regulation E (12 CFR part 1005)*. Disclosures required by and provided in accordance with the Electronic Fund Transfer Act (15 U.S.C. 1693 *et seq.*) and its implementing Regulation E (12 CFR part 1005) that are also required by this part may be substituted for the disclosures required by this part.

(d) *Multiple consumers*. If an account is held by more than one consumer, disclosures may be made to any one of the consumers.

(e) *Oral response to inquiries*. In an oral response to a consumer's inquiry about interest rates payable on its accounts, the depository institution shall state the annual percentage yield. The interest rate may be stated in addition to the annual percentage yield. No other rate may be stated.

**6-6912**

(f) *Rounding and accuracy rules for rates and yields*.

(1) *Rounding*. The annual percentage yield, the annual percentage yield earned, and the interest rate shall be rounded to the nearest one-hundredth of one percentage point (.01%) and expressed to two decimal

places. For account disclosures, the interest rate may be expressed to more than two decimal places.

(2) *Accuracy.* The annual percentage yield (and the annual percentage yield earned) will be considered accurate if not more than one-twentieth of one percentage point (.05%) above or below the annual percentage yield (and the annual percentage yield earned) determined in accordance with the rules in Appendix A of this part.

### 6-6913

#### SECTION 1030.4—Account Disclosures

(a) *Delivery of account disclosures.*

(1) *Account opening.*

(i) *General.* A depository institution shall provide account disclosures to a consumer before an account is opened or a service is provided, whichever is earlier. An institution is deemed to have provided a service when a fee required to be disclosed is assessed. Except as provided in paragraph (a)(1)(ii) of this section, if the consumer is not present at the institution when the account is opened or the service is provided and has not already received the disclosures, the institution shall mail or deliver the disclosures no later than 10 business days after the account is opened or the service is provided, whichever is earlier.

(ii) *Timing of electronic disclosures.* If a consumer who is not present at the institution uses electronic means (for example, an Internet Web site) to open an account or request a service, the disclosures required under paragraph (a)(1) of this section must be provided before the account is opened or the service is provided.

(2) *Requests.*

(i) A depository institution shall provide account disclosures to a consumer upon request. If a consumer who is not present at the institution makes a request, the institution shall mail or deliver the disclosures within a reasonable time after it receives the request and may provide the

disclosures in paper form, or electronically if the consumer agrees.

(ii) In providing disclosures upon request, the institution may:

(A) Specify an interest rate and annual percentage yield 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.

### 6-6914

(b) *Content of account disclosures.* Account disclosures shall include the following, as applicable:

(1) *Rate information.*

(i) *Annual percentage yield and interest rate.* The “annual percentage yield” and the “interest rate,” using those terms, and for fixed-rate accounts the period of time the interest rate will be in effect.

(ii) *Variable rates.* For variable-rate accounts:

(A) The fact that the interest rate and annual percentage yield may change;

(B) How the interest rate is determined;

(C) The frequency with which the interest rate may change; and

(D) Any limitation on the amount the interest rate may change.

(2) *Compounding and crediting.*

(i) *Frequency.* The frequency with which interest is compounded and credited.

(ii) *Effect of closing an account.* If consumers will forfeit interest if they close the account before accrued interest is credited, a statement that interest will not be paid in such cases.

### 6-6915

(3) *Balance information.*

(i) *Minimum balance requirements.*

(A) Any minimum balance required to:

(1) Open the account;

(2) Avoid the imposition of a fee; or

(3) Obtain the annual percentage yield disclosed.

(B) Except for the balance to open the account, the disclosure shall state how the balance is determined for these purposes.

(ii) *Balance computation method.* An explanation of the balance computation method specified in section 1030.7 of this part used to calculate interest on the account.

(iii) *When interest begins to accrue.* A statement of when interest begins to accrue on noncash deposits.

#### 6-6916

(4) *Fees.* The amount of any fee that may be imposed in connection with the account (or an explanation of how the fee will be determined) and the conditions under which the fee may be imposed.

(5) *Transaction limitations.* Any limitations on the number or dollar amount of withdrawals or deposits.

#### 6-6917

(6) *Features of time accounts.* For time accounts:

(i) *Time requirements.* The maturity date.

(ii) *Early withdrawal penalties.* A statement that a penalty will or may be imposed for early withdrawal, how it is calculated, and the conditions for its assessment.

(iii) *Withdrawal of interest prior to maturity.* If compounding occurs during the term and interest may be withdrawn prior to maturity, a statement that the annual percentage yield assumes interest remains on deposit until maturity and that a withdrawal will reduce earnings. For accounts with a stated maturity greater than one year that do not compound interest on an annual or more frequent basis, that require interest payouts at least annually, and that disclose an APY determined in accordance with section E of Appendix A of this part, a statement that interest cannot remain on deposit and that payout of interest is mandatory.

(iv) *Renewal policies.* A statement of whether or not the account will renew

automatically at maturity. If it will, a statement of whether or not a grace period will be provided and, if so, the length of that period must be stated. If the account will not renew automatically, a statement of whether interest will be paid after maturity if the consumer does not renew the account must be stated.

(7) *Bonuses.* The amount or type of any bonus, when the bonus will be provided, and any minimum balance and time requirements to obtain the bonus.

#### 6-6918

(c) *Notice to existing account holders.*

(1) *Notice of availability of disclosures.* Depository institutions shall provide a notice to consumers who receive periodic statements and who hold existing accounts of the type offered by the institution on June 21, 1993. The notice shall be included on or with the first periodic statement sent on or after June 21, 1993 (or on or with the first periodic statement for a statement cycle beginning on or after that date). The notice shall state that consumers may request account disclosures containing terms, fees, and rate information for their account. In responding to such a request, institutions shall provide disclosures in accordance with paragraph (a)(2) of this section.

(2) *Alternative to notice.* As an alternative to the notice described in paragraph (c)(1) of this section, institutions may provide account disclosures to consumers. The disclosures may be provided either with a periodic statement or separately, but must be sent no later than when the periodic statement described in paragraph (c)(1) is sent.

#### 6-6919

### SECTION 1030.5—Subsequent Disclosures

(a) *Change in terms.*

(1) *Advance notice required.* A depository institution shall give advance notice to affected consumers of any change in a term required to be disclosed under section 1030.4(b) of this part if the change may reduce the annual percentage yield or ad-

versely affect the consumer. The notice shall include the effective date of the change. The notice shall be mailed or delivered at least 30 calendar days before the effective date of the change.

(2) *No notice required.* No notice under this section is required for:

(i) *Variable-rate changes.* Changes in the interest rate and corresponding changes in the annual percentage yield in variable-rate accounts.

(ii) *Check printing fees.* Changes in fees assessed for check printing.

(iii) *Short-term time accounts.* Changes in any term for time accounts with maturities of one month or less.

#### 6-6920

(b) *Notice before maturity for time accounts longer than one month that renew automatically.* For time accounts with a maturity longer than one month that renew automatically at maturity, institutions shall provide the disclosures described below before maturity. The disclosures shall be mailed or delivered at least 30 calendar days before maturity of the existing account. Alternatively, the disclosures may be mailed or delivered at least 20 calendar days before the end of the grace period on the existing account, provided a grace period of at least five calendar days is allowed.

(1) *Maturities of longer than one year.* If the maturity is longer than one year, the institution shall provide account disclosures set forth in section 1030.4(b) of this part for the new account, along with the date the existing account matures. If the interest rate and annual percentage yield that will be paid for the new account are unknown when disclosures are provided, the institution shall state that those rates have not yet been determined, the date when they will be determined, and a telephone number consumers may call to obtain the interest rate and the annual percentage yield that will be paid for the new account.

(2) *Maturities of one year or less but longer than one month.* If the maturity is one year or less but longer than one month, the institution shall either:

(i) Provide disclosures as set forth in paragraph (b)(1) of this section; or

(ii) Disclose to the consumer:

(A) The date the existing account matures and the new maturity date if the account is renewed;

(B) The interest rate and the annual percentage yield for the new account if they are known (or that those rates have not yet been determined, the date when they will be determined, and a telephone number the consumer may call to obtain the interest rate and the annual percentage yield that will be paid for the new account); and

(C) Any difference in the terms of the new account as compared to the terms required to be disclosed under section 1030.4(b) of this part for the existing account.

#### 6-6922

(c) *Notice before maturity for time accounts longer than one year that do not renew automatically.* For time accounts with a maturity longer than one year that do not renew automatically at maturity, institutions shall disclose to consumers the maturity date and whether interest will be paid after maturity. The disclosures shall be mailed or delivered at least 10 calendar days before maturity of the existing account.

#### 6-6923

### SECTION 1030.6—Periodic Statement Disclosures

(a) *General rule.* If a depository institution mails or delivers a periodic statement, the statement shall include the following disclosures:

(1) *Annual percentage yield earned.* The “annual percentage yield earned” during the statement period, using that term, calculated according to the rules in Appendix A of this part.

(2) *Amount of interest.* The dollar amount of interest earned during the statement period.

(3) *Fees imposed.* Fees required to be disclosed under section 1030.4(b)(4) of this part that were debited to the account during the statement period. The fees shall be

itemized by type and dollar amounts. Except as provided in section 1030.11(a)(1) of this part, when fees of the same type are imposed more than once in a statement period, a depository institution may itemize each fee separately or group the fees together and disclose a total dollar amount for all fees of that type.

(4) *Length of period.* The total number of days in the statement period, or the beginning and ending dates of the period.

