Regulation DD

Truth in Savings

Background

Regulation DD (12 CFR 230), which implements the Truth in Savings Act (TISA), became effective in June 1993. An official staff commentary interprets the requirements of Regulation DD (12 CFR 230 (Supplement I)). Since then, several amendments have been made to Regulation DD and the Staff Commentary, including changes, effective July 1, 2006, to address concerns about the uniformity and adequacy of information provided to consumers when they overdraw their deposit accounts. In addition, beginning October 1, 2008, depository institutions must comply with changes to the rules concerning electronic delivery of disclosures.

The purpose of Regulation DD is to enable consumers to make informed decisions about their accounts at depository institutions through the use of uniform disclosures. The disclosures aid comparison shopping by informing consumers about the fees, annual percentage yield, interest rate, and other terms for deposit accounts. A consumer is entitled to receive disclosures

- When an account is opened;
- Upon request;
- When the terms of the account are changed;
- When a periodic statement is sent; and
- For most time accounts, before the account matures.

The regulation also includes requirements on the payment of interest, the methods of calculating the balance on which interest is paid, the calculation of the annual percentage yield, and advertising.

Coverage (§ 230.1)

Regulation DD applies to all depository institutions, except credit unions, that offer deposit accounts to residents of any state. Branches of foreign institutions located in the United States are subject to Regulation DD if they offer deposit accounts to consumers. Edge Act and agreement corporations, and agencies of foreign institutions, are not depository institutions for purposes of Regulation DD.

In addition, persons who advertise accounts are subject to the advertising rules. For example, if a deposit broker places an advertisement offering consumers an interest in an account at a depository institution, the advertising rules apply to the advertisement, whether the account is to be held by the broker or directly by the consumer.

Definitions (§ 230.2)

Section 230.2 defines key terms used in Regulation DD. Among those definitions are the following:

Account (§ 230.2(a))

An *account* is a deposit account at a depository institution that is held by, or offered to, a consumer. It includes time, demand, savings, and negotiable order of withdrawal accounts. Regulation DD covers interest-bearing as well as noninterest-bearing accounts.

Advertisement (§ 230.2(b))

An *advertisement* is a commercial message, appearing in any medium, that promotes directly or indirectly (a) the availability or terms of, or a deposit in, a new account, and (b) for purposes of sections 230.8(a) (misleading or inaccurate advertisements) and 230.11 (additional disclosure requirements for institutions advertising the payment of overdrafts), the terms of, or a deposit in, a new or existing account. An advertisement includes a commercial message in visual, oral, or print media that invites, offers, or otherwise announces generally to prospective customers the availability or terms of, or a deposit in, a consumer account. Examples of advertisements include telephone solicitations and messages on automated teller machine screens.

Annual Percentage Yield (§ 230.2(c))

An *annual percentage yield* is 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 or 366-day period during leap years and calculated according to the rules in Appendix A of Regulation DD. Interest or other earnings are not to be included in the annual percentage yield if the circumstances for determining the interest and other earnings may or may not occur in the future (see Appendix A, footnote 1).

NOTE: This chapter is adapted, with a few minor format, stylistic, and wording changes where appropriate, from the updated Examination Procedures for Regulation DD distributed in July 2008 as an attachment to CA letter 08-3.

Average Daily Balance Method (§230.2(d))

The average daily balance method is 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.

Board (§230.2(e))

The Board means the Board of Governors of the Federal Reserve System.

Bonus (§230.2(f))

A *bonus* is 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.

Business Day (§230.2(g))

A *business day* is a calendar day other than a Saturday, a Sunday, or any of the legal public holidays specified in 5 USC 6103(a).

Consumer (§230.2(h))

A *consumer* is 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 accounts held by a natural person on behalf of another in a professional capacity or accounts held by individuals as sole proprietors.

Daily Balance Method (§230.2(i))

The *daily balance method* is the application of a daily periodic rate to the full amount of principal in the account each day.

Depository Institution (§230.2(j))

A *depository institution* and an *institution* are institutions defined in section 19(b)(1)(A)(i)-(vi) of the Federal Reserve Act (12 USC 461), except credit unions defined in section 19(b)(1)(A)(iv). Branches of foreign institutions located in the United States are subject to the regulation if they offer deposit accounts to consumers. Edge Act and agreement corporations, and agencies of foreign institutions, are not depository institutions for purposes of this regulation.

Deposit Broker (§230.2(k))

A *deposit broker* is a person who is in the business of placing or facilitating the placement of deposits in an institution, as defined by section 29(g) of the Federal Deposit Insurance Act (12 USC 1831f(g))

Fixed-Rate Account (§230.2(l))

A *fixed-rate account* is an account for which the institution contracts to give at least 30 calendar days' advance written notice of decreases in the interest rate.

Grace Period (§230.2(m))

A *grace period* is a period following the maturity of an automatically renewing time account during which the consumer may withdraw funds without being assessed a penalty.

Interest (§230.2(n))

Interest is any payment to a consumer or to an account for the use of funds in an account, calculated by applying a periodic rate to the balance. Interest does not include the payment of a bonus or other consideration worth $10 or less during a year, the waiver or reduction of a fee, or the absorption of expenses.

Interest Rate (§230.2(o))

An *interest rate* is the annual rate of interest paid on an account and does not reflect compounding. For purposes of the account disclosures in section 230.4(b)(1)(i), 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.''

Passbook Savings Account (§230.2(p))

A *passbook savings account* is a savings account in which the consumer retains a book or other document in which the institution records transactions on the account. Passbook savings accounts include accounts accessed by preauthorized electronic fund transfers to the account. As defined in Regulation E, a preauthorized electronic fund transfer is an electronic fund transfer authorized in advance to recur at substantially regular intervals. Examples include an account that receives direct deposit of Social Security payments. Accounts permitting access by other electronic means are not passbook savings accounts and must comply with the requirements of section 230.6 if statements are sent four or more times a year.

Periodic Statement (§230.2(q))

A *periodic statement* is 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.

State (§230.2(r))

A *state* is a state, the District of Columbia, the commonwealth of Puerto Rico, and any territory or possession of the United States.

Stepped-Rate Account (§230.2(s))

A *stepped-rate account* is an account that has two or more interest rates that take effect in succeeding periods and are known when the account is opened.

Tiered-Rate Account (§230.2(t))

A *tiered-rate account* is an account that has two or more interest rates that are applicable to specified balance levels. A requirement to maintain a minimum balance to earn interest does not make an account a tiered-rate account.

Time Account (§230.2(u))

A *time account* is 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 the amount withdrawn.

Variable-Rate Account (§230.2(v))

A *variable-rate account* is 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.

General Disclosure Requirements (§230.3)

General Requirements (§230.3(a) and (b))

Section 230.3 outlines the general requirements for account disclosures and periodic statement disclosures. Such disclosures are required to be

- Clear and conspicuous;
- In writing;
- In a form the consumer may keep;
- Clearly identifiable for different accounts, if disclosures for different accounts are combined;
- Reflective of the terms of the legal obligation of the account agreement between the consumer and the depository institution;
- Available in English upon request if the disclosures are made in languages other than English; and
- Consistent in terminology when describing terms or features that are required to be disclosed.

Electronic Disclosures

Regulation DD disclosures may be provided to the consumer in electronic form, subject to compliance with the consumer consent and other applicable provisions of the Electronic Signatures in Global and National Commerce Act (E-Sign Act) (15 USC 7001 et seq.).

The E-Sign Act does not mandate that institutions or consumers use or accept electronic records or signatures. It does, however, permit institutions to satisfy any statutory or regulatory requirements that information, such as Regulation DD disclosures, be provided in writing to a consumer by providing the information electronically after obtaining the consumer's affirmative consent. But before consent can be given, consumers must be provided with a clear and conspicuous statement, informing the consumer of

- Any right or option to have the information provided in paper or nonelectronic form;
- The right to withdraw the consent to receive information electronically and the consequences, including fees, of doing so;
- The scope of the consent (for example, whether the consent applies only to a particular transaction or to identified categories of records that may be provided during the course of the parties' relationship);
- The procedures to withdraw consent and to update information needed to contact the consumer electronically; and
- The methods by which a consumer may obtain, upon request, a paper copy of an electronic record after consent has been given to receive the information electronically and whether any fee will be charged.

Prior to consenting, the consumer must be provided with a statement of the hardware and software requirements for access to, and retention of, the electronic information. The consumer must consent electronically or confirm consent electronically in a manner that ''reasonably demonstrates that the consumer can access information in the electronic form that will be used to provide the information that is the subject of the consent.''

After the consent, if an institution changes the hardware or software requirements such that a consumer may be prevented from accessing and retaining information electronically, the institution must notify the consumer of the new requirements and must allow the consumer to withdraw consent without charge.

The disclosures required by sections 230.4(a)(2) (Disclosures Upon Request) and 230.8 (Advertising) may be provided to the consumer in electronic form without regard to the consumer consent or other provisions of the E-Sign Act, as set forth in those sections of Regulation DD. For example, under section 230.4(a)(2) (Disclosures Upon Request), if a consumer who is not present at the institution makes a request for disclosures, the institution may provide the disclosures electronically if the consumer agrees without regard to the consumer consent or other provisions of the E-Sign Act.

Relation to Regulation E (§230.3(c))

Disclosures required by and provided in accordance with the Electronic Fund Transfer Act (15 USC 1693 et seq.) and its implementing Regulation E (12 CFR 205) that are also required by Regulation DD may be substituted for the disclosures required by this regulation. Compliance with Regulation E (12 CFR 205) is deemed to satisfy the disclosure requirements of Regulation DD, such as when

- An institution changes a term that triggers a notice under Regulation E, and uses the timing and disclosure rules of Regulation E for sending change-in-term notices;
- Consumers add an ATM access feature to an account, and the institution provides disclosures pursuant to Regulation E, including disclosure of fees (see 12 CFR 205.7);
- An institution, complying with the timing rules of Regulation E, discloses at the same time fees for electronic services (such as for balance inquiry fees at ATMs) required to be disclosed by this regulation but not by Regulation E; or
- An institution relies on Regulation E's rules regarding disclosure of limitations on the frequency and amount of electronic fund transfers, including security-related exceptions. But any limitations on intra-institutional transfers to or from the consumer's other accounts during a given time period must be disclosed, even though intra-institutional transfers are exempt from Regulation E.

Other Requirements (§230.3(d)—(f))

Other general disclosure requirements include the following:

Multiple Consumers (§230.3(d))

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

Oral Response to Inquiries (§230.3(e))

If an institution chooses to provide rate information orally, it must state the annual percentage yield and may state the interest rate. However, the institution may not state any other rate. The advertising rules do not cover an oral response to a rate inquiry.