(5) *Aggregate fee disclosure.* If applicable, the total overdraft and returned item fees required to be disclosed by section 1030.11(a).

#### 6-6924

(b) *Special rule for average daily balance method.* In making the disclosures described in paragraph (a) of this section, institutions that use the average daily balance method and that calculate interest for a period other than the statement period shall calculate and disclose the annual percentage yield earned and amount of interest earned based on that period rather than the statement period. The information in paragraph (a)(4) of this section shall be stated for that period as well as for the statement period.

#### 6-6925

### SECTION 1030.7—Payment of Interest

(a) *Permissible methods.*

(1) *Balance on which interest is calculated.* Institutions shall calculate interest on the full amount of principal in an account for each day by use of either the daily balance method or the average daily balance method. Institutions shall calculate interest by use of a daily rate of at least 1/365 of the interest rate. In a leap year a daily rate of 1/366 of the interest rate may be used.

(2) *Determination of minimum balance to earn interest.* An institution shall use the same method to determine any minimum balance required to earn interest as it uses to determine the balance on which interest is calculated. An institution may use an additional method that is unequivocally beneficial to the consumer.

#### 6-6926

(b) *Compounding and crediting policies.* This section does not require institutions to compound or credit interest at any particular frequency.

(c) *Date interest begins to accrue.* Interest shall begin to accrue not later than the business day specified for interest-bearing accounts in section 606 of the Expedited Funds Availability Act (12 U.S.C. 4005) and in section 229.14 of that act's implementing Regulation CC (12 CFR part 229). Interest shall accrue until the day funds are withdrawn.

#### 6-6927

### SECTION 1030.8—Advertising

(a) *Misleading or inaccurate advertisements.* An advertisement shall not:

(1) Be misleading or inaccurate or misrepresent a depository institution's deposit contract; or

(2) Refer to or describe an account as "free" or "no cost" (or contain a similar term) if any maintenance or activity fee may be imposed on the account. The word "profit" shall not be used in referring to interest paid on an account.

#### 6-6928

(b) *Permissible rates.* If an advertisement states a rate of return, it shall state the rate as an "annual percentage yield" using that term. (The abbreviation "APY" may be used provided the term "annual percentage yield" is stated at least once in the advertisement.) The advertisement shall not state any other rate, except that the "interest rate," using that term, may be stated in conjunction with, but not more conspicuously than, the annual percentage yield to which it relates.

#### 6-6929

(c) *When additional disclosures are required.* Except as provided in paragraph (e) of this section, if the annual percentage yield is stated in an advertisement, the advertisement shall state the following information, to the extent applicable, clearly and conspicuously:

(1) *Variable rates.* For variable-rate ac-



counts, a statement that the rate may change after the account is opened.

(2) *Time annual percentage yield is offered.* The period of time the annual percentage yield will be offered, or a statement that the annual percentage yield is accurate as of a specified date.

(3) *Minimum balance.* The minimum balance required to obtain the advertised annual percentage yield. For tiered-rate accounts, the minimum balance required for each tier shall be stated in close proximity and with equal prominence to the applicable annual percentage yield.

(4) *Minimum opening deposit.* The minimum deposit required to open the account, if it is greater than the minimum balance necessary to obtain the advertised annual percentage yield.

(5) *Effect of fees.* A statement that fees could reduce the earnings on the account.

(6) *Features of time accounts.* For time accounts:

(i) *Time requirements.* The term of the account.

(ii) *Early withdrawal penalties.* A statement that a penalty will or may be imposed for early withdrawal.

(iii) *Required interest payouts.* For noncompounding time accounts with a stated maturity greater than one year that do not compound interest on an annual or more frequent basis, that require interest payouts at least annually, and that disclose an APY determined in accordance with section E of Appendix A of this part, a statement that interest cannot remain on deposit and that payout of interest is mandatory.

#### 6-6930

(d) *Bonuses.* Except as provided in paragraph (e) of this section, if a bonus is stated in an advertisement, the advertisement shall state the following information, to the extent applicable, clearly and conspicuously:

(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, if it is greater than the minimum balance necessary to obtain the bonus; and

(5) When the bonus will be provided.

#### 6-6931

(e) *Exemption for certain advertisements.*

(1) *Certain media.* If an advertisement is made through one of the following media, it need not contain the information in paragraphs (c)(1), (c)(2), (c)(4), (c)(5), (c)(6)(ii), (d)(4), and (d)(5) of this section:

(i) Broadcast or electronic media, such as television or radio;

(ii) Outdoor media, such as billboards; or

(iii) Telephone response machines.

(2) *Indoor signs.*

(i) Signs inside the premises of a depository institution (or the premises of a deposit broker) are not subject to paragraphs (b), (c), (d) or (e)(1) of this section.

(ii) If a sign exempt by paragraph (e)(2) of this section states a rate of return, it shall:

(A) State the rate as an “annual percentage yield,” using that term or the term “APY.” The sign shall not state any other rate, except that the interest rate may be stated in conjunction with the annual percentage yield to which it relates.

(B) Contain a statement advising consumers to contact an employee for further information about applicable fees and terms.

(f) *Additional disclosures in connection with the payment of overdrafts.* Institutions that promote the payment of overdrafts in an advertisement shall include in the advertisement the disclosures required by section 1030.11(b) of this part.

#### 6-6932

### SECTION 1030.9—Enforcement and Record Retention

(a) *Administrative enforcement.* Section 270 of the act (12 U.S.C. 4309) contains the provisions relating to administrative sanctions for

failure to comply with the requirements of the act and this part. Compliance is enforced by the agencies listed in that section.

(b) [Reserved]

(c) *Record retention.* A depository institution shall retain evidence of compliance with this part for a minimum of two years after the date disclosures are required to be made or action is required to be taken. The administrative agencies responsible for enforcing this part may require depository institutions under their jurisdiction to retain records for a longer period if necessary to carry out their enforcement responsibilities under section 270 of the act.

#### 6-6933.1

SECTION 1030.10—[Reserved]

#### 6-6933.3

SECTION 1030.11—Additional Disclosure Requirements for Overdraft Services

(a) *Disclosure of total fees on periodic statements.*

(1) *General.* A depository institution must separately disclose on each periodic statement, as applicable:

(i) The total dollar amount for all fees or charges imposed on the account for paying checks or other items when there are insufficient or unavailable funds and the account becomes overdrawn, using the term “Total Overdraft Fees;” and

(ii) The total dollar amount for all fees or charges imposed on the account for returning items unpaid.

(2) *Totals required.* The disclosures required by paragraph (a)(1) of this section must be provided for the statement period and for the calendar year-to-date;

(3) *Format requirements.* The aggregate fee disclosures required by paragraph (a) of this section must be disclosed in close proximity to fees identified under section 1030.6(a)(3), using a format substantially similar to Sample Form B-10 in Appendix B to this part.

#### 6-6933.32

(b) *Advertising disclosures for overdraft services.*

(1) *Disclosures.* Except as provided in paragraphs (b)(2) through (4) of this section, any advertisement promoting the payment of overdrafts shall disclose in a clear and conspicuous manner:

(i) The fee or fees for the payment of each overdraft;

(ii) The categories of transactions for which a fee for paying an overdraft may be imposed;

(iii) The time period by which the consumer must repay or cover any overdraft; and

(iv) The circumstances under which the institution will not pay an overdraft.

(2) *Communications about the payment of overdrafts not subject to additional advertising disclosures.* Paragraph (b)(1) of this section does not apply to:

(i) An advertisement promoting a service where the institution's payment of overdrafts will be agreed upon in writing and subject to Regulation Z (12 CFR part 1026);

(ii) A communication by an institution about the payment of overdrafts in response to a consumer-initiated inquiry about deposit accounts or overdrafts. Providing information about the payment of overdrafts in response to a balance inquiry made through an automated system, such as a telephone response machine, ATM, or an institution's Internet site, is not a response to a consumer-initiated inquiry for purposes of this paragraph;

(iii) An advertisement made through broadcast or electronic media, such as television or radio;

(iv) An advertisement made on outdoor media, such as billboards;

(v) An ATM receipt;

(vi) An in-person discussion with a consumer;

(vii) Disclosures required by federal or other applicable law;

(viii) Information included on a periodic statement or a notice informing a consumer about a specific overdrawn item or the amount the account is overdrawn;

(ix) A term in a deposit account agreement discussing the institution's right to pay overdrafts;

(x) A notice provided to a consumer, such as at an ATM, that completing a requested transaction may trigger a fee for overdrawing an account, or a general notice that items overdrawing an account may trigger a fee;

(xi) Informational or educational materials concerning the payment of overdrafts if the materials do not specifically describe the institution's overdraft service; or

(xii) An opt-out or opt-in notice regarding the institution's payment of overdrafts or provision of discretionary overdraft services.

#### 6-6933.33

(3) *Exception for ATM screens and telephone response machines.* The disclosures described in paragraphs (b)(1)(ii) and (iv) of this section are not required in connection with any advertisement made on an ATM screen or using a telephone response machine.

(4) *Exception for indoor signs.* Paragraph (b)(1) of this section does not apply to advertisements for the payment of overdrafts on indoor signs as described by section 1030.8(e)(2) of this part, provided that the sign contains a clear and conspicuous statement that fees may apply and that consumers should contact an employee for further information about applicable fees and terms. For purposes of this paragraph (b)(4), an indoor sign does not include an ATM screen.

#### 6-6933.34

(c) *Disclosure of account balances.* If an institution discloses balance information to a consumer through an automated system, the balance may not include additional amounts that the institution may provide to cover an item when there are insufficient or unavailable funds in the consumer's account, whether under a service provided in its discretion, a service subject to Regulation Z (12 CFR part 1026), or a service to transfer funds from another account of the consumer. The institu-

tion may, at its option, disclose additional account balances that include such additional amounts, if the institution prominently states that any such balance includes such additional amounts and, if applicable, that additional amounts are not available for all transactions.

#### 6-6934

##### APPENDIX A to Part 1030—Annual Percentage Yield Calculation

The annual percentage yield measures the total amount of interest paid on an account based on the interest rate and the frequency of compounding. The annual percentage yield reflects only interest and does not include the value of any bonus (or other consideration worth \$10 or less) that may be provided to the consumer to open, maintain, increase or renew an account. Interest or other earnings are not to be included in the annual percentage yield if such amounts are determined by circumstances that may or may not occur in the future. The annual percentage yield is expressed as an annualized rate, based on a 365-day year. Institutions may calculate the annual percentage yield based on a 365-day or a 366-day year in a leap year. Part I of this appendix discusses the annual percentage yield calculations for account disclosures and advertisements, while part II discusses annual percentage yield earned calculations for periodic statements.

#### 6-6935

##### Part I. Annual Percentage Yield for Account Disclosures and Advertising Purposes

In general, the annual percentage yield for account disclosures under sections 1030.4 and 1030.5 and for advertising under section 1030.8 is an annualized rate that reflects the relationship between the amount of interest that would be earned by the consumer for the term of the account and the amount of principal used to calculate that interest. Special rules apply to accounts with tiered and stepped interest rates, and to certain time accounts with a stated maturity greater than one year.

### A. General Rules

Except as provided in part I.E. of this appendix, the annual percentage yield shall be calculated by the formula shown below. Institutions shall calculate the annual percentage yield based on the actual number of days in the term of the account. For accounts without a stated maturity date (such as a typical savings or transaction account), the calculation shall be based on an assumed term of 365 days. In determining the total interest figure to be used in the formula, institutions shall assume that all principal and interest remain on deposit for the entire term and that no other transactions (deposits or withdrawals) occur during the term. This assumption shall not be used if an institution requires, as a condition of the account, that consumers withdraw interest during the term. In such a case, the interest (and annual percentage yield calculation) shall reflect that requirement. For time accounts that are offered in multiples of months, institutions may base the number of days on either the actual number of days during the applicable period, or the number of days that would occur for any actual sequence of that many calendar months. If institutions choose to use the latter rule, they must use the same number of days to calculate the dollar amount of interest earned on the account that is used in the annual percentage yield formula (where "Interest" is divided by "Principal").

The annual percentage yield is calculated by use of the following general formula ("APY" is used for convenience in the formulas):

$$APY = 100 [(1 + \text{Interest/Principal})^{(365/\text{Days in term})} - 1]$$

"Principal" is the amount of funds assumed to have been deposited at the beginning of the account.

"Interest" is the total dollar amount of interest earned on the Principal for the term of the account.

"Days in term" is the actual number of days in the term of the account. When the "days in term" is 365 (that is, where the stated maturity is 365 days or where the account does not have a stated maturity), the

annual percentage yield can be calculated by use of the following simple formula:

$$APY = 100 (\text{Interest/Principal})$$

Examples:

(1) If an institution pays \$61.68 in interest for a 365-day year on \$1,000 deposited into a NOW account, using the general formula above, the annual percentage yield is 6.17%:

$$APY = 100 [(1 + 61.68/1,000)^{(365/365)} - 1]$$

$$APY = 6.17\%$$

Or, using the simple formula above (since, as an account without a stated term, the term is deemed to be 365 days):

$$APY = 100 (61.68/1,000)$$

$$APY = 6.17\%$$

(2) If an institution pays \$30.37 in interest on a \$1,000 six-month certificate of deposit (where the six-month period used by the institution contains 182 days), using the general formula above, the annual percentage yield is 6.18%:

$$APY = 100 [(1 + 30.37/1,000)^{(365/182)} - 1]$$

$$APY = 6.18\%$$

### 6-6936

### B. Stepped-Rate Accounts (Different Rates Apply in Succeeding Periods)

For accounts with two or more interest rates applied in succeeding periods (where the rates are known at the time the account is opened), an institution shall assume each interest rate is in effect for the length of time provided for in the deposit contract.

Examples:

(1) If an institution offers a \$1,000 6-month certificate of deposit on which it pays a 5% interest rate, compounded daily, for the first three months (which contain 91 days), and a 5.5% interest rate, compounded daily, for the next three months (which contain 92 days), the total interest for six months is \$26.68 and, using the general formula above, the annual percentage yield is 5.39%:

$$\text{APY} = 100 [(1 + 26.68/1,000)^{(365/183)} - 1]$$

$$\text{APY} = 5.39\%$$

(2) If an institution offers a \$1,000 two-year certificate of deposit on which it pays a 6% interest rate, compounded daily, for the first year, and a 6.5% interest rate, compounded daily, for the next year, the total interest for two years is \$133.13, and, using the general formula above, the annual percentage yield is 6.45%:

$$\text{APY} = 100 [(1 + 133.13/1,000)^{(365/730)} - 1]$$

$$\text{APY} = 6.45\%$$

**6-6937***C. Variable-Rate Accounts*

For variable-rate accounts without an introductory premium or discounted rate, an institution must base the calculation only on the initial interest rate in effect when the account is opened (or advertised), and assume that this rate will not change during the year.

Variable-rate accounts with an introductory premium (or discount) rate must be calculated like a stepped-rate account.

Thus, an institution shall assume that:

- (1) The introductory interest rate is in effect for the length of time provided for in the deposit contract; and
- (2) The variable interest rate that would have been in effect when the account is opened or advertised (but for the introductory rate) is in effect for the remainder of the year. If the variable rate is tied to an index, the index-based rate in effect at the time of disclosure must be used for the remainder of the year. If the rate is not tied to an index, the rate in effect for existing consumers holding the same account (who are not receiving the introductory interest rate) must be used for the remainder of the year.

For example, if an institution offers an account on which it pays a 7% interest rate, compounded daily, for the first three months (which, for example, contain 91 days), while the variable interest rate that would have been in effect when the account was opened was 5%, the total interest for a 365-day year for a \$1,000 deposit is \$56.52 (based on 91 days at

7% followed by 274 days at 5%). Using the simple formula, the annual percentage yield is 5.65%:

$$\text{APY} = 100 (56.52/1,000)$$

$$\text{APY} = 5.65\%$$

**6-6938***D. Tiered-Rate Accounts (Different Rates Apply to Specified Balance Levels)*

For accounts in which two or more interest rates paid on the account are applicable to specified balance levels, the institution must calculate the annual percentage yield in accordance with the method described below that it uses to calculate interest. In all cases, an annual percentage yield (or a range of annual percentage yields, if appropriate) must be disclosed for each balance tier.

For purposes of the examples discussed below, assume the following:

<i>Interest rate (percent)</i>	<i>Deposit balance required to earn rate</i>
5.25	Up to but not exceeding \$2,500
5.50	Above \$2,500 but not exceeding \$15,000
5.75	Above \$15,000

*Tiering Method A*

(1) Under this method, an institution pays on the full balance in the account the stated interest rate that corresponds to the applicable deposit tier. For example, if a consumer deposits \$8,000, the institution pays the 5.50% interest rate on the entire \$8,000.

When this method is used to determine interest, only one annual percentage yield will apply to each tier. Within each tier, the annual percentage yield will not vary with the amount of principal assumed to have been deposited.

For the interest rates and deposit balances assumed above, the institution will state three annual percentage yields—one corresponding to each balance tier. Calculation of each annual percentage yield is similar for this type of account as for accounts with a single interest rate. Thus, the calculation is based on the total amount of interest that would be received by the consumer for each tier of the account

for a year and the principal assumed to have been deposited to earn that amount of interest.

*First tier.* Assuming daily compounding, the institution will pay \$53.90 in interest on a \$1,000 deposit. Using the general formula, for the first tier, the annual percentage yield is 5.39%:

$$\text{APY} = 100 [(1 + 53.90/1,000)^{(365/365)} - 1]$$

$$\text{APY} = 5.39\%$$

Using the simple formula:

$$\text{APY} = 100 (53.90/1,000)$$

$$\text{APY} = 5.39\%$$

*Second tier.* The institution will pay \$452.29 in interest on an \$8,000 deposit. Thus, using the simple formula, the annual percentage yield for the second tier is 5.65%:

$$\text{APY} = 100 (452.29/8,000)$$

$$\text{APY} = 5.65\%$$

*Third tier.* The institution will pay \$1,183.61 in interest on a \$20,000 deposit. Thus, using the simple formula, the annual percentage yield for the third tier is 5.92%:

$$\text{APY} = 100 (1,183.61/20,000)$$

$$\text{APY} = 5.92\%$$

#### *Tiering Method B*

Under this method, an institution pays the stated interest rate only on that portion of the balance within the specified tier. For example, if a consumer deposits \$8,000, the institution pays 5.25% on \$2,500 and 5.50% on \$5,500 (the difference between \$8,000 and the first tier cut-off of \$2,500).