Rounding and Accuracy Rules for Rates and Yields (§230.3(f))

The rounding and accuracy requirements are as follows:

- Rounding—The annual percentage yield, the annual percentage yield earned, and the interest rate must be rounded to the nearest one-hundredth of one percentage point (.01 percent) and expressed to two decimal places. (For account disclosures, the interest rate may be expressed to more than two decimal places.) For example, if an annual percentage yield is calculated at 5.644 percent, it must be rounded down and disclosed as 5.64 percent, or if annual percentage yield is calculated at 5.645 percent, it must be rounded up and disclosed as 5.65 percent.
- Accuracy—The annual percentage yield (and the annual percentage yield earned) will be considered accurate if it is not more than one-twentieth of one percentage point (.05 percent) above or below the annual percentage yield (and the annual percentage yield earned) that are calculated in accordance with Appendix A of Regulation DD.

Account Disclosures (§230.4)

Section 230.4 covers the delivery and content of account disclosures both at the time an account is open and when requested by a consumer.

Delivery of Account Disclosures (§230.4(a))

Disclosures at Account Opening (§230.4(a)(1))

A depository institution must 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.) An institution must mail or deliver the account opening disclosures no later than 10 business days after the account is opened or the service is provided, whichever is earlier, if the consumer

- Is not present when the account is opened or the service is provided, and
- Has not received the disclosures.

If a consumer who is not present at the institution uses electronic means (for example, an Internet website) to apply to open an account or to request a service, the disclosures must be provided before the account is opened or the service is provided.

Disclosures Upon Request (§230.4(a)(2))

A depository institution must provide full account disclosures, including complete fee schedules, to a consumer upon request. This requirement pertains to all consumer requests, whether or not the consumer is an existing customer or a prospective customer. A response to an oral inquiry (by telephone or in person) about rates and yields or fees does not trigger the duty to provide account disclosures. However, when consumers ask for written information about an account (whether by telephone, in person, or by other means), the institution must provide disclosures, unless the account is no longer offered to the public.

If the consumer makes the request in person, disclosures must be provided at that time. If a consumer is not present when the request is made, the institution must mail or deliver the disclosures within a reasonable time after it receives the request. Ten business days is considered a reasonable time for responding to requests for account information that a consumer does not make in person, including requests made by electronic means (such as by electronic mail).

If a consumer who is not present at the institution makes a request for account disclosures, including a request made by telephone, e-mail, or via the institution's website, the institution may send the disclosures in paper form, or if the consumer agrees, may provide the disclosures electronically, such as to an e-mail address that the consumer provides for that purpose, or on the institution's website, without regard to the consumer consent or other provisions of the E-Sign Act. The institution is not required to provide, nor is the consumer required to agree to receive, the disclosures required by section 230.4(a)(2) in electronic form.

When providing disclosures upon the request of a consumer, the institution has several choices of how to specify the interest rate and annual percentage yield. The institution may disclose the rate and yield offered

- Within the most recent seven calendar days,
- As of an identified date, or
- Currently by providing a telephone number for consumers to call.

Further, when providing disclosures upon the request of a consumer, the institution may state the maturity of a time account as a term rather than a date. Describing the maturity of a time account as ''1 year'' or ''6 months,'' for example, illustrates a statement of the maturity as a term rather than a date (''January 10, 1995'').

Content of Account Disclosures (§230.4(b))

Account disclosures must include, as applicable, information on the following (see Appendix A and B of Regulation DD for information on the annual percentage yield calculation and for model clauses for account disclosures and sample forms):

Rate Information (§230.4(b)(1))

An institution must disclose both the ''annual percentage yield'' and the ''interest rate,'' using those terms.

For fixed-rate accounts, an institution must disclose the period of time that the interest rate will be in effect.

For variable-rate accounts, an institution must disclose the following:

- The fact that the interest rate and annual percentage yield may change,
- How the interest rate is determined,
- The frequency with which the interest rate may change, and
- Any limitation on the amount the interest rate may change.

Compounding and Crediting (§230.4(b)(2))

An institution must disclose the frequency with which interest is compounded and credited. In cases where consumers will forfeit interest if they close an account before accrued interest is credited, an institution must state that interest will not be paid.

Balance Information (§230.4(b)(3))

An institution must disclose the following information about account balances:

- Minimum balance requirements—An institution must disclose any minimum balance requirement to
  - a. Open the account,
  - b. Avoid the imposition of a fee, or
  - c. Obtain the annual percentage yield disclosed.

  In addition, the institution must disclose how the balance is determined to avoid the imposition of a fee or to obtain the annual percentage yield.
- Balance-computation method—An explanation of the balance-computation method, specified in section 230.7 of Regulation DD, that is used to calculate interest on the account. An institution may use different methods or periods to calculate minimum balances for purposes of imposing a fee and accruing interest. Each method and corresponding period must be disclosed.
- When interest begins to accrue—An institution must state when interest begins to accrue on noncash deposits.

Fees (§230.4(b)(4))

An institution must disclose 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. Examples of fees that must be disclosed are

- Maintenance fees, such as monthly service fees;
- Fees to open or to close an account;
- Fees related to deposits or withdrawals, such as fees for use of the institution's ATMs; and
- Fees for special services, such as stop-payment fees.

Institutions must state if fees that may be assessed against an account are tied to other accounts at the institution. For example, if an institution ties the fees payable on a NOW account to balances held in the NOW account and a savings account, the NOW account disclosures must state that fact and explain how the fee is determined.

An institution must specify the categories of transactions for which an overdraft fee may be imposed. For example, it is sufficient to state that the fee applies to overdrafts "created by check, in-person withdrawal, ATM withdrawal, or other electronic means." However, it is insufficient to state that a fee applies "for overdraft items."

Transaction Limitations (§230.4(b)(5))

An institution must disclose any limitations on the number or dollar amount of withdrawals or deposits. Examples of such limitations include

- Limits on the number of checks that may be written on an account within a given time period,
- Limits on withdrawals or deposits during the term of a time account, and
- Limits under Regulation D (Reserve Requirements on Depository Institutions) on the number of withdrawals permitted from money market deposit accounts by check to third parties each month.

Features of Time Accounts (§230.4(b)(6))

For time accounts, an institution must disclose information about the following features:

- Time requirements—An institution must state the maturity date and, for "callable" time accounts, the date or circumstances under which an institution may redeem a time account at the institution's option.
- Early withdrawal penalties—An institution must state
  - a. If a penalty will or may be imposed for early withdrawal,
  - b. How it is calculated, and
  - c. The conditions for its assessment.

  An institution may, but does not need to, use the term "penalty" to describe the loss of interest that consumers may incur for early withdrawal of funds from an account.

  Examples of early withdrawal penalties include
  - a. Monetary penalties, such as "$10.00" or "seven days' interest plus accrued but uncredited interest";
  - b. Adverse changes to terms such as a lowering of the interest rate, annual percentage yield, or compounding frequency for funds remaining on deposit; and
  - c. Reclamation of bonuses.
- Withdrawal of interest prior to maturity—An institution must disclose the following, as applicable:
  - a. A statement that the annual percentage yield assumes interest remains on deposit until maturity and that a withdrawal will reduce

earnings for accounts where

i. Compounding occurs during the term, and

ii. Interest may be withdrawn prior to maturity, or

b. A statement that interest cannot remain on deposit and that payout of interest is mandatory for accounts where

i. The stated maturity is greater than one year,

ii. Interest is not compounded on an annual or more frequent basis,

iii. Interest is required to be paid out at least annually, and

iv. The annual yield is determined in accordance with section E of Appendix A of Regulation DD.

- Renewal policies—An institution must state whether an account will, or will not, renew automatically at maturity. If it will, the statement must indicate whether a grace period will be provided and, if so, must indicate the length of that period. For accounts that do not renew automatically, the statement must indicate whether interest will be paid after maturity if the consumer does not renew the account.

Bonuses (§230.4(b)(7))

For bonuses, an institution must disclose

- The amount or type of any bonus,
- When the bonus will be provided, and
- Any minimum balance and time requirements to obtain the bonus.

Subsequent Disclosures (§230.5)

Section 230.5 covers the required disclosures when the terms of an account change, resulting in a negative effect on the consumer. In addition, this section covers the required disclosures for both time accounts that automatically renew and have a maturity longer than one month and time accounts that do not renew automatically and have a maturity of longer than one year.

Change in Terms (§230.5(a))

Advance Notice Required (§230.5(a)(1))

An institution must give advance notice to affected consumers of any change in a term that is required to be disclosed if the change may reduce the annual percentage yield or adversely affect the consumer. The notice must include the effective date of the change and must be mailed or delivered at least 30 calendar days before the effective date of the change.

No Notice Required (§230.5(a)(2))

An institution is not required to provide a notice for the following changes:

- For variable-rate accounts, any change in the interest rate and corresponding changes in the annual percentage yield;
- Any changes in fees assessed for check printing;
- For short-term time accounts, any changes in any term for accounts with maturities of one month or less;
- The imposition of account maintenance or activity fees that previously had been waived for a consumer when the consumer was employed by the depository institution, but who is no longer employed there; and
- The expiration of a one-year period that was part of a promotion, described in the account opening disclosures, for example, to ''waive $4.00 monthly service charges for one year.''

Notice for Time Accounts Longer Than One Month that Renew Automatically (§230.5(b))

For automatically renewing time accounts with maturity longer than one month, an institution must provide different disclosures depending on whether the maturity is longer than one year or whether the maturity is one year or less. All disclosures must be provided *before* maturity. The requirements are summarized below and in a chart in Attachment A of these procedures.

Maturities Longer Than One Year (§230.5(b)(1))

If the maturity is longer than one year, the institution must provide the date the existing account matures and the required account disclosures for a new account, as described in section 230.4(b). If the interest rate and annual percentage yield that will be paid for the new account are unknown when disclosures are provided, the institution must state

- That those rates have not yet been determined,
- The date when they will be determined, and
- A telephone number for consumers to call to obtain the interest rate and the annual percentage yield for the new account.

Maturities Longer Than One Month but No More Than One Year (§230.5(b)(2))

If the maturity is longer than one month but less than or equal to one year, the institution must either

- Provide the disclosures required in section 230.5(b)(1) for accounts longer than one year or
- 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. If the rates have not yet been determined, the institution must disclose
     i. The date when they will be determined, and
     ii. A telephone number the consumer may call to obtain the interest rate and the annual percentage yield for the new account; and
  c. Any difference in the terms of the new account as compared to the terms required to be disclosed for the existing account.

Delivery (§230.5(b))

All disclosures must 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.

Notice for Time Accounts Longer Than One Year that Do Not Renew Automatically (§230.5(c))

For time accounts with maturity longer than one year that do not renew automatically at maturity, an institution must disclose to consumers the maturity date and whether interest will be paid after maturity. The disclosures must be mailed or delivered at least 10 calendar days before maturity of the existing account. The requirements are summarized in a chart in Attachment A of these procedures.

Periodic Statement Disclosures (§230.6)

Regulation DD does not require institutions to provide periodic statements. However, for institutions that mail or deliver periodic statements, section 230.6 sets forth specific information that must be included in a periodic statement.

General Requirements (§230.6(a))

The statement must include the following disclosures:

Annual Percentage Yield Earned (§230.6(a)(1))

An institution must state the *annual percentage yield earned* during the statement period, using that term, and calculated according to Appendix A of Regulation DD.

Amount of Interest (§230.6(a)(2))

An institution must state the dollar amount of interest earned during the statement period, whether or not it was credited. In disclosing interest earned for the period, an institution must use the term ‘‘interest’’ or terminology such as

- ‘‘Interest paid’’ to describe interest that has been credited or
- ‘‘Interest accrued’’ or ‘‘interest earned’’ to indicate that interest is not yet credited.

Fees Imposed (§230.6(a)(3))

An institution must report any fees that are required to be disclosed and that were debited to the account during the statement period, even if assessed for an earlier period. The fees must be itemized by type and dollar amounts. When fees of the same type are imposed more than once in a statement period, an institution may itemize each fee separately or group the fees together and disclose a total dollar amount for all fees of that type. See Staff Commentary for exceptions. When fees of the same type are grouped together, the description must make clear that the dollar figure represents more than a single fee, for example, ‘‘total fees for checks written this period.’’

For fees associated with the payment of overdrafts, an institution must separately identify whether the fee was for the payment of an overdraft or for returning the item unpaid, whether or not the institution promotes the payment of overdrafts (see Staff Commentary, section 230.6(a)(3)-2(iv)). In addition, subject to limited exceptions, if the institution promotes the payment of overdrafts, it must provide totals for fees for the payment of overdrafts and for returned items unpaid, both for the statement period and for the calendar year to date. See section 230.11(a)(1) and (2).

Length of Period (§230.6(a)(4))

An institution must indicate the total number of days in the statement period, or the beginning and ending dates of the period. Institutions providing the beginning and ending dates of the period must make clear whether both dates are included in the period.

Combined Statements
(Staff Commentary §230.6(a)-3)

Institutions may provide information about an account (for example, a Money Market Deposit Account) on the periodic statement for another account (such as a Negotiable Order of Withdrawal account) without triggering the disclosures required by this section, as long as

- The information is limited to the account number, the type of account, or balance information, and
- The institution also provides a periodic statement complying with this section for each account.

Special Rule for Average Daily Balance Method (§230.6(b))

Section 230.6 has special periodic statement requirements for an institution using the average daily balance method and calculating interest for a period other than the statement period. In these situations, an institution must calculate and disclose the annual percentage yield earned and amount of interest earned based on the time period used rather than the statement period. In addition, when disclosing the length of period requirement on the periodic statement, an institution must state this information for the statement period as well as the interest-calculation period. See Staff Commentary for examples.

Payment of Interest (§230.7)

Section 230.7 covers the payment of interest, including how to determine the balance on which to pay interest, the daily periodic rate to use, and the date interest begins to accrue.

Permissible Methods to Determine Balance to Calculate Interest (§230.7(a)(1))

An institution must calculate interest on the full amount of principal in an account for each day by using one of the two following methods:

- Daily balance method, where the daily periodic rate is applied to the full amount of principal in the account each day, or
- Average daily balance method, where a periodic rate is applied 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.

The following are prohibited calculation methods:

- Ending-balance method, where interest is paid on the balance in the account at the end of the period;
- Low-balance method, where interest is paid based on the lowest balance in the account for any day in that period; and
- Investable-balance method, where interest is paid on a percentage of the balance, excluding the amount set aside for reserve requirements.

Use of 365-Day Basis
(Staff Commentary §230.7(a)(1)-2)

Institutions may apply a daily periodic rate greater than 1/365 of the interest rate—such as 1/360 of the interest rate—as long as it is applied 365 days a year.

Leap Year
(Staff Commentary §230.7(a)(1)-4)

Institutions may apply a daily rate of 1/366 or 1/365 of the interest rate for 366 days in a leap year, if the account will earn interest for February 29.

Maturity of Time Accounts
(Staff Commentary §230.7(a)(1)-5)

Institutions are not required to pay interest after time accounts mature.

Dormant Accounts
(Staff Commentary §230.7(a)(1)-6)

Institutions must pay interest on funds in an account, even if inactivity or the infrequency of transactions would permit the institution to consider the account to be ‘‘inactive’’ or ‘‘dormant’’ (or similar status) as defined by state, other laws, or the account contract.

Permissible Methods to Determine Minimum Balance to Earn Interest (§230.7(a)(2))

If an institution requires a minimum balance to earn interest, it must use the same method to determine the required minimum balance as it uses to determine the balance on which interest is calculated. For example, if an institution requires a $300 minimum balance that would be determined by using the average daily balance method, then it must calculate interest based on the average daily balance method. Further, an institution may use an additional method that is unequivocally beneficial to the consumer.

Balances Below the Minimum (Staff Commentary §230.7(a)(2)-1 and 2)

An institution that requires a minimum balance may choose not to pay interest for days or period when the balance drops below the required minimum, whether they use the daily balance method or the average daily balance method to calculate interest.

Paying on Full Balance (Staff Commentary §230.7(a)(2)-4)

Institutions must pay interest on the full balance in the account that meets the required minimum balance. For example, if $300 is the minimum daily balance required to earn interest, and a consumer deposits $500, the institution must pay the stated interest rate on the full $500 and not just on $200.

Minimum Balance Not Affecting Interest (Staff Commentary §230.7(a)(2)-7)

Institutions may use the daily balance, average daily balance, or any other computation method to calculate minimum balance requirements that do not involve the payment of interest. For example, an institution may use any computation method to compute minimum balances for assessing fees.

Compounding and Crediting Policies (§230.7(b))

This section does not require institutions to compound or credit interest at any particular frequency. Institutions choosing to compound interest may compound or credit interest annually, semi-annually, quarterly, monthly, daily, continuously, or on any other basis.

An institution may choose not to pay accrued interest if consumers close an account prior to the date accrued interest is credited, as long as the institution has disclosed this practice in the initial account disclosures.

Date Interest Begins to Accrue (§230.7(c))

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, which states

> . . . interest shall accrue on funds deposited in an interest-bearing account at a depository institution beginning not later than the business day on which the depository institution receives provisional credit for such funds.

Interest shall accrue until the day funds are withdrawn.

Advertising (§230.8)

Section 230.8 contains account advertising requirements, including overall general rules and rules for special account features. In addition, the section describes advertising involving certain types of media and in-house posters that are exempt from Regulation DD's advertising requirements.

General Advertising Rules (§230.8(a) and (b))

Misleading or Inaccurate Advertising (§230.8(a))

An institution may not advertise in a way that is misleading or inaccurate or misrepresents its deposit contract. In addition, an advertisement may not use the word "profit" in referring to interest paid on an account.

An institution's advertisement may not refer to or describe an account as "free" or "no cost" (or contain a similar term such as "fees waived") if a maintenance or activity fee may be imposed on the account. Examples of such maintenance or activity fees include

- Any fee imposed when a minimum balance requirement is not met, or when consumers exceed a specified number of transactions;
- Transaction and service fees that consumers reasonably expect to be imposed on a regular basis;
- A flat fee, such as a monthly service fee; and
- Fees imposed to deposit, withdraw, or transfer funds, including per-check or per-transaction charges (for example, 25 cents for each withdrawal, whether by check or in person).

Examples of fees that are not maintenance or activity fees include

- Fees not required to be disclosed under section 230.4(b)(4),
- Check-printing fees,
- Balance-inquiry fees,
- Stop-payment fees and fees associated with checks returned unpaid,
- Fees assessed against a dormant account, and
- Fees for ATM or electronic transfer services

(such as preauthorized transfers or home banking services) not required to obtain an account.

If an account (or a specific account service) is free only for a limited period of time (for example, for one year following the account opening) the account (or service) may be advertised as free if the time period is also stated.

If an electronic advertisement (such as an advertisement appearing on an Internet website) displays a triggering term (such as a bonus or annual percentage yield), described elsewhere in section 230.8, the advertisement must clearly refer the consumer to the location where the additional required information begins. For example, an advertisement that includes a bonus or annual percentage yield may be accompanied by a link that directly takes the consumer to the additional information. As discussed in section 230.3(a), electronic advertising disclosures may be provided to the consumer in electronic form without regard to the consumer consent or other provisions of the E-Sign Act.

The Staff Commentary provides the following examples of advertisements that would ordinarily be misleading, inaccurate, or misrepresent the deposit contract:

- Representing an overdraft service as a ''line of credit,'' unless the service is subject to the Board's Regulation Z, 12 CFR 226.
- Representing that the institution will honor all checks or authorize payment of all transactions that overdraw an account, with or without a specified dollar limit, when the institution retains discretion at any time not to honor checks or authorize transactions.
- Representing that consumers with an overdrawn account are allowed to maintain a negative balance when the terms of the account's overdraft service require consumers promptly to return the deposit account to a positive balance.
- Describing an institution's overdraft service solely as protection against bounced checks when the institution also permits overdrafts for a fee for overdrawing accounts by other means, such as ATM withdrawals, debit card transactions, or other electronic fund transfers.
- Advertising an account-related service for which the institution charges a fee in an advertisement that also uses the word ''free'' or ''no cost'' (or a similar term) to describe the account, unless the advertisement clearly and conspicuously indicates that there is a cost associated with the service. If the fee is a maintenance or activity fee under section 230.8(a)(2) of this part, however, an advertisement may not describe the account as ''free'' or ''no cost'' (or contain a similar term) even if the fee is disclosed in the advertisement.

Advertising Rate Information (§230.8(b))

When an institution states a rate of return in an advertisement,

- It must state the rate as an ''annual percentage yield,'' using that term;
- If the advertisement uses the abbreviation ''APY,'' the term ''annual percentage yield'' must be stated at least once in the advertisement;
- If the advertisement uses the term ''interest rate,'' it must use the term in conjunction with, but not more conspicuously than, the related annual percentage yield; and
- It must round the annual percentage yield, the annual percentage yield earned, and the interest rate to the nearest one-hundredth of one percentage point (.01 percent) and express them to two decimal places.

An advertisement for a tiered-rate account that states an annual percentage yield must also state the annual percentage yield for each tier, along with corresponding minimum balance requirements.

An advertisement for a stepped-rate account that states an interest rate must state all the interest rates and the time period that each rate is in effect.