The institution that computes interest in this manner must provide a range that shows the lowest and the highest annual percentage yields for each tier (other than for the first tier, which, like the tiers in Method A, has the same annual percentage yield throughout). The low figure for an annual percentage yield range is calculated based on the total amount of interest earned for a year assuming the *minimum* principal required to earn the interest rate for that tier. The high figure for an annual percentage yield range is based on the amount of interest the institution would pay

on the *highest* principal that could be deposited to earn that same interest rate. If the account does not have a limit on the maximum amount that can be deposited, the institution may assume any amount.

For the tiering structure assumed above, the institution would state a total of five annual percentage yields—one figure for the first tier and two figures stated as a range for the other two tiers.

*First tier.* Assuming daily compounding, the institution would pay \$53.90 in interest on a \$1,000 deposit. For this first tier, using the simple formula, the annual percentage yield is 5.39%:

$$\text{APY} = 100 (53.90/1,000)$$

$$\text{APY} = 5.39\%$$

*Second tier.* For the second tier, the institution would pay between \$134.75 and \$841.45 in interest, based on assumed balances of \$2,500.01 and \$15,000, respectively. For \$2,500.01, interest would be figured on \$2,500 at 5.25% interest rate plus interest on \$.01 at 5.50%. For the low end of the second tier, therefore, the annual percentage yield is 5.39%, using the simple formula:

$$\text{APY} = 100 (134.75/2,500)$$

$$\text{APY} = 5.39\%$$

For \$15,000, interest is figured on \$2,500 at 5.25% interest rate plus interest on \$12,500 at 5.50% interest rate. For the high end of the second tier, the annual percentage yield, using the simple formula, is 5.61%:

$$\text{APY} = 100 (841.45/15,000)$$

$$\text{APY} = 5.61\%$$

Thus, the annual percentage yield range for the second tier is 5.39% to 5.61%.

*Third tier.* For the third tier, the institution would pay \$841.45 in interest on the low end of the third tier (a balance of \$15,000.01). For \$15,000.01, interest would be figured on \$2,500 at 5.25% interest rate, plus interest on \$12,500 at 5.50% interest rate, plus interest on \$.01 at 5.75% interest rate. For the low end of the third tier, therefore, the annual percentage yield (using the simple formula) is 5.61%:

$$\text{APY} = 100 (841.45/15,000)$$

$$\text{APY} = 5.61\%$$

Since the institution does not limit the account balance, it may assume any maximum amount for the purposes of computing the annual percentage yield for the high end of the third tier. For an assumed maximum balance amount of \$100,000, interest would be figured on \$2,500 at 5.25% interest rate, plus interest on \$12,500 at 5.50% interest rate, plus interest on \$85,000 at 5.75% interest rate. For the high end of the third tier, therefore, the annual percentage yield, using the simple formula, is 5.87%.

$$\text{APY} = 100 (5,871.79/100,000)$$

$$\text{APY} = 5.87\%$$

Thus, the annual percentage yield range that would be stated for the third tier is 5.61% to 5.87%.

If the assumed maximum balance amount is \$1,000,000 instead of \$100,000, the institution would use \$985,000 rather than \$85,000 in the last calculation. In that case, for the high end of the third tier the annual percentage yield, using the simple formula, is 5.91%:

$$\text{APY} = 100 (59134.22/1,000,000)$$

$$\text{APY} = 5.91\%$$

Thus, the annual percentage yield range that would be stated for the third tier is 5.61% to 5.91%.

#### 6-6938.1

##### *E. Time Accounts with a Stated Maturity Greater Than One Year that Pay Interest at Least Annually*

1. For time accounts with a stated maturity greater than one year that do not compound interest on an annual or more frequent basis, and that require the consumer to withdraw interest at least annually, the annual percentage yield may be disclosed as equal to the interest rate.

Example:

(1) If an institution offers a \$1,000 two-year certificate of deposit that does not compound and that pays out interest semi-annually by check or transfer at a 6.00%

interest rate, the annual percentage yield may be disclosed as 6.00%.

(2) For time accounts covered by this paragraph that are also stepped-rate accounts, the annual percentage yield may be disclosed as equal to the composite interest rate.

Example:

(1) If an institution offers a \$1,000 three-year certificate of deposit that does not compound and that pays out interest annually by check or transfer at a 5.00% interest rate for the first year, 6.00% interest rate for the second year, and 7.00% interest rate for the third year, the institution may compute the composite interest rate and APY as follows:

- (a) Multiply each interest rate by the number of days it will be in effect;
- (b) Add these figures together; and
- (c) Divide by the total number of days in the term.

(2) Applied to the example, the products of the interest rates and days the rates are in effect are (5.00% × 365 days) 1825, (6.00% × 365 days) 2190, and (7.00% × 365 days) 2555, respectively. The sum of these products, 6570, is divided by 1095, the total number of days in the term. The composite interest rate and APY are both 6.00%.

#### 6-6939

##### Part II. Annual Percentage Yield Earned for Periodic Statements

The annual percentage yield earned for periodic statements under section 1030.6(a) is an annualized rate that reflects the relationship between the amount of interest actually earned on the consumer's account during the statement period and the average daily balance in the account for the statement period. Pursuant to section 1030.6(b), however, if an institution uses the average daily balance method and calculates interest for a period other than the statement period, the annual percentage yield earned shall reflect the relationship between the amount of interest earned and the average daily balance in the account for that other period. The annual percentage yield earned shall be calculated by using the following for-

mulas ("APY Earned" is used for convenience in the formulas):

#### A. General Formula

$$\text{APY Earned} = 100 [(1 + \text{Interest earned}/\text{Balance})^{(365/\text{Days in period})} - 1]$$

"Balance" is the average daily balance in the account for the period.

"Interest earned" is the actual amount of interest earned on the account for the period.

"Days in period" is the actual number of days for the period.

Examples:

(1) Assume an institution calculates interest for the statement period (and uses either the daily balance or the average daily balance method), and the account has a balance of \$1,500 for 15 days and a balance of \$500 for the remaining 15 days of a 30-day statement period. The average daily balance for the period is \$1,000. The interest earned (under either balance computation method) is \$5.25 during the period. The annual percentage yield earned (using the formula above) is 6.58%:

$$\text{APY Earned} = 100 [(1 + 5.25/1,000)^{(365/30)} - 1]$$

$$\text{APY Earned} = 6.58\%$$

(2) Assume an institution calculates interest on the average daily balance for the calendar month and provides periodic statements that cover the period from the 16th of one month to the 15th of the next month. The

account has a balance of \$2,000 September 1 through September 15 and a balance of \$1,000 for the remaining 15 days of September. The average daily balance for the month of September is \$1,500, which results in \$6.50 in interest earned for the month. The annual percentage yield earned for the month of September would be shown on the periodic statement covering September 16 through October 15. The annual percentage yield earned (using the formula above) is 5.40%:

$$\text{APY Earned} = 100 [(6.50/1,500)^{(365/30)} - 1]$$

$$\text{APY Earned} = 5.40\%$$

(3) Assume an institution calculates interest on the average daily balance for a quarter (for example, the calendar months of September through November), and provides monthly periodic statements covering calendar months. The account has a balance of \$1,000 throughout the 30 days of September, a balance of \$2,000 throughout the 31 days of October, and a balance of \$3,000 throughout the 30 days of November. The average daily balance for the quarter is \$2,000, which results in \$21 in interest earned for the quarter. The annual percentage yield earned would be shown on the periodic statement for November. The annual percentage yield earned (using the formula above) is 4.28%:

$$\text{APY Earned} = 100 [(1 + 21/2,000)^{(365/91)} - 1]$$

$$\text{APY Earned} = 4.28\%$$

#### B. Special Formula for Use Where Periodic Statement Is Sent More Often Than the Period for Which Interest Is Compounded

Institutions that use the daily balance method to accrue interest and that issue periodic statements more often than the period for which interest is compounded shall use the following special formula:

$$\text{APY Earned} = 100 \left\{ \left[ 1 + \frac{(\text{Interest earned}/\text{Balance})}{\text{Day in period}} (\text{Compounding}) \right]^{(365/\text{Compounding})} - 1 \right\}$$

The following definition applies for use in this formula (all other terms are defined under part II):

"Compounding" is the number of days in each compounding period.

Assume an institution calculates interest for the statement period using the daily balance method, pays a 5.00% interest rate, compounded annually, and provides periodic statements for



each monthly cycle. The account has a daily balance of \$1,000 for a 30-day statement period. The interest earned is \$4.11 for the period, and the annual percentage yield earned (using the special formula above) is 5.00%:

$$APY \text{ Earned} = 100 \left\{ \left[ 1 + \frac{(4.11/1,000)}{30} (365) \right]^{(365/365)} - 1 \right\}$$

APY Earned = 5.00%

**6-6940**APPENDIX B to Part 1030—Model  
Clauses and Sample FormsB-1—Model Clauses for Account Disclosures  
(Section 1030.4(b))B-2—Model Clauses for Change in Terms  
(Section 1030.5(a))B-3—Model Clauses for Pre-Maturity Notices  
for Time Accounts (Section 1030.5(b)(2)  
and 1030.5(d))

B-4—Sample Form (Multiple Accounts)

B-5—Sample Form (NOW Account)

B-6—Sample Form (Tiered-Rate Money  
Market Account)

B-7—Sample Form (Certificate of Deposit)

B-8—Sample Form (Certificate of Deposit  
Advertisement)B-9—Sample Form (Money Market Account  
Advertisement)B-10—Sample Form (Aggregate Overdraft  
and Returned Item Fees)B-1—Model Clauses for Account  
Disclosures(a) *Rate information*

## (i) Fixed-rate accounts

The interest rate on your account  
is \_\_\_ % with an annual percentage  
yield of \_\_\_ %.