Required Advertising for Special Account Features (§230.8(c))

If an institution advertises an annual percentage yield for a product and the product includes one of the features listed in sections 230.8(c)(1)-(6), then the institution must clearly and conspicuously disclose the information outlined in sections 230.8(c)(1)-(6) as noted below. However, these requirements do not necessarily apply if the situation falls under the exemptions of section 230.8(e).

Variable Rates (§230.8(c)(1))

For variable-rate accounts, the advertisement must state that the rate may change after the account is opened.

Time Annual Percentage Yield (APY) Is Offered (§230.8(c)(2))

The advertisement must include the period of time during which the annual percentage yield will be offered. Alternatively, the advertisement may state that the annual percentage yield is accurate as of a specified date. The date must be recent in relation to the publication or media broadcast used for the advertisement, taking into account the particular circumstances or production deadlines involved. An advertisement may refer to the annual percentage yield as being accurate as of the date of publication, if the date is on the publication itself.

Minimum Balance (§230.8(c)(3))

For accounts that have a required minimum balance, the advertisement must state the minimum balance required to obtain the advertised annual percentage yield. For tiered-rate accounts, the advertisement must state the minimum balance required for each tier in close proximity and, with equal prominence to, the applicable annual percentage yield.

Minimum Opening Deposit (§230.8(c)(4))

For an account that requires a minimum deposit to open the account, the advertisement must state the minimum deposit required to open the account, if it is greater than the minimum balance necessary to obtain the advertised annual percentage yield.

Effect of Fees (§230.8(c)(5))

An advertisement must state that fees could reduce the earnings on the account. This requirement only applies to maintenance or activity fees.

Features of Time Accounts (§230.8(c)(6))

For time accounts, the advertisement must include

- Term of the account;
- Early withdrawal penalties—a statement that a penalty will or may be imposed for early withdrawal; and
- Required interest payouts—a statement that interest cannot remain on deposit and that payout of interest is mandatory for noncompounding time accounts with the following features:
  a. The stated maturity is greater than one year,
  b. Interest is not compounded on an annual or more frequent basis,
  c. Interest is required to be paid out at least annually, and
  d. The annual percentage yield is determined in accordance with section E of Appendix A of Regulation DD.

Bonuses (§230.8(d))

If an institution states a bonus in an advertisement, the advertisement must state clearly and conspicuously the following information, if applicable to the advertised product:

- ''Annual percentage yield,'' using that term;
- Time requirement to obtain the bonus;
- Minimum balance required to obtain the bonus;
- Minimum balance required to open the account, if it is greater than the minimum balance necessary to obtain the bonus; and
- Time when the bonus will be provided.

However, these requirements do not necessarily apply if the situation falls under the exemptions of section 230.8(e). In addition, general statements such as ''bonus checking'' or ''get a bonus when you open a checking account'' do not trigger the bonus disclosures.

Exemption for Certain Advertisements (§230.8(e))

Section 230.8(e) exempts certain types of media and certain indoor signs from some of the section's advertising rules.

Media Exemptions (§230.8(e)(1))

If an institution advertises through one of the following media, the advertisement does not need to include information required under certain section 230.8 rules, as outlined below:

- Exempted Media—
  a. Broadcast or electronic media, such as television or radio. However, the exemption does not extend to Internet and e-mail advertisements.
  b. Outdoor media, such as billboards.
  c. Telephone response machines. However, solicitations for a tiered-rate account made through telephone-response machines must provide the annual percentage yields and the balance requirements applicable to each tier.
- Exempted Advertising Requirements—
  a. Information required for special account features involving variable rates, time an annual percentage yield is offered, minimum opening deposit, effect of fees, and early withdrawal penalties for time accounts.
  b. When bonuses are advertised, information required related to a minimum balance to open an account (if it is greater than the minimum balance necessary to obtain the bonus) and related to when a time the bonus will be provided.

Indoor Signs (§ 230.8(e)(2))

If an institution posts account information on signs inside its premises (or the premises of a deposit broker), the postings are exempt from the advertising requirements for

- Permissible rates,
- When additional disclosures are required,
- Bonuses, and
- Certain media exemption.

If a sign, falling under this exemption, states a rate of return, it must

- State the rate as an ''annual percentage yield,'' using that term or the term ''APY.'' The sign must not state any other rate, although the related interest rate may be stated.
- Contain a statement advising consumers to contact an employee for further information about applicable fees and terms.

Indoor signs include advertisements displayed on computer screens, banners, preprinted posters, and chalk or peg boards. Any advertisement inside the premises that can be retained by a consumer (such as a brochure or a printout from a computer) is not an indoor sign.

Additional Disclosures in Connection with the Payment of Overdrafts (§ 230.8(f))

An institution that promotes the payment of overdrafts in an advertisement must also include in the advertisement the disclosures required under section 230.11(b).

Record Retention (§ 230.9(c))

Section 230.9(c) covers the record retention requirements in order for an institution to demonstrate compliance with Regulation DD, including rate information, advertising, and providing disclosures to consumers at the appropriate time (including upon a consumer's request).

Timing

An institution must retain records that evidence compliance for a minimum of two years after the date that disclosures are required to be made or an action is required to be taken. If required by its supervising agency, an institution may need to retain records for a longer time period.

Evidence of Required Actions

An institution may demonstrate its compliance by

- Establishing and maintaining procedures for paying interest and providing timely disclosures, and
- Retaining sample disclosures for each type of account offered to consumers such as account-opening disclosures, copies of advertisements, and change-in-term notices; and information regarding the interest rates and annual percentage yields offered.

Methods of Retaining Evidence

An institution must be able to reconstruct the required disclosures and other required actions, but does not need to maintain hard copies of disclosures and other records. It may keep records evidencing compliance in microfilm, microfiche, or other methods that reproduce records accurately (including computer files).

Payment of Interest

An institution must retain sufficient rate and balance information to permit the verification of interest paid on an account, including the payment of interest on the full principal balance.

Section 230.10—[Reserved]

Disclosures for Institutions Advertising the Payment of Overdrafts (§ 230.11)

Section 230.11 contains periodic statement and advertising requirements for overdraft protection products. The requirements address concerns about the uniformity and adequacy of information provided to consumers when they overdraw their deposit accounts. Specifically, they address certain types of services—sometimes referred to as ''bounced-check protection'' or ''courtesy overdraft protection''—which institutions offer to pay consumers' checks, and which allow other overdrafts when there are insufficient funds in the account.

Periodic Statement Disclosures (§ 230.11(a))

Disclosure of Total Fees (§ 230.11(a)(1))

Unless covered by an exception under section 230.11(a)(2), if an institution promotes the payment of overdrafts in an advertisement, the institution must disclose on its periodic statements (if it provides periodic statements) separate totals for the statement period and for the calendar year to date for

- The total dollar amount for all fees or charges imposed on the account for paying checks or other items when there are insufficient funds and the account becomes overdrawn, and

- The total dollar amount for all fees imposed on the account for returning items unpaid.

The total dollar amount for paying overdrafts includes per-item fees as well as interest charges, daily or other periodic fees, or fees charged for maintaining an account in overdraft status, whether the overdraft is by check or by other means. It also includes fees charged when there are insufficient funds because previously deposited funds are subject to a hold or are uncollected. It does not include fees for transferring funds from another account to avoid an overdraft, or fees charged when the institution has previously agreed in writing to pay items that overdraw the account and the service is subject to Regulation Z, 12 CFR 226.

If an advertisement that promotes the payment of overdrafts does not specify the types of accounts to which it applies, the advertisement would be considered to apply to all of an institution's deposit accounts. In that circumstance, the periodic statement disclosure requirements would apply to all deposit accounts.

An institution would trigger the periodic statement disclosures if it

- Promotes the institution's policy or practice of paying some overdrafts (unless the service would be subject to the Board's Regulation Z (12 CFR 226)), in advertisements using broadcast media, brochures, telephone solicitations or electronic mail, or on Internet sites, ATM screens or receipts, billboards, or indoor signs (see section 230.11(a)(2) regarding communications about the payment of overdrafts that would not trigger periodic statement disclosures.);
- Includes a message on a periodic statement informing the consumer of an overdraft limit or the amount of funds available for overdrafts. For example, an institution that includes a message on a periodic statement informing the consumer of a $500 overdraft limit or that the consumer has $300 remaining on the overdraft limit, is promoting an overdraft service; or
- Discloses an overdraft limit or includes the dollar amount of an overdraft limit in a balance disclosed by any means, including on an ATM receipt or on an automated system, such as a telephone response machine, ATM screen, or the institution's Internet site.

Communications Exempted from the Disclosure of Total Fees (§230.11(a)(2))

The following communications by an institution do not trigger the required disclosures for total fees:

- Promoting in an advertisement a service for paying overdrafts where the institution's payment of overdrafts would be agreed upon in writing and subject to Regulation Z (12 CFR 226);
- Communicating (whether by telephone, electronically, or otherwise) about the payment of overdrafts in response to a consumer-initiated inquiry about deposit accounts or overdrafts. However, providing information about the payment of overdrafts in response to a balance inquiry made through an automated system, such as a telephone response machine, an automated teller machine (ATM), or an institution's Internet site, is not a response to a consumer-initiated inquiry that is exempt from the disclosure requirement;
- Engaging in an in-person discussion with a consumer;
- Making disclosures that are required by federal or other applicable law;
- Providing a notice or including information on a periodic statement informing a consumer about a specific overdrawn item or the amount the account is overdrawn;
- Including in a deposit account agreement a discussion of the institution's right to pay overdrafts;
- Providing a notice to a consumer, such as at an ATM, that completing a requested transaction may trigger a fee for overdrawing an account, or providing a general notice that items overdrawing an account may trigger a fee; and
- Providing informational or educational materials concerning the payment of overdrafts if the materials do not specifically describe the institution's overdraft service.

Time Period Covered by Disclosures (§230.11(a)(3))

An institution must make the total fee disclosures for the first statement period that begins after an institution advertises the payment of overdrafts. An institution may disclose total fees imposed for the calendar year by aggregating fees imposed since the beginning of the calendar year, or since the beginning of the first statement period for the year for which such disclosures are required.

Termination of Promotion (§230.11(a)(4))

The requirement to disclose total fees for paying an overdraft and for returning checks unpaid on a deposit account ceases two years after the date of an institution's last advertisement promoting the payment of overdrafts applicable to the deposit account.

Acquired Accounts (§230.11(a)(5))

An institution that acquires an account must provide the periodic statement disclosures for the first statement period that begins after the institution advertises the payment of overdrafts for the acquired account. If disclosures are required for the acquired account, the institution may, but is not required to, include fees imposed prior to acquisition of the account.

Advertising Disclosures for Overdraft Services (§230.11(b))

Disclosures (§230.11(b)(1))

Unless an exception in section 230.11(b)(2)-(4) applies, any advertisement promoting the payment of overdrafts must disclose in a clear and conspicuous manner all of the following:

- The fee(s) for the payment of each overdraft,
- The categories of transactions for which a fee may be imposed for paying an overdraft,
- The time period by which the consumer must repay or cover any overdraft, and
- The circumstances under which the institution will not pay an overdraft. It is sufficient to state, as applicable, ''Whether your overdrafts will be paid is discretionary and we reserve the right not to pay. For example, we typically do not pay overdrafts if your account is not in good standing, or you are not making regular deposits, or you have too many overdrafts.''

Communications Not Subject to Additional Advertising Disclosures (§230.11(b)(2))

The advertising disclosure rules for overdraft services do not apply in the following circumstances:

- An advertisement promoting a service where the institution's payment of overdrafts would be agreed upon in writing and subject to Regulation Z (12 CFR 226).
- A communication by an institution about the payment of overdrafts in response to a consumer-initiated inquiry about deposit accounts or overdrafts. However, 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 that is exempt from the advertising disclosures.
- An advertisement made through broadcast or electronic media, such as television or radio. However, this exception does not apply to advertisements posted on an institution's Internet site, on an ATM screen, provided on telephone-response machines, or sent by electronic mail.
- An advertisement made on outdoor media, such as billboards.
- An ATM receipt.
- An in-person discussion with a consumer.
- Disclosures required by federal or other applicable law.
- Information included on a periodic statement or on a notice informing a consumer about a specific overdrawn item or the amount the account is overdrawn.
- A term in a deposit account agreement discussing the institution's right to pay overdrafts.
- 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.
- Informational or educational materials concerning the payment of overdrafts if the materials do not specifically describe the institution's overdraft service.

Exception for ATM Screens and Telephone Response Machines (§230.11(b)(3))

Any advertisement made on an ATM screen or using a telephone response machine is not required to include the following:

- The categories of transactions for which a fee may be imposed for paying an overdraft or
- The circumstances under which the institution will not pay an overdraft.

Exception for Indoor Signs (§230.11(b)(4))

The advertising requirement to disclose fees for the payment of each overdraft does not apply to advertisements for the payment of overdrafts on indoor signs, if the indoor sign contains a clear and conspicuous statement that

- Fees may apply and
- Consumers should contact an employee for further information about applicable fees and terms.

An indoor sign covered under this exception is one described in section 230.8(e)(2) and the accompanying Staff Commentary. In addition to the Staff Commentary's examples of advertisements that are not considered indoor signs, an ATM screen is not considered an indoor sign for purposes of the overdraft disclosure requirements.

Effect on State Laws (Regulation DD—Appendix C)

Regulation DD preempts state law requirements that are inconsistent with the requirements of the Truth in Savings Act (TISA) or Regulation DD. A state law is inconsistent if it contradicts the definitions, disclosure requirements, or interest-calculation methods outlined in the act or the regulation. The regulation also provides that interested parties may request the Board to determine whether a state law is inconsistent with the TISA.

Attachment A—Subsequent Notice Requirements for Time Accounts

Maturity	Automatically renewable (rollover)	Non-automatically renewable (non-rollover)
More than 1 month and more than 1 year	*Timing* (a) 30 calendar days before maturity, or (b) 20 calendar days before end of grace period, if a grace period is at least 5 calendar days *Content* (a) Date existing account matures (b) Disclosures for a new account (§ 230.4(b)) If terms have not been determined, indicate this fact and state when they will be determined or provide a telephone number to obtain the terms. (§ 230.5(b)(1))	*Timing* 10 calendar days before maturity *Content* Maturity date, and whether or not interest will be paid after maturity (§ 230.5(c))
More than 1 month and less than 1 year	*Timing* (a) 30 calendar days before maturity, or (b) 20 calendar days before end of grace period, if a grace period is at least 5 calendar days *Content* (a) Disclosures required under § 230.5(b)(1), or (b) Date of maturities of existing and new account, any change in terms, and a difference in terms between new account and ones of existing account. If terms have not been determined, indicate this fact and state when they will be determined or provide a telephone number to obtain the terms. (§ 230.5(b)(2))	No subsequent notice required

Regulation DD
Examination Objectives and Procedures

EXAMINATION OBJECTIVES

1. To determine the institution's compliance with Regulation DD, including the requirements to provide full account disclosures (for example, fee schedules) to consumers upon request and the requirements covering overdraft payment disclosures and advertising.
2. To assess the quality of the institution's compliance risk-management systems and its policies and procedures for implementing Regulation DD.
3. To determine the reliance that can be placed on the institution's internal controls and procedures for monitoring the institution's compliance with Regulation DD.
4. To direct corrective action when violations of law are identified, or when the institution's policies or internal controls are deficient.

EXAMINATION PROCEDURES

Management and Policy-Related Examination Procedures

1. Determine the types of deposit accounts offered by the institution to consumers (including accounts usually offered to commercial customers that may occasionally be offered to consumers) as well as the characteristics of each type of deposit account (for example, bonuses offered, minimum balances, balance-computation method, frequency of interest crediting, fixed or variable rates, fees imposed, and frequency of periodic statements).
2. Review all written policies and procedures, management's self-assessments, consumer complaints, and any compliance audit material including work papers and reports to determine whether
   a. The scope of the audit addresses all provisions as applicable.
   b. Management has taken corrective actions to follow up on previously identified deficiencies.
   c. The testing includes samples covering all product types and decision centers.
   d. The work performed is accurate.
   e. Significant deficiencies and their causes are included in reports to management and/or to the board of directors.
   f. The frequency of review is appropriate.
3. Through discussions with management and review of available information, determine whether the institution's internal controls are adequate to ensure compliance with the Regulation DD area under review. Consider the following:
   a. Organization charts
   b. Process flowcharts
   c. Policies and procedures
   d. Account documentation
   e. Checklists
   f. Computer program documentation
4. Through a review of the institution's training materials, determine whether
   a. The institution provides appropriate training to individuals responsible for Regulation DD compliance and operational procedures.
   b. The training is comprehensive and covers the various aspects of Regulation DD that apply to the individual institution's product offerings and operations.
   c. The training includes the timing requirements of section 230.4(a)(2) to provide disclosure information (for example, terms, conditions, and fees) to a consumer upon a request, whether or not the consumer is an existing or a prospective customer. Review whether the training instructs all employees, including branch employees, to provide such disclosures at the time of the request if the consumer makes the request in person or within 10 business days if the consumer is not present when making the request.
5. Determine the extent and adequacy of the institution's policies, procedures, and practices for ensuring compliance with the regulation. In particular, verify that
   a. Account disclosure information is available to be provided to all consumers within the appropriate time frames. This requirement pertains to all consumer requesters whether or not the consumer is an existing customer or a prospective customer.
   b. Advance notice is given for any changes in terms required to be disclosed under section 230.4 and that exceptions to the advance notice requirements are limited to those set forth in section 230.5(a)(2).

c. If periodic statements are given, the statements disclose the required information, including the annual percentage yield earned, the amount of interest, fees imposed, and the statement's covered time period.

d. The institution's methods of paying interest are permissible. Review the dates on which interest begins to accrue on deposits to accounts, and determine whether hold times comply with the Expedited Funds Availability Act.

e. The institution's advertising policies are consistent with the requirements of the regulation.

f. Evidence of compliance is retained for a minimum of two years after the date disclosures are required to be made or action is required to be taken.

g. If the payment of overdrafts is promoted in an advertisement, the periodic statements include the disclosure of total fees. In addition, verify compliance with the advertising disclosure requirements for overdraft services.

Transaction-Related Examination Procedures

If upon conclusion of the management and policy-related examination procedures, procedural weaknesses or other risks requiring further investigation are noted, conduct the transaction testing, as necessary, using the following examination procedures. Use examiner judgment in deciding how large each sample of deposit account disclosures, notices, and advertisements should be. The sample size should be increased until confidence is achieved that all aspects of the institution's activities and policies that are subject to the regulation are reviewed.

General Disclosure Requirements (12 CFR 230.3)

1. Determine whether disclosures are made clearly and conspicuously in writing and in a form the consumer may keep. (§230.3(a))
2. If the disclosures are combined with other account disclosures, determine whether it is clear which disclosures are applicable to the consumer's account. (§230.3(a))
3. If the institution provides consumer disclosures in electronic form, determine whether the institution has obtained the consumer's consent, where required, and complies with the other applicable provisions of the Electronic Signatures in Global and National Commerce Act (E-Sign Act) (15 USC 7001 et seq.). (§230.3(a))
4. Determine whether the disclosures reflect the legal obligation of the account agreement between the consumer and the institution. (§230.3(b))
5. If disclosures are provided in a language other than English, verify whether the disclosures are available in English upon request. (§230.3(b))
6. Determine whether disclosures use consistent terminology when describing terms or features that are required to be disclosed. (Staff Commentary 230.3(a)-2)
7. Determine whether the institution substitutes disclosures required by Regulation E for disclosures required by Regulation DD. (§230.3(c))
8. Determine whether the institution provides required disclosures to at least one account holder if there are multiple holders. (§230.3(d))
9. Determine whether the institution's oral response to a consumer's inquiry about interest rates payable on accounts state the annual percentage yield (APY). If the institution chooses, it may also state the interest rate, but no other rate. (§230.3(e))
10. Determine whether the APY, the annual percentage yield earned (APYE), and the interest rate are rounded to the nearest one-hundredth of one percentage point (.01 percent).

    NOTE: For account disclosures, the interest rate may be expressed to more than two decimal places. (§230.3(f)(1))
11. Determine whether the APYs and APYEs are not more than one-twentieth of one percentage point (.05 percent) above or below the APY (and APYE) as determined in accordance with Appendix A of Regulation DD. (§230.3(f)(2))

Account Disclosures (12 CFR 230.4)

Delivery of Account Disclosures

Account Opening

1. Determine whether account disclosures are provided to consumers before an account is opened or a service is provided, whichever is earlier. (§230.4(a)(1)(i))

   a. If the consumer is not present when the account is opened or a service is provided (and has not already received the disclosures), the disclosures should be mailed or delivered no later than 10 business days after the account is opened or the service is provided, whichever is earlier. (§230.4(a)(1)(i))

   b. If the consumer who is not present at the institution uses electronic means to open an account or request a service, the disclosures must be provided before the account is opened or the service is provided. (§ 230.4(a)(1)(ii))

Consumer Request

2. Determine whether full account disclosures, including complete fee schedules, are available to be provided to a consumer upon request. This requirement pertains to all consumer requests, whether or not the consumer is an existing customer or a prospective customer.
   a. If the request is made in person, determine whether the disclosures are available to be provided upon request.
   b. If the consumer is not present, the institution must mail or deliver the disclosures within a reasonable period of time after it receives the request (generally no more than 10 days). (§ 230.4(a)(2)(i))
3. Determine whether the institution chooses one of the following options when providing rate information: (§ 230.4(a)(2)(ii)(A))
   a. Specifies an interest rate and APY that were offered within the most recent seven calendar days,
   b. States that the rate and yield are accurate as of an identified date, or
   c. Provides a telephone number that consumers may call to obtain current rate information.
4. For a time deposit account, the institution may state the maturity as a term rather than a date. (§ 230.4(a)(2)(ii)(B))

Content of Disclosures

Rate Information

5. Determine whether account disclosures include, as applicable,
   a. The ''annual percentage yield'' and the ''interest rate'' using those terms, and
   b. For fixed-rate accounts the period of time the interest rate will be in effect. (§ 230.4(b)(1)(i))
6. For variable-rate accounts, determine whether account disclosures include the following information: (§ 230.4(b)(1)(ii))
   a. The fact that the interest rate and APY may change,
   b. How the interest rate is determined,
   c. The frequency with which the interest rate may change, and
   d. Any limitations on the amount the interest rate may change.