You will be paid this rate  
[for (time period) /until (date)  
\_\_\_ /for at least 30 calendar days].

## (ii) Variable-rate accounts

The interest rate on your account  
is \_\_\_ % with an annual percentage  
yield of \_\_\_ %.

Your interest rate and annual  
percentage yield may change.

## Determination of rate

The interest rate on your account is  
based on (name of index)  
[plus/minus a margin of \_\_\_].

or

At our discretion, we may change  
the interest rate on your account.

## Frequency of rate changes

We may change the interest rate on  
your account [every (time period)  
/at any time].

## Limitations on rate changes

The interest rate for your account  
will never change by more than \_\_\_  
% each (time period) .

The interest rate will never be  
[less/more] than \_\_\_ %.

or

The interest rate will never  
[exceed \_\_\_ % above/drop more  
than \_\_\_ % below] the interest rate  
initially disclosed to you.

## (iii) Stepped-rate accounts

The initial interest rate for your  
account is \_\_\_ %. You will be paid  
this rate [for (time period)  
/until (date) ]. After that time,  
the interest rate for your account will  
be \_\_\_ %, and you will be paid this  
rate [ for (time period) /until  
( date .)]. The annual percentage  
yield for your account is \_\_\_ %.

## (iv) Tiered-rate accounts

## Tiering Method A

- If your [daily balance/average  
daily balance] is \$ \_\_\_ or more,  
the interest rate paid on the  
entire balance in your account  
will be \_\_\_ % with an annual

- percentage yield of \_\_\_\_ %.
- If your [daily balance/average daily balance] is more than \$\_\_\_\_, but less than \$\_\_\_\_, the interest rate paid on the entire balance in your account will be \_\_\_\_ % with an annual percentage yield of \_\_\_\_ %.
- If your [daily balance/average daily balance] is \$\_\_\_\_ or less, the interest rate paid on the entire balance will be \_\_\_\_ % with an annual percentage yield of \_\_\_\_ %.

#### Tiering Method B

- An interest rate of \_\_\_\_ % will be paid only for that portion of your [daily balance/average daily balance] that is greater than \$\_\_\_\_. The annual percentage yield for this tier will range from \_\_\_\_ % to \_\_\_\_ %, depending on the balance in the account.
- An interest rate of \_\_\_\_ % will be paid only for that portion of your [daily balance/average daily balance] that is greater than \$\_\_\_\_, but less than \$\_\_\_\_. The annual percentage yield for this tier will range from \_\_\_\_ % to \_\_\_\_ %, depending on the balance in the account.
- If your [daily balance/average daily balance] is \$\_\_\_\_ or less, the interest rate paid on the entire balance will be \_\_\_\_ % with an annual percentage yield of \_\_\_\_ %.

#### 6-6940.1

#### (b) *Compounding and crediting*

##### (i) Frequency

Interest will be compounded [on a \_\_\_\_ basis/every (time period)]. Interest will be credited to your account [on a \_\_\_\_ basis/every (time period)].

##### (ii) Effect of closing an account

If you close your account before interest is credited, you will not receive the accrued interest.

#### 6-6940.2

#### (c) *Minimum-balance requirements*

##### (i) To open the account

You must deposit \$\_\_\_\_ to open this account.

##### (ii) To avoid imposition of fees

A minimum balance fee of \$\_\_\_\_ will be imposed every (time period) if the balance in the account falls below \$\_\_\_\_ any day of the (time period).

A minimum balance fee of \$\_\_\_\_ will be imposed every (time period) if the average daily balance for the (time period) falls below \$\_\_\_\_. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period.

##### (iii) To obtain the annual percentage yield disclosed

You must maintain a minimum balance of \$\_\_\_\_ in the account each day to obtain the disclosed annual percentage yield.

You must maintain a minimum average daily balance of \$\_\_\_\_ to obtain the disclosed annual percentage yield. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period.

#### 6-6940.3

#### (d) *Balance-computation method*

##### (i) Daily-balance method

We use the daily-balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

(ii) Average-daily-balance method

We use the average-daily-balance method to calculate interest on your account. This method applies a periodic rate to the average daily balance in the account for the period. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period.

**6-6940.4**

(e) *Accrual of interest on noncash deposits*

Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).  
or  
Interest begins to accrue on the business day you deposit noncash items (for example, checks)

**6-6940.5**

(f) *Fees*

The following fees may be assessed against your account:

\_\_\_\_\_ \$ \_\_\_\_\_  
 \_\_\_\_\_ \$ \_\_\_\_\_  
 \_\_\_\_\_ \$ \_\_\_\_\_  
 (*conditions for imposing fee*) \$ \_\_\_\_\_  
 \_\_\_\_\_ % of \_\_\_\_\_

**6-6940.6**

(g) *Transaction limitations*

The minimum amount you may [withdraw/write a check for] is \$ \_\_\_\_ .  
 You may make \_\_\_\_ [deposits into/withdrawals fro.] your account each (time period) .  
 You may not make [deposits into/withdrawals from] your account until the maturity date.

**6-6940.7**

(h) *Disclosures relating to time accounts*

(i) Time requirements

Your account will mature on (date) .  
 Your account will mature in (time period) .

(ii) Early withdrawal penalties

We [will/may] impose a penalty if you withdraw [ any/all] of the [deposited funds/principal] before the maturity date. The fee imposed will equal \_\_\_\_ days/weeks[s]/months[.] of interest.  
 or  
 We [will/may] impose a penalty of \$ \_\_\_\_ if you withdraw [any/all] of the [deposited funds/principal] before the maturity date.  
 If you withdraw some of your funds before maturity, the interest rate for the remaining funds in your account will be \_\_\_\_ % with an annual percentage yield of \_\_\_\_ %.

(iii) Withdrawal of interest prior to maturity

The annual percentage yield assumes interest will remain on deposit until maturity. A withdrawal will reduce earnings.

(iv) Renewal policies

(1) Automatically renewable time accounts

This account will automatically renew at maturity.  
 You will have [\_\_\_\_ calendar/business] days after the maturity date to withdraw funds without penalty.  
 or

There is no grace period following the maturity of this account to withdraw funds without penalty.

(2) Non-automatically renewable time accounts

This account will not renew automatically at maturity. If you do

not renew the account, your deposit will be placed in [an interest-bearing/a non-interest-bearing] account.

(v) Required interest distribution

This account requires the distribution of interest and does not allow interest to remain in the account.

**6-6940.8**

(i) *Bonuses*

You will [be paid/receive] [\$\_\_\_\_ / *(description of item)*] as a bonus [when you open the account/on *(date)*].

You must maintain a minimum [daily balance/average daily balanc.] of \$\_\_\_\_ to obtain the bonus.

To earn the bonus, [\$\_\_\_\_ /your entire principal] must remain on deposit [for *(time period)* /until *(date)*].

**6-6941**

B-2—Model Clauses for Change in Terms

On *(date)*, the cost of *(type of fee)* will increase to \$\_\_\_\_.

On *(date)*, the interest rate on your account will decrease to \_\_\_\_ % with an annual percentage yield of \_\_\_\_ %.

On *(date)*, the minimum [daily balance/average daily balance] required to avoid imposition of a fee will increase to \$\_\_\_\_.

**6-6942**

B-3—Model Clauses for Pre-Maturity Notices for Time Accounts

(a) *Automatically renewable time accounts with maturities of one year or less but longer than one month*

Your account will mature on *(date)*.

If the account renews, the new maturity date will be *(date)*.

The interest rate for the renewed account will be \_\_\_\_ % with an annual percentage yield of \_\_\_\_ %.

or

The interest rate and annual percentage yield have not yet been determined.

They will be available on *(date)*.

Please call *(phone number)* to learn the interest rate and annual percentage yield for your new account.

(b) *Non-automatically renewable time accounts with maturities longer than one year*

Your account will mature on *(date)*.

If you do not renew the account, interest [will/will not] be paid after maturity.

**6-6943**

B-4—Sample Form (Multiple Accounts)

BANK ABC  
DISCLOSURE OF ACCOUNT TERMS

This disclosure contains information about your:

NOW Account

- Your interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on your account daily. The interest rate for your account will never be less than 2.00%.
- Interest begins to accrue on the business day you deposit noncash items (for example, checks).
- Interest is compounded daily and credited on the last day of each month. If you close your account before interest is credited, you will not receive the accrued interest.
- We use the daily-balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Passbook Savings Account

- The interest rate on your account will be paid for at least 30 days.
- Interest begins to accrue on the business day you deposit noncash items (for example, checks).
- Interest is compounded daily and credited on the last day of each month. If you close your account before interest is credited,

- you will not receive the accrued interests.
- We use the daily-balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Additional disclosures for your account are included on the attached sheets.

\_\_\_ Money Market Account

- Your interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on your account daily. The interest rate on your account will never be less than 3.00%.
- You may make six (6) transfers from your account, but only three (3) may be payments by check to third parties.
- Interest begins to accrue on the business day you deposit noncash items (for example, checks).
- Interest is compounded daily and credited on the last day of each month. If you close your account before interest is credited, you will not receive the accrued interest.
- We use the daily-balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

\_\_\_ Certificates of Deposit

- The interest rate for your account will be paid until the maturity date of your certificate (\_\_\_\_\_).
- Interest is compounded daily and will be credited to your account monthly.
- Interest begins to accrue on the business day you deposit noncash items (for example, checks).
- This account will automatically renew at maturity. You will have ten (10) calendar days from the maturity date to withdraw your funds without being charged a penalty.
- After the account is opened, you may not make deposits into or withdrawals from this account until the maturity date.
- We use the daily-balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

- If any of the deposit is withdrawn before the maturity date, a penalty as shown below will be imposed:

<i>Term</i>	<i>Early Withdrawal Penalty</i>
3-month CD	30 days' interest
6-month CD	90 days' interest
1-year CD	120 days' interest
2-year CD	180 days' interest

Additional disclosures for your account are included on the attached sheets.