Compounding and Crediting

7. Determine whether account disclosures describe the frequency with which interest is compounded or credited. (§ 230.4(b)(2)(i))
8. If the consumer will forfeit interest if the consumer closes an account before accrued interest is credited, determine whether account disclosures include a statement that interest will not be paid in such cases. (§ 230.4(b)(2)(ii))

Balance Information

9. As applicable, determine whether account disclosures
   a. Describe the minimum balance required to (§ 230.4(b)(3)(i))
      i. Open an account,
      ii. Avoid the imposition of a fee, or
      iii. Obtain the APY disclosed.
   b. Describe how the minimum balance requirement is determined to avoid the imposition of a fee or to obtain the APY disclosed. (§ 230.4(b)(3)(i))
   c. Explain the balance computation method (specified in section 230.7) used to calculate interest on the account. (§ 230.4(b)(3)(ii))
   d. State when interest begins to accrue on noncash deposits (§ 230.4(b)(3)(iii))

Fees

10. Determine whether account disclosures state 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. (§ 230.4(b)(4))
    a. Regardless of whether the institution promotes overdraft payment, determine whether the institution has specified the categories of transactions for which an overdraft fee may be imposed. (Staff Commentary § 230.4(b)(4)-5)

Transaction Limitations

11. Determine whether the account disclosures state any limits on the number or dollar amount of withdrawals or deposits. (§ 230.4(b)(5))

Features of Time Accounts

12. For time accounts, determine whether account disclosures include, as applicable,

a. The maturity date. (§ 230.4(b)(6)(i))

b. A statement that a penalty will or may be imposed for early withdrawal, how it is calculated, and the conditions for its assessment. (§ 230.4(b)(6)(ii))

c. If compounding occurs during the term and the interest may be withdrawn prior to maturity, a statement that the APY assumes interest remains on deposit until maturity and that a withdrawal will reduce earnings. (§ 230.4(b)(6)(iii))

d. A statement that interest cannot remain on deposit and that payout of interest is mandatory for accounts (§ 230.4(b)(6)(iii))

   i. With a stated maturity greater than one year,

   ii. That do not compound interest on an annual or more frequent basis,

   iii. That require interest payouts at least annually, and

   iv. That disclose an APY determined in accordance with section E of Appendix A of Regulation DD.

e. A statement of whether or not the account will renew automatically at maturity. (§ 230.4(b)(6)(iv))

   i. If it will renew automatically at maturity, a statement whether or not a grace period will be provided and, if so, the length of the grace period.

   ii. If it will not renew automatically, a statement of whether interest will be paid after maturity if the consumer does not renew the account.

Bonuses

13. Determine whether the account disclosures state the amount or type of any bonus, when the bonus will be provided, and any minimum balance and time requirements to obtain the bonus. (§ 230.4(b)(7))

Subsequent Disclosures (12 CFR 230.5)

Change in Terms Notice

1. Determine whether the institution sends out advance change in terms notices to consumers of any change in a term, required to be disclosed under section 230.4(b), that may reduce the annual percentage yield (APY) or that otherwise adversely affects consumers. Verify that the notice (§ 230.5(a)(1))

   a. Includes the effective date of the change, and

   b. Is mailed or delivered at least 30 days before the effective date of the change.

2. Determine whether exceptions to the notice requirements are limited to (§ 230.5(a)(2))

   a. Variable-rate changes

   b. Check-printing fees

   c. Short-term time accounts (one month or less)

Pre-Maturity Notices—Renewable Accounts

3. For time accounts with a maturity longer than one month and that renew automatically, determine whether the proper subsequent disclosures (§ 230.5(b))

   a. Are mailed or delivered at least 30 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, if a grace period of at least five days is allowed. (§ 230.5(b))

   b. For accounts with maturities of more than one year, include the following information (§ 230.5(b)(1)):

      i. The account disclosures required in section 230.4(b) for new accounts

      ii. The date the existing account matures

      iii. If the interest rate and APY are not known, include the following:

         1. The fact that the rates are unknown

         2. The date that the rates will be determined

         3. A telephone number to call to obtain the rates that will be paid on the new account.

   c. For accounts with maturities of one year or less, include the following information (§ 230.5(b)(2)):

      i. The account disclosures required in section 230.5(b)(1) for accounts with maturities of more than one year.
      or
      The date the existing account matures and the new maturity date if the account is renewed, and

      ii. The interest and APY, if known.

      iii. If the rates are not known, include the following:

         1. The fact that the rates are unknown

         2. The date they will be determined

         3. A telephone number to call to obtain

the rates that will be paid on the new account, and

iv. The difference in the terms of the new account, as compared to the existing account.

Pre-Maturity Notices—Nonrenewable Accounts

4. For time accounts with a maturity longer than one year and that do not renew automatically, determine whether the institution (§230.5(c))
   a. Discloses the maturity date
   b. Discloses whether interest will be paid after maturity
   c. Mails or delivers the disclosures at least 10 calendar days before maturity of the existing account.

Periodic Statement Disclosures (12 CFR 230.6)

1. If an institution mails or delivers a periodic statement, determine whether the statements include the following (§230.6(a)):
   a. The "annual percentage yield earned" during the statement period, using that term and calculated in accordance to Appendix A of Regulation DD; (§230.6(a)(1))
   b. The amount of interest earned during the statement period (§230.6(a)(2)); and
   c. Any debited fees required to be disclosed under section 230.4(b)(4) itemized by dollar amount and type. (§230.6(a)(3))

      NOTE: Except as required in section 230.11(a)(1) for overdraft payment fees, if fees of the same type are imposed more than once in a statement period, an institution may itemize fees separately or group them together and disclose a total dollar amount for all fees of the same type. Fees for paying overdrafts and for returning items unpaid are not fees of the same type and must be separately distinguished. (Staff Commentary §230.6(a)(3)-2(iv))
   d. The total number of days in the statement period, or the beginning and ending dates of the period. (§230.6(a)(4))
2. If the institution uses the average daily balance method and calculates interest for a period other than the statement period, determine whether the institution (§230.6(b))
   a. Calculates and discloses the APY earned and the amount of interest earned based on the other period rather than the statement period, and
   b. States the information required in section 230.6(a)(4), specifying the period length for the other period as well as for the statement period.

Payment of Interest (12 CFR 230.7)

1. Determine whether the institution calculates interest based 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. (§230.7(a)(1))
2. For deposit accounts that require a minimum balance to earn interest, determine whether the institution is using the same method to determine the minimum balance as it uses to determine the balance on which interest is calculated. (§230.7(a)(2))

   NOTE: An institution may use an additional method that is unequivocally beneficial to the consumer. (§230.7(a)(2))
3. If an institution chooses not to pay accrued interest if the consumer closes an account prior to the date accrued interest is credited, determine whether the institution has disclosed this practice in the initial account disclosures. (Staff Commentary §230.7(b)-3)

   NOTE: An institution is not required to compound or credit interest at any particular frequency but, if it does, it may compound or credit interest annually, semi-annually, quarterly, monthly, daily, continuously, or on any other basis. (§230.7(b) and Staff Commentary §230.7(b)-1)
4. Determine whether interest begins to accrue no later than the business day on which the depository institution receives provisional credit for the funds, in accordance with section 606 of the Expedited Funds Availability Act and the implementing Regulation CC, section 229.14. (§230.7(c))
5. Determine whether interest accrues until the day funds are withdrawn. (§230.7(c))

Advertising (12 CFR 230.8)

General

1. Determine the types of advertising the institution uses, including visual, oral, or print, that meet the regulatory definition of an advertisement.
2. Determine that all types of advertisements do not contain misleading or inaccurate statements, and do not misrepresent deposit contracts. (§230.8(a)(1))
3. Determine that advertisements of accounts do not

a. Refer to or describe an account as ''free'' or ''no cost'' (or contain a similar term) if any maintenance or activity fee is charged

b. Use the word profit to refer to interest paid on the account

c. Use the term ''fees waived'' if a maintenance or activity fee can be imposed. (§230.8(a)(2) and Staff Commentary §230.8(a)-5)

4. If an electronic advertisement displays a triggering term, determine whether the advertisement clearly refers the consumer to the location where the additional required information begins. (Staff Commentary §230.8(a)-9)

5. For institutions that promote the payment of overdrafts in an advertisement, determine whether the advertisement includes the disclosures required by section 230.11(b). (§230.8(f))

Permissible Advertisement Rates

6. For advertisements that state a rate of return, determine whether (§230.8(b))

   a. The rate is stated as an ''annual percentage yield'' using that term and that no other rate is stated except ''interest rate.''

   b. The advertisement uses the abbreviation ''APY,'' the term ''annual percentage yield'' is stated at least once in the advertisement.

   c. The advertisement states the interest rate, and uses the term ''interest rate'' in conjunction with, but not be more conspicuous than, the annual percentage yield to which it relates.

   d. Rates are rounded to the nearest one-hundredth of one percentage point (.01 percent) and expressed to two decimal places.

7. For tiered-rate accounts, determine whether an annual percentage yield is stated for each tier, along with corresponding minimum balance requirements. (Staff Commentary §230.8(b)-1).

8. For stepped-rate accounts, determine whether all interest rates and the time period that each rate is in effect are stated. (Staff Commentary §230.8(b)-2)

Required Additional Disclosures

9. With the exception of broadcast, electronic, or outdoor media, telephone-response machines, and indoor signs, if the annual percentage yield is stated in the advertisement, determine whether it includes the following information, as applicable, clearly and conspicuously:

   a. For a variable rate account, that the rate may change after account opening. (§230.8(c)(1))

   b. The time period that the annual percentage yield will be offered, or a statement that it is accurate as of a specified date. (§230.8(c)(2))

   c. The minimum balance required to earn the advertised annual percentage yield. (§230.8(c)(3))

   d. For tiered accounts, the minimum balance required for each tier stated in close proximity and with equal prominence to the applicable APY, if applicable. (§230.8(c)(3))

   e. The minimum deposit to open the account, if it is greater than the minimum balance necessary to obtain the advertised annual percentage yield. (§230.8(c)(4))

   f. A statement that maintenance or activity fees could reduce the earnings on the account. (§230.8(c)(5) and Staff Commentary §230.8(c)(5)-1)

   g. For time accounts:

      i. Term of the account. (§230.8(c)(6)(i))

      ii. A statement that a penalty will or may be imposed for early withdrawal. (§230.8(c)(6)(ii))

      iii. A statement that interest cannot remain on deposit and that payout of interest is mandatory for noncompounding time accounts with the following features: (§230.8(c)(6)(iii))

         1. Stated maturity greater than one year.

         2. Interest is not compounded annually or more frequently.

         3. Interest is required to be paid out at least annually.

         4. The APY is determined in accordance with section E of Appendix A of Regulation DD.

Bonuses

10. For advertisements that state a bonus (a premium, gift, award, or other consideration worth more than $10), determine whether they also state

   a. The ''annual percentage yield,'' using that term; (§230.8(d)(1))

   b. The time requirement to obtain the bonus; (§230.8(d)(2))

   c. The minimum balance required to obtain the bonus; (§230.8(d)(3))

   d. The minimum balance required to open the account, if it is greater than the minimum balance required to obtain the bonus; and (§230.8(d)(4))

e. When the bonus will be provided. (§230.8(d)(5))

Exemptions for Certain Advertisements

11. Advertisements made through broadcast, electronic, or outdoor media, and telephone-response machines are exempted from some of the Regulation DD advertising requirements and are only required to contain certain information. (This exemption does not apply to Internet or e-mail advertisements.) Determine whether advertisements made in these media contain the following information as applicable, clearly and conspicuously: (§230.8(e)(1) and Staff Commentary §230.8(e)(1)(i)-1)
    a. The minimum balance required to earn the advertised annual percentage yield. For tiered accounts, the minimum balance required for each tier stated in close proximity and with equal prominence to the applicable APY, if applicable. (§230.8(c)(3))
    b. For time accounts:
        i. Term of the account. (§230.8(c)(6)(i))
        ii. A statement that interest cannot remain on deposit and that payout of interest is mandatory for noncompounding time accounts with the following features: (§230.8(c)(6)(iii))
            1. Stated maturity greater than one year.
            2. Interest is not compounded annually or more frequently.
            3. Interest is required to be paid out at least annually.
            4. The APY is determined in accordance with section E of Appendix A of Regulation DD.
    c. For advertisements that state a bonus (a premium, gift, award, or other consideration worth more than $10):
        i. The ''annual percentage yield,'' using that term. (§230.8(d)(1))
        ii. The time requirement to obtain the bonus. (§230.8(d)(2))
        iii. The minimum balance required to obtain the bonus. (§230.8(d)(3))
12. Indoor signs are exempted from most of the Regulation DD advertising requirements. Determine that indoor signs
    a. Do not
        i. Contain misleading or inaccurate statements, and do not misrepresent deposit contracts; (§230.8(a)(1))
        ii. Refer to or describe an account as ''free'' or ''no cost'' (or contain a similar term) if any maintenance or activity fee is charged; (§230.8(a))
        iii. Use the word profit to refer to interest paid on the account; (§230.8(a)(2))
        iv. Use the term ''fees waived'' if a maintenance or activity fee can be imposed. (Staff Commentary §230.8(a)-5)
    b. If a rate of return is stated, determine whether the indoor sign
        i. States the rate as ''annual percentage yield'' or ''APY.'' No other rate may be stated except for the interest rate in conjunction with the APY to which it relates. (§230.8(b)(2)(i))
        ii. Contains a statement advising consumers to contact an employee for further information about applicable fees and terms. (§230.8(e)(2)(ii))

Record Retention Requirements (12 CFR 230.9)

1. Determine whether the institution has maintained evidence of compliance with Regulation DD, including rate information, advertising, and the provision of consumer disclosures at the appropriate time (including upon a consumer's request), for a minimum of two years after disclosures are required to be made or action is required to be taken. For example, review samples of advertising and disclosures, policies and procedures, and training activities, as appropriate. (§230.9(c))

Section 230.10—[Reserved]

Disclosures for Institutions Advertising the Payment of Overdrafts (12 CFR 230.11)

Periodic Statement Disclosures

1. Determine whether the institution promotes the payment of overdrafts in an advertisement. If so, the institution is subject to Regulation DD's disclosure and advertisement requirements for overdraft protection products. (§230.11(a)(1)(i))
2. Unless an exception under section 230.11(a)(2) applies, determine whether the institution discloses on each periodic statement (if a statement is provided) separate totals, for both the statement period and for the calendar year-to-date, for the following: (§230.11(a)(1)(ii))
    a. The total amount for all fees or charges imposed on the account for paying checks or

other items when there are insufficient funds and the account becomes overdrawn; (§230.11(a)(1)(i)(A))

b. The total amount for all fees imposed on the account for returning items unpaid. (§230.11(a)(1)(i)(B))

3. Determine whether the institution makes the total fee disclosures for the first statement period that begins after an institution advertises the payment of overdrafts. (§230.11(a)(3))
4. If an institution ceases advertising overdraft payments for a deposit account, determine whether the institution continues to disclose total fees for paying an overdraft or returning items unpaid until two years after the date of the last advertisement promoting the payment of overdrafts. (§230.11(a)(4))
5. If an institution acquires an account and starts advertising its overdraft payment features, determine whether it provides the required total fee disclosures for the first statement period that begins after it advertises the payment of overdrafts for the acquired account.

NOTE: If disclosures are required for the acquired account, the institution may, but is not required to, include fees imposed prior to acquisition of the account. §230.11(a)(5))

Advertisement Requirements

6. Unless an exception under section 230.11(b)(2)-(4) applies, when an institution advertises the payment of overdrafts, determine whether the institution clearly and conspicuously discloses in advertisements
   a. The fee(s) for the payment of each overdraft (§230.11(b)(1)(i))
   b. The categories of transactions for which a fee may be imposed for paying an overdraft (§230.11(b)(1)(ii))
   c. The time period by which the consumer must repay or cover any overdraft (§230.11(b)(1)(iii))
   d. The circumstances under which the institution will not pay an overdraft (§230.11(b)(1)(iv))

Regulation DD
Examination Checklist

Section 230.3—General Disclosure Requirements

1. Does the institution make the required disclosures clearly and conspicuously in writing and in a form the consumer may keep? (§230.3(a))	Yes	No	NA
2. If the disclosures are combined with other account disclosures, is it clear which disclosures are applicable to the consumer's account? (§230.3(a))	Yes	No	NA
3. If the institution provides in electronic form disclosures to a consumer, does the institution obtain the consumer's consent, if required, and comply with the other applicable provisions of the Electronic Signatures in Global and National Commerce Act (E-Sign Act) (15 USC 7001 et seq.)? (§230.3(a))	Yes	No	NA
4. Do the disclosures reflect the terms of the legal obligation of the account agreement between the consumer and the institution? (§230.3(b))	Yes	No	NA
5. If the disclosures are provided in a language other than English, are disclosures also available in English upon request? (§230.3(b))	Yes	No	NA
6. Do the disclosures use consistent terminology when describing terms or features that are required to be disclosed? (Staff Commentary §230.3(a)-2)	Yes	No	NA
7. Does the institution substitute disclosures required by Regulation E for disclosures required by this regulation? (§230.3(c))	Yes	No	NA
8. Does the institution provide disclosures to at least one account holder if there are multiple holders? (§230.3(d))	Yes	No	NA
9. Do the institution's oral responses to a consumer's inquiry about interest rates payable on accounts state the annual percentage yield (APY)? If the institution chooses, it may state the interest rate, but no other rate. (§230.3(e))	Yes	No	NA
10. Are the APY, annual percentage yield earned (APYE), and the interest rate rounded to the nearest one-hundredth of one percentage point (.01%) and expressed to two decimal places? (§230.3(f)(1))	Yes	No	NA
a. For account disclosures, is the interest rate expressed to two or more decimal places? (§230.3(f)(1))	Yes	No	NA
11. Are the APY and APYE not more than one-twentieth of one percentage point (.05%) above or below the APY and APYE determined in accordance with Appendix A of Regulation DD? (§230.3(f)(2))	Yes	No	NA

Section 230.4—Account Disclosures

Delivery of Account Disclosures

Account Opening

1. Does the institution provide initial disclosures before an account is opened or a service provided, whichever is earlier? (§230.4(a)(1))	Yes	No	NA
a. If the consumer is not present when the account is open or a service is provided (and has not already received the disclosures), does the institution mail or deliver the disclosures no later than 10 business days after the account is opened or the service is provided, whichever is earlier? (§230.4(a)(1)(i))	Yes	No	NA
b. If the consumer who is not present at the institution uses electronic means to open an account or request a service, are the disclosures provided before the account is opened or the service is provided? (§230.4(a)(1)(ii))	Yes	No	NA

Consumer Request

2. Does the institution have full account disclosures, including complete fee schedules, available to be provided to consumers upon request? This requirement pertains to all consumer requests, whether or not the consumer is an existing customer or a prospective customer. (§ 230.4(a)(2)(i)) Yes No NA
   a. If the consumer makes the request in person, does the institution have disclosures available to be provided upon request? Yes No NA
   b. If the consumer who is not present at the institution makes a request, does the institution mail or deliver the account disclosures within a reasonable time after it receives the request (generally no more than 10 days)? (§ 230.4(a)(2)(i)) Yes No NA
3. In providing disclosures upon request, does the institution choose one of the following options when providing rate information: (§ 230.4(a)(2)(ii))
   a. Specify an interest rate and APY that were offered within the most recent seven calendar days? (§ 230.4(a)(2)(ii)(A)) Yes No NA
   b. State that the rate and yield are accurate as of an identified date? (§ 230.4(a)(2)(ii)(A)) *or* Yes No NA
   c. Provide a telephone number that consumers may call to obtain current rate information? (§ 230.4(a)(2)(ii)(A)) Yes No NA
4. For a time deposit account, does the institution choose to state the maturity of the time account as a term rather than a date? (§ 230.4(a)(2)(ii)(B)) Yes No NA

Content of Disclosures

Rate Information

5. Do account disclosures include, as applicable, (§ 230.4(b))
   a. The ''annual percentage yield'' and interest rate, using those terms? (§ 230.4(b)(1(i)) Yes No NA
   b. For fixed-rate accounts, the period of time the interest rate will be in effect? (§ 230.4(b)(1)(i)) Yes No NA
6. For variable-rate accounts, do account disclosures include the following information: (§ 230.4(b)(1)(ii))
   a. The fact that the interest rate and APY may change? (§ 230.4(b)(1)(ii)(A)) Yes No NA
   b. How the interest rate is determined? (§ 230.4(b)(1)(ii)(B)) Yes No NA
   c. The frequency with which the interest rate may change? (§ 230.4(b)(1)(ii)(C)) *and* Yes No NA
   d. Any limitation on the amount the interest rate may change? (§ 230.4(b)(1)(ii)(D)) Yes No NA