[Fee Schedule Insert]

BANK ABC  
FEE SCHEDULE  
NOW Account

- Monthly minimum-balance fee if the daily balance drops below \$500 any day of the month . . . . . \$7.50

Passbook Savings Account

- Monthly minimum-balance fee if the daily balance drops below \$100 any day of the month . . . . . \$6.00
- You may make three (3) withdrawals per quarter.  
Each subsequent withdrawal . . . . . \$2.00

Money Market Account

- Monthly minimum-balance fee if the daily balance drops below \$1,000 any day of the month . . . . . \$5.00

Other Account Fees

- Deposited checks returned . . . . . \$5.00
- Balance inquiries (at a branch or at an ATM) . . . . . \$1.00
- Check printing\* . . . . . (Fee depends on style of check ordered)
- Your check returned for insufficient funds (per check)\* . . . . . \$16.00
- Stop-payment request (per request)\* . . . . . \$12.50
- Certified check (per check)\* . . . . . \$10.00

\* Fee does not apply to passbook savings accounts or certificates of deposit.

Additional disclosures for your account are included on the attached sheet.

(Rate Sheet Insert)

BANK ABC RATE SHEET

Account Type	Minimum Deposit to Open Account	Minimum Balance* to Obtain Annual Percentage Yield	Interest Rate	Annual Percentage Yield
NOW .....	\$ 500	\$2,500	4.00%	4.08%
Passbook Savings .....	\$ 100	\$ 500	3.50%	3.56%
Money Market .....	\$1,000	\$1,000	4.15%	4.24%
3-Month CD .....	\$1,000	\$1,000	4.20%	4.29%
6-Month CD .....	\$1,000	\$1,000	4.25%	4.34%
1-Year CD .....	\$1,000	\$1,000	5.20%	5.34%
2-Year CD .....	\$1,000	\$1,000	5.80%	5.97%

\* Daily balance (the amount of principal in the account each day)

**6-6944**

B-5—Sample Form (NOW Account)

BANK XYZ  
 DISCLOSURE OF INTEREST, FEES,  
 AND ACCOUNT TERMS  
 NOW ACCOUNT  
 Fee schedule

- Monthly minimum-balance fee if the daily balance drops below \$1,000 any day of the month . . . . . \$7.00
- Fee to stop payment of a check . . . . . \$12.50
- Fee for check returns (insufficient funds—per check) . . . . . \$16.00
- Certified check (per check) . . . . . \$10.00
- Fee for initial check printing (per 200) . . . . . \$12.00 (Cost for check printing varies depending on the style of checks ordered.)

Rate information

- The interest rate for your account is 4.00% with an annual percentage yield of 4.08%. Your interest rate and annual percentage yield may change. At our discretion, we may change the interest rate for your account at any time. The interest rate for your account will never be less than 2% each year.

Minimum-balance requirements

- You must deposit \$500 to open this account.
- You must maintain a minimum balance of \$2,500 in the account each day to obtain the annual percentage yield listed above.

Balance-computation method

- We use the daily-balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Compounding and crediting

- Interest for your account will be compounded daily and credited to your account on the last day of each month.

Accrual of interest on deposits other than cash

- Interest begins to accrue on the business day you deposit noncash items (for example, checks).

**6-6945**

B-6—Sample Form (Tiered-Rate Money Market Account)

BANK ABC  
 DISCLOSURE OF INTEREST, FEES,  
 AND ACCOUNT TERMS  
 MONEY MARKET ACCOUNT  
 Fee schedule

- Check returned for insufficient

- funds (per check) . . . . . \$16.00
- Stop-payment request (per request) . . . . . \$12.50
- Certified check (per check) . . . \$10.00
- Check printing . (Fee depends on style of checks ordered)

ments by check to third parties.

**6-6946**

**B-7—Sample Form (Certificate of Deposit)**

**XYZ SAVINGS BANK  
1-YEAR CERTIFICATE OF DEPOSIT**

Rate information

Rate information

- If your daily balance is \$15,000 or more, the interest rate paid on the entire balance in your account will be 5.75 % with an annual percentage yield of 5.92 %.
- If your daily balance is more than \$2,500, but less than \$15,000, the interest rate paid on the entire balance in your account will be 5.50 % with an annual percentage yield of 5.65 %.
- If your daily balance is \$2,500 or less, the interest rate paid on the entire balance will be 5.25 % with an annual percentage yield of 5.39 %.
- Your interest rate and annual percentage yield may change. At our discretion, we may change the interest rate for your account at any time. The interest rate for your account will never be less than 2.00%.
- Interest begins to accrue on the business day you deposit noncash items (for example, checks).
- Interest is compounded daily and credited on the last day of each month.

- The interest rate for your account is 5.20% with an annual percentage yield of 5.34%. You will be paid this rate until the maturity date of the certificate. Your certificate will mature on September 30, 1993. The annual percentage yield assumes interest remains on deposit until maturity. A withdrawal will reduce earnings.
- Interest for your account will be compounded daily and credited to your account on the last day of each month.
- Interest begins to accrue on the business day you deposit any noncash item (for example, checks).

Minimum-balance requirements

Minimum-balance requirements

- You must deposit \$1,000 to open this account.
- A minimum balance fee of \$5.00 will be imposed every month if the balance in your account falls below \$1,000 any day of the month.

- You must deposit \$1,000 to open this account.
- You must maintain a minimum balance of \$1,000 in your account every day to obtain the annual percentage yield listed above.

Balance-computation method

Balance-computation method

- We use the daily-balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

- We use the daily-balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Transaction limitations

Transaction limitations

- You may make six (6) transfers from your account, but only three (3) may be pay-

- After the account is opened, you may not make deposits into or withdrawals from the account until the maturity date.

Early withdrawal penalty

- If you withdraw any principal before the maturity date, a penalty equal to three months' interest will be charged to your account.

Renewal policy

- This account will be automatically renewed at maturity. You have a grace period of ten (10) calendar days after the maturity date to withdraw the funds without being charged a penalty.

**6-6948.1**

**B-10—Sample Form (Aggregate Overdraft and Returned Item Fees)**

	Total for This Period	Total Year-to-Date
Total Overdraft Fees	\$60.00	\$150.00
Total Returned Item Fees	\$0.0	\$30.00

**6-6947**

**B-8—Sample Form (Certificate of Deposit Advertisement)**

BANK XYZ  
Always Offers You Competitive CD Rates!!

CERTIFICATES OF DEPOSIT	ANNUAL PERCENTAGE YIELD (APY)
5-Year	6.31%
4-Year	6.07%
3-Year	5.72%
2-Year	5.52%
1-Year	4.54%
6-Month	4.34%
90-Day	4.21%

APYs are offered on accounts opened from 5/9/93 through 5/18/93.

The minimum balance to open an account and obtain the APY is \$1,000.

A penalty may be imposed for early withdrawal.

For more information call: 202-123-1234

**6-6949**

**APPENDIX C to Part 1030—Effect on State Laws**

(a) *Inconsistent requirements.* State law requirements that are inconsistent with the requirements of the act and this part are preempted to the extent of the inconsistency. A state law is inconsistent if it requires a depository institution to make disclosures or take actions that contradict the requirements of the federal law. A state law is also contradictory if it requires the use of the same term to represent a different amount or a different meaning than the federal law, requires the use of a term different from that required in the federal law to describe the same item, or permits a method of calculating interest on an account different from that required in the federal law.

**6-6948**

**B-9—Sample Form (Money Market Account Advertisement)**

BANK XYZ  
Always Offers You Competitive Rates!!

MONEY MARKET ACCOUNTS	ANNUAL PERCENTAGE YIELD (APY)
Accounts with a balance of \$5,000 or less	5.07%*
Accounts with a balance over \$5,000	5.57%*

AAPYs are accurate as of April 30, 1993.

The rates may change after the account is opened.

Fees could reduce the earnings on the account.

For more information call: 202-123-1234

**6-6950**

(b) *Preemption determinations.* A depository institution, state, or other interested party may request the Bureau to determine whether a state law requirement is inconsistent with the federal requirements. A request for a determination shall be in writing and addressed to the Bureau of Consumer Financial Protection, 1700 G Street NW, Washington, DC 20552. Notice that the Bureau intends to make a determination (either on request or on its own motion) will be published in the *Federal Register*, with an opportunity for public comment unless the Bureau finds that notice and opportunity for comment would be impracticable, unnecessary, or contrary to the public interest and publishes its reasons for such decision. Notice of a final determination will be published in the *Federal Register* and furnished to



the party who made the request and to the appropriate state official.

*Register* and a copy furnished to the appropriate state official.

**6-6951**

(c) *Effect of preemption determinations.* After the Bureau determines that a state law is inconsistent, a depository institution may not make disclosures using the inconsistent term or take actions relying on the inconsistent law.