Compounding and Crediting

7. Do the account disclosures describe the frequency with which interest is compounded and credited? (§ 230.4(b)(2)(i)) Yes No NA
8. If consumers will forfeit interest if they close the account before accrued interest is credited, do the account disclosures include a statement that interest will not be paid in such cases? (§ 230.4(b)(2)(ii)) Yes No NA

Balance Information

9. As applicable, do the account disclosures (§ 230.4(b)(3)(i))			
a. Describe the minimum balance required to			
• Open an account? (§ 230.4(b)(3)(i)(A))	Yes	No	NA
• Avoid the imposition of a fee? (§ 230.4(b)(3)(i)(B))	Yes	No	NA
• Obtain the APY disclosed? (§ 230.4(b)(3)(i)(C))	Yes	No	NA
b. Describe how the minimum balance requirement is determined to avoid the imposition of a fee or to obtain the APY disclosed? (§ 230.4(b)(3)(i))	Yes	No	NA
c. Explain the balance computation method used to calculate interest on the account? (§ 230.4(b)(3)(ii))	Yes	No	NA
d. State when interest begins to accrue on noncash deposits? (§ 230.4(b)(3)(iii))	Yes	No	NA

Fees

10. Do the account disclosures state 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? (§ 230.4(b)(4))	Yes	No	NA
a. Regardless of whether the institution promotes overdraft payment, does it disclose specific categories of transactions that may cause an overdraft fee to be imposed on the account holder? (Staff Commentary § 230.4(b)(4)-5)	Yes	No	NA

Transaction Limitations

11. Do the account disclosures state any limits on the number or dollar amount of withdrawals or deposits? (§ 230.4(b)(5))	Yes	No	NA

Features of Time Accounts

12. For time accounts, do the account disclosures also include the following, as applicable: (§ 230.4(b)(6))			
a. The maturity date? (§ 230.4(b)(6)(i))	Yes	No	NA
b. A statement that a penalty will or may be imposed for early withdrawal, how it is calculated, and the conditions for its assessment? (§ 230.4(b)(6)(ii))	Yes	No	NA
c. If compounding occurs during the term and the interest may be withdrawn prior to maturity, a statement that the APY assumes that interest remains on deposit until maturity and that a withdrawal will reduce earnings? (§ 230.4(b)(6)(iii))	Yes	No	NA
d. A statement that interest cannot remain on deposit and that payout of interest is mandatory for accounts with the following features: (§ 230.4(b)(6)(iii))	Yes	No	NA
• With a stated maturity greater than one year	Yes	No	NA
• That do not compound interest on an annual or more frequent basis	Yes	No	NA
• That require interest payouts at least annually, and	Yes	No	NA
• That disclose an APY determined in accordance with section E of Appendix A of Regulation DD	Yes	No	NA
e. A statement of whether or not the account will renew automatically at maturity? (§ 230.4(b)(6)(iv))	Yes	No	NA

• If the account will renew automatically at maturity, a statement of whether or not a grace period is provided, and if so, the length of the grace period?	Yes	No	NA
• If the account does not renew automatically, a statement of whether interest will be paid after maturity if the consumer does not renew the account?	Yes	No	NA

Bonuses

13. Do account disclosures state the amount or type of any bonus, when the bonus will be provided, and any minimum balance and time requirements to obtain the bonus? (§ 230.4(b)(7))	Yes	No	NA

Section 230.5—Subsequent Disclosures

Change in Terms Notice

1. Does the institution provide advance change in terms notices to consumers of any change to a term, required to be disclosed under section 230.4(b), that may reduce the annual percentage yield or that otherwise adversely affects the consumer? (§ 230.5(a)(1))	Yes	No	NA
a. Does the notice include the effective date of the change? (§ 230.5(a)(1))	Yes	No	NA
b. Is the notice mailed or delivered at least 30 days before the effective date of the change? (§ 230.5(a)(1))	Yes	No	NA
2. Are exceptions to the notice requirements limited to the following: (§ 230.5(a)(2))			
a. Variable-rate changes? (§ 230.5(a)(2)(i))	Yes	No	NA
b. Check-printing fees? (§ 230.5(a)(2)(ii))	Yes	No	NA
c. Short-term time accounts (one month or less)? (§ 230.5(a)(2)(iii))	Yes	No	NA

Pre-Maturity Notices—Renewable Accounts

3. For time accounts with maturities longer than one month and that automatically renew, does the institution (§ 230.5(b))			
a. Mail or deliver subsequent disclosures at least 30 calendar days before maturity of existing account? (§ 230.5(b))	Yes	No	NA
(Alternatively, if grace period of at least five calendar days is allowed, disclosures may be mailed or delivered at least 20 calendar days before the end of grace period).			
b. For accounts with maturities longer than one year, include in the disclosures (§ 230.5(b)(1))			
• The account disclosures outlined in section 230.4(b) for the new account?	Yes	No	NA
• The date the existing account matures?	Yes	No	NA
• If the interest rate and APY for the new account have not been determined			
(1) The fact that the rates have not yet been determined?	Yes	No	NA
(2) The date that the rates will be determined?	Yes	No	NA
(3) A telephone number to call for the interest rate and APY that will be paid on the new account?	Yes	No	NA

c. For accounts with maturities of one year or less, include in the disclosures (§ 230.5(b)(2))

• The account disclosures required under section 230.5(b)(1) for accounts with maturities of more than one year? (§ 230.5(b)(2)(i))	Yes	No	NA
or			
• The date the existing account matures and the new maturity date if the account is renewed? (§ 230.5(b)(2)(ii)(A))	Yes	No	NA
• The interest rate and APY for the new account, if known? (§ 230.5(b)(2)(ii)(B))	Yes	No	NA
• If the rates are not known, (§ 230.5(b)(2)(ii)(B))			
(1) The fact that the rates have not yet been determined?	Yes	No	NA
(2) The date they will be determined?	Yes	No	NA
(3) A telephone number to call for the interest rate and APY that will be paid on the new account?	Yes	No	NA
• Any difference in the terms of the new account, compared to the existing account? (§ 230.5(b)(2)(ii)(C))	Yes	No	NA

Pre-Maturity Notices—Nonrenewable Accounts

4. For time accounts with maturities longer than one year and that do not automatically renew, does the institution (§ 230.5(c))

a. Disclose the maturity date?	Yes	No	NA
b. Disclose whether interest will be paid after maturity?	Yes	No	NA
c. Mail or deliver the disclosures at least 10 calendar days before the maturity of the existing account?	Yes	No	NA

Section 230.6—Periodic Statement Disclosures

1. If an institution mails or delivers a periodic statement, do the statements include the following: (§ 230.6(a))

a. The "annual percentage yield earned" during the statement period, using that term and calculated in accordance to Appendix A of Regulation DD? (§ 230.6(a)(1))	Yes	No	NA
b. The amount of interest earned during the statement period? (§ 230.6(a)(2))	Yes	No	NA
c. Any debited fees required to be disclosed under section 230.4(b)(4), itemized by dollar amount and type? (§230.6(a)(3))	Yes	No	NA

NOTE: Except as required in section 230.11(a)(1) for overdraft payment fees, if fees of the same type are imposed more than once in a statement period, an institution may itemize fees separately or group them together and disclose a total dollar amount for all fees of the same type. Fees for paying overdrafts and for returning items unpaid are not fees of the same type and must be separately distinguished.

d. The total number of days in the statement period, or the beginning and ending dates of the period? (§ 230.6(a)(4))	Yes	No	NA

2. If the institution uses the average daily balance method and calculates interest for a period other than the statement period, does the institution (§ 230.6(b))

a. Calculate and disclose the APYE and the amount of interest earned based on the other period rather than the statement period?	Yes	No	NA

b. State the information required in section 230.6(a)(4), specifying the period length for the other period as well as for the statement period? Yes No NA

Section 230.7—Payment of Interest

1. Does the institution calculate interest on the full amount of principal in the account each day by use of either the daily balance method or the average daily balance method? (§ 230.7(a)(1)) Yes No NA
2. For deposit accounts that require a minimum balance to earn interest, does the institution use the same method to determine any minimum balance as it uses to determine the balance on which interest is calculated? Yes No NA

   NOTE: An institution may use an additional method that is unequivocally beneficial to the consumer. (§ 230.7(a)(2))
3. If an institution chooses not to pay accrued interest if the consumer closes an account prior to the date accrued interest is credited, does the institution disclose this practice in the initial account disclosures? (Staff Commentary §230.7(b)-3) Yes No NA

   NOTE: An institution is not required to compound or credit interest at any particular frequency but, if it does, it may compound or credit interest annually, semi-annually, quarterly, monthly, daily, continuously, or on any other basis. (§ 230.7(b) and Staff Commentary § 230.7(b)-1)
4. Does interest begin to accrue no later than the business day specified for interest-bearing accounts in section 606 of the Expedited Funds Availability Act and implementing Regulation CC? (§230.7(c)) Yes No NA
5. Does interest accrue until the day the funds are withdrawn? (§230.7(c)) Yes No NA

Section 230.8—Advertising Requirements

General

1. Do the types of advertising that the institution uses, including visual, oral, or print, meet the regulatory definition of an advertisement? Yes No NA
2. Do the advertisements refrain from misleading or inaccurate statements, and from misrepresenting the institution's deposit contract? (§ 230.8(a)(1)) Yes No NA
3. Do the advertisements refrain from using (§ 230.8(a)(2) and Staff Commentary § 230.8(a)-5)
   a. The terms ''free'' or ''no cost'' (or similar term) if any maintenance or activity fee may be imposed? Yes No NA
   b. The word ''profit'' when referring to interest paid on an account? Yes No NA
   c. The term ''fees waived'' if a maintenance or activity fee can be imposed? Yes No NA
4. If an electronic advertisement displays a triggering term, does the advertisement clearly refer the consumer to the location where the additional required information begins? (Staff Commentary § 230.8(a)-9) Yes No NA
5. For an institution that promotes the payment of overdrafts in an advertisement, does the advertisement include the disclosures required by section 230.11(b)? (§ 230.8(f)) Yes No NA

Permissible Advertisement Rates

6. If the institution advertises a rate of return, (§230.8(b))

    a. Is the rate stated as "annual percentage yield," using that term, and no other rate except "interest rate"? Yes No NA

    b. If the advertisement uses the abbreviation "APY," has the term "annual