(d) *Reversal of determination.* The Bureau reserves the right to reverse a determination for any reason bearing on the coverage or effect of state or federal law. Notice of reversal of a determination will be published in the *Federal*

**6-6952****APPENDIX D to Part 1030—Issuance of Official Interpretations**

Except in unusual circumstances, interpretations will not be issued separately but will be incorporated in an official commentary to this part, which will be amended periodically. No interpretations will be issued approving depository institutions' forms, statements, or calculation tools or methods.

# Truth in Savings Act

12 USC 4301 et seq.; 105 Stat. 2334; Pub. L. 102-242, title II, subtitle F (December 19, 1991)

Section	
261	Short title
262	Findings and purpose
263	Disclosure of interest rates and terms of accounts
264	Account schedule
265	Disclosure requirements for certain accounts
266	Distribution of schedules
267	Payment of interest
268	Periodic statements
269	Regulations
270	Administrative enforcement
271	[Repealed]
272	Credit unions
273	Effect on state law
274	Definitions

peting claims of depository institutions with regard to deposit accounts.

[12 USC 4301.]

## 6-6961

### SECTION 263—Disclosure of Interest Rates and Terms of Accounts

(a) *In general.* Except as provided in subsections (b) and (c), each advertisement, announcement, or solicitation initiated by any depository institution or deposit broker relating to any demand or interest-bearing account offered by an insured depository institution which includes any reference to a specific rate of interest payable on amounts deposited in such account, or to a specific yield or rate of earnings on amounts so deposited, shall state the following information, to the extent applicable, in a clear and conspicuous manner:

- (1) The annual percentage yield.
- (2) The period during which such annual percentage yield is in effect.
- (3) All minimum account balance and time requirements which must be met in order to earn the advertised yield (and, in the case of accounts for which more than 1 yield is stated, each annual percentage yield and the account minimum balance requirement associated with each such yield shall be in close proximity and have equal prominence).
- (4) The minimum amount of the initial deposit which is required to open the account in order to obtain the yield advertised, if such minimum amount is greater than the minimum balance necessary to earn the advertised yield.
- (5) A statement that regular fees or other conditions could reduce the yield.
- (6) A statement that an interest penalty is required for early withdrawal.

## 6-6962

(b) *Broadcast and electronic media and outdoor advertising exception.* The Bureau may, by regulation, exempt advertisements, announcements, or solicitations made by any

## 6-6960

### SECTION 261—Short Title

This subtitle may be cited as the “Truth in Savings Act”.

[12 USC 4301 note.]

### SECTION 262—Findings and Purpose

(a) *Findings.* The Congress hereby finds that economic stability would be enhanced, competition between depository institutions would be improved, and the ability of the consumer to make informed decisions regarding deposit accounts, and to verify accounts, would be strengthened if there was uniformity in the disclosure of terms and conditions on which interest is paid and fees are assessed in connection with such accounts.

(b) *Purpose.* It is the purpose of this subtitle to require the clear and uniform disclosure of—

- (1) the rates of interest which are payable on deposit accounts by depository institutions; and
- (2) the fees that are assessable against deposit accounts, so that consumers can make a meaningful comparison between the com-

broadcast or electronic medium or outdoor advertising display not on the premises of the depository institution from any disclosure requirements described in paragraph (4) or (5) of subsection (a) if the Bureau finds that any such disclosure would be unnecessarily burdensome.

(c) *Disclosure required for on-premises displays.* The disclosure requirements contained in this section shall not apply to any sign (including a rate board) disclosing a rate or rates of interest which is displayed on the premises of the depository institution if such sign contains—

- (1) the accompanying annual percentage yield; and
- (2) a statement that the consumer should request further information from an employee of the depository institution concerning the fees and terms applicable to the advertised account.

#### 6-6963

(d) *Misleading descriptions of free or no-cost accounts prohibited.* No advertisement, announcement, or solicitation made by any depository institution or deposit broker may refer to or describe an account as a free or no-cost account (or words of similar meaning) if—

- (1) in order to avoid fees or service charges for any period—
  - (A) a minimum balance must be maintained in the account during such period; or
  - (B) the number of transactions during such period may not exceed a maximum number; or
- (2) any regular service or transaction fee is imposed.

#### 6-6964

(e) *Misleading or inaccurate advertisements, etc., prohibited.* No depository institution or deposit broker shall make any advertisement, announcement, or solicitation relating to a deposit account that is inaccurate or misleading or that misrepresents its deposit contracts.

[12 USC 4302. As amended by acts of Oct. 28, 1992 (106 Stat. 3896); Sept. 30, 1996 (110 Stat. 3009-471); and July 21, 2010 (124 Stat. 2110).]

#### 6-6965

### SECTION 264—Account Schedule

(a) *In general.* Each depository institution shall maintain a schedule of fees, charges, interest rates, and terms and conditions applicable to each class of accounts offered by the depository institution, in accordance with the requirements of this section and regulations which the Bureau shall prescribe. The Bureau shall specify, in regulations, which fees, charges, penalties, terms, conditions, and account restrictions must be included in a schedule required under this subsection. A depository institution need not include in such schedule any information not specified in such regulation.

#### 6-6966

(b) *Information on fees and charges.* The schedule required under subsection (a) with respect to any account shall contain the following information:

- (1) A description of all fees, periodic service charges, and penalties which may be charged or assessed against the account (or against the account holder in connection with such account), the amount of any such fees, charge, or penalty (or the method by which such amount will be calculated), and the conditions under which any such amount will be assessed.
- (2) All minimum balance requirements that affect fees, charges, and penalties, including a clear description of how each such minimum balance is calculated.
- (3) Any minimum amount required with respect to the initial deposit in order to open the account.

#### 6-6967

(c) *Information on interest rates.* The schedule required under subsection (a) with respect to any account shall include the following information:

- (1) Any annual percentage yield.
- (2) The period during which any such annual percentage yield will be in effect.
- (3) Any annual rate of simple interest.
- (4) The frequency with which interest will be compounded and credited.

(5) A clear description of the method used to determine the balance on which interest is paid.

(6) The information described in paragraphs (1) through (4) with respect to any period after the end of the period referred to in paragraph (2) (or the method for computing any information described in any such paragraph), if applicable.

(7) Any minimum balance which must be maintained to earn the rates and obtain the yields disclosed pursuant to this subsection and a clear description of how any such minimum balance is calculated.

(8) A clear description of any minimum time requirement which must be met in order to obtain the yields disclosed pursuant to this subsection and any information described in paragraph (1), (2), (3), or (4) that will apply if any time requirement is not met.

(9) A statement, if applicable, that any interest which has accrued but has not been credited to an account at the time of a withdrawal from the account will not be paid by the depository institution or credited to the account by reason of such withdrawal.

(10) Any provision or requirement relating to the nonpayment of interest, including any charge or penalty for early withdrawal, and the conditions under which any such charge or penalty may be assessed.

#### 6-6968

(d) *Other information.* The schedule required under subsection (a) shall include such other disclosures as the Bureau may determine to be necessary to allow consumers to understand and compare accounts, including frequency of interest rate adjustments, account restrictions, and renewal policies for time accounts.

(e) *Style and format.* Schedules required under subsection (a) shall be written in clear and plain language and be presented in a format designed to allow consumers to readily understand the terms of the accounts offered.

[12 USC 4303. As amended by act of July 21, 2010 (124 Stat. 2110).]

#### 6-6969

### SECTION 265—Disclosure Requirements for Certain Accounts

The Bureau shall require, in regulations which the Bureau shall prescribe, such modification in the disclosure requirements under this subtitle relating to annual percentage yield as may be necessary to carry out the purposes of this subtitle in the case of—

(1) accounts with respect to which determination of annual percentage yield is based on an annual rate of interest that is guaranteed for a period of less than 1 year;

(2) variable rate accounts;

(3) accounts which, pursuant to law, do not guarantee payment of a stated rate;

(4) multiple rate accounts; and

(5) accounts with respect to which determination of annual percentage yield is based on an annual rate of interest that is guaranteed for a stated term.

12 USC 4304. As amended by act of July 21, 2010 (124 Stat. 2110).]

#### 6-6970

### SECTION 266—Distribution of Schedules

(a) *In general.* A schedule required under section 264 for an appropriate account shall be—

(1) made available to any person upon request;

(2) provided to any potential customer before an account is opened or a service is rendered; and

(3) provided to the depositor, in the case of any time deposit which has a maturity of more than 30 days\* is renewable at maturity without notice from the depositor, at least 30 days before the date of maturity.

#### 6-6971

(b) *Distribution in case of certain initial deposits.* If—

(1) a depositor is not physically present at an office of a depository institution at the time an initial deposit is accepted with re-

\* Probably should read “has a maturity of more than 30 days and”.

spect to an account established by or for such person; and

(2) the schedule required under section 264(a) has not been furnished previously to such depositor,

the depository institution shall mail the schedule to the depositor at the address shown on the records of the depository institution for such account no later than 10 days after the date of the initial deposit.

#### 6-6972

(c) *Distribution of notice of certain changes.* If—

(1) any change is made in any term or condition which is required to be disclosed in the schedule required under section 264(a) with respect to any account; and

(2) the change may reduce the yield or adversely affect any holder of the account, all account holders who may be affected by such change shall be notified and provided with a description of the change by mail at least 30 days before the change takes effect.

#### 6-6973

(d) *Distribution in case of accounts established by more than 1 individual or by a group.* If an account is established by more than 1 individual or for a person other than an individual, any distribution described in this section with respect to such account meets the requirements of this section if the distribution is made to 1 of the individuals who established the account or 1 individual representative of the person on whose behalf such account was established.

#### 6-6974

(e) *Notice to account holders as of the effective date of regulations.* For any account for which the depository institution delivers an account statement on a quarterly or more frequent basis, the depository institution shall include on or with the first regularly scheduled mailing sent after the end of the 6-month period beginning of the date of publication of regulations issued by the Bureau in final form, a statement that the account holder has the right to request an account schedule containing the terms, charges, and interest rates of

the account, and that the account holder may wish to request such an account schedule.

[12 USC 4305. As amended by acts of Oct. 28, 1992 (106 Stat. 4084); Sept. 30, 1996 (110 Stat. 3009-471); and July 21, 2010 (124 Stat. 2110).]

#### 6-6975

##### SECTION 267—Payment of Interest

(a) *Calculated on full amount of principal.* Interest on an interest-bearing account at any depository institution shall be calculated by such institution on the full amount of principal in the account for each day of the stated calculation period at the rate or rates of interest disclosed pursuant to this subtitle.

(b) *No particular method of compounding interest required.* Subsection (a) shall not be construed as prohibiting or requiring the use of any particular method of compounding or crediting of interest.

(c) *Date by which interest must accrue.* Interest on accounts that are subject to this subtitle shall begin to accrue not later than the business day specified for interest-bearing accounts in section 606 of the Expedited Funds Availability Act, subject to subsections (b) and (c) of such section.

[12 USC 4306. As amended by act of Oct. 28, 1992 (106 Stat. 4084).]

#### 6-6976

##### SECTION 268—Periodic Statements

Each depository institution shall include on or with each periodic statement provided to each account holder at such institution a clear and conspicuous disclosure of the following information with respect to such account:

- (1) The annual percentage yield earned.
- (2) The amount of interest earned.
- (3) The amount of any fees or charges imposed.
- (4) The number of days in the reporting period.

[12 USC 4307.]

**6-6977****SECTION 269—Regulations****(a) In general.**

(1) Before the end of the 9-month period beginning on the date of the enactment of this subtitle, the Bureau, after consultation with each agency referred to in section 270(a) and public notice and opportunity for comment, shall prescribe regulations to carry out the purpose and provisions of this subtitle.

(2) The regulations prescribed under paragraph (1) shall take effect not later than 9 months after publication in final form.

(3) The regulations prescribed under paragraph (1) may contain such classifications, differentiations, or other provisions, and may provide for such adjustments and exceptions for any class of accounts as, in the judgment of the Bureau, are necessary or proper to carry out the purposes of this subtitle, to prevent circumvention or evasion of the requirements of this subtitle, or to facilitate compliance with the requirements of this subtitle.

(4) The provisions of this subtitle shall not apply with respect to any depository institution before the effective date of regulations prescribed by the Bureau under this subsection (or by the National Credit Union Administration Board under section 12(b), in the case of any depository institution described in clause (iv) of section 19(b)(1)(A) of the Federal Reserve Act).

**6-6978****(b) Model forms and clauses.**

(1) The Bureau shall publish model forms and clauses for common disclosures to facilitate compliance with this subtitle. In devising such forms, the Bureau shall consider the use by depository institutions of data processing or similar automated machines.

(2) Nothing in this subtitle may be construed to require a depository institution to use any such model form or clause prescribed by the Bureau under this subsection. A depository institution shall be deemed to

be in compliance with the disclosure provisions of this subtitle if the depository institution—

(A) uses any appropriate model form or clause as published by the Bureau; or

(B) uses any such model form or clause and changes it by—

(i) deleting any information which is not required by this Act; or

(ii) rearranging the format,

if in making such deletion or rearranging the format, the depository institution does not affect the substance, clarity, or meaningful sequence of the disclosure.

(3) Model disclosure forms and clauses shall be adopted by the Bureau after duly given notice in the *Federal Register* and an opportunity for public comment in accordance with section 553 of title 5, United States Code.

[12 USC 4308. As amended by acts of Oct. 28, 1992 (106 Stat. 4084) and July 21, 2010 (124 Stat. 2110).]

**6-6979****SECTION 270—Administrative Enforcement**

**(a) In general.** Subject to subtitle B of the Consumer Financial Protection Act of 2010, compliance with the requirements imposed under this subtitle shall be enforced under—

(1) section 8 of the Federal Deposit Insurance Act by the appropriate Federal banking agency (as defined in section 3(q) of that Act), with respect to—

(A) insured depository institutions (as defined in section 3(c)(2) of that Act);

(B) depository institutions described in clause (i), (ii), or (iii) of section 19(b)(1)(A) of the Federal Reserve Act which are not insured depository institutions (as defined in section 3(c)(2) of the Federal Deposit Insurance Act); and

(C) depository institutions described in clause (v) or (vi) of section 19(b)(1)(A) of the Federal Reserve Act which are not insured depository institutions (as defined in section 3(c)(2) of the Federal Deposit Insurance Act);

(2) the Federal Credit Union Act, by the National Credit Union Administration Board

in the case of depository institutions described in clause (iv) of section 19(b)(1)(A) of the Federal Reserve Act; and (3) subtitle E of the Consumer Financial Protection Act of 2010, by the Bureau, with respect to any person subject to this subtitle.

**6-6980****(b) Additional enforcement powers.**

(1) For purposes of the exercise by any agency referred to in subsection (a) of such agency's powers under any Act referred to in such subsection, a violation of a requirement imposed under this Act shall be deemed to be a violation of a requirement imposed under that Act.

(2) In addition to the powers of any agency referred to in subsection (a) under any provision of law specifically referred to in such subsection, each such agency may exercise, for purposes of enforcing compliance with any requirement imposed under this subtitle, any other authority conferred on such agency by law.

**6-6981**

**(c) Regulations by agencies other than the board.** The authority of the Bureau to issue regulations under this subtitle does not impair the authority of any other agency referred to in subsection (a) to make rules regarding its own procedures in enforcing compliance with the requirements imposed under this subtitle.

[12 USC 4309. As amended by acts of Oct. 28, 1992 (106 Stat. 4084) and July 21, 2010 (124 Stat. 2110).]

**6-6982****SECTION 271**

[Section 271 (12 USC 4310) was repealed by act of Sept. 30, 1996 (110 Stat. 3009-470).]

**6-6990****SECTION 272—Credit Unions**

**(a) In general.** No regulation prescribed by the Bureau under this subtitle shall apply directly with respect to any depository institution described in clause (iv) of section 19(b)(1)(A) of the Federal Reserve Act.

**(b) Regulations prescribed by the NCUA.** Within 90 days of the effective date of any regulation prescribed by the Bureau under this subtitle, the National Credit Union Administration Board shall prescribe a regulation substantially similar to the regulation prescribed by the Bureau taking into account the unique nature of credit unions and the limitations under which they may pay dividends on member accounts.

[12 USC 4311. As amended by acts of Oct. 28, 1992 (106 Stat. 4084) and July 21, 2010 (124 Stat. 2110).]

**6-6991****SECTION 273—Effect on State Law**

The provisions of this subtitle do not supersede any provisions of the law of any State relating to the disclosure of yields payable or terms for accounts to the extent such State law requires the disclosure of such yields or terms for accounts, except to the extent that those laws are inconsistent with the provisions of this Act, and then only to the extent of the inconsistency. The Bureau may determine whether such inconsistencies exist.

[12 USC 4312. As amended by acts of Oct. 28, 1992 (106 Stat. 4084) and July 21, 2010 (124 Stat. 2110).]

**6-6992****SECTION 274—Definitions**

For the purposes of this subtitle—

(1) The term “*account*” means any account intended for use by and generally used by consumers primarily for personal, family, or household purposes that is offered by a depository institution into which a customer deposits funds, including demand accounts, time accounts, negotiable order of withdrawal accounts, and share draft accounts.

(2) The term “*annual percentage yield*” means the total amount of interest that would be received on a \$100 deposit, based on the annual rate of simple interest and the frequency of compounding for a 365-day period, expressed as a percentage calculated by a method which shall be prescribed by the Bureau in regulations.

**6-6993**

(3) The term “*annual rate of simple interest*”—

(A) means the annualized rate of interest paid with respect to each compounding period, expressed as a percentage; and

(B) may be referred to as the “annual percentage rate”.

(4) The term “Bureau” means the Bureau of Consumer Financial Protection.

(5) The term “*deposit broker*”—

(A) has the meaning given to such term in section 29(f)(1) of the Federal Deposit Insurance Act; and

(B) includes any person who solicits any amount from any other person for deposit in an insured depository institution.

**6-6994**

(6) The term “*depository institution*” has the meaning given such term in clauses (i) through (vi) of section 19(b)(1)(A) of the

Federal Reserve Act, but does not include any nonautomated credit union that was not required to comply with the requirements of this title as of the date of enactment of the Economic Growth and Regulatory Paperwork Reduction Act of 1996, pursuant to the determination of the National Credit Union Administration Board.

(7) The term “*interest*” includes dividends paid with respect to share draft accounts which are accounts within the meaning of paragraph (3).

(8) The term “*multiple rate account*” means any account that has 2 or more annual rates of simple interest which take effect at the same time or in succeeding periods and which are known at the time of disclosure.

[12 USC 4313. As amended by acts of Oct. 28, 1992 (106 Stat. 4084); Sept. 23, 1994 (108 Stat. 2232); Sept. 30, 1996 (110 Stat. 3009-471); and July 21, 2010 (124 Stat. 2110).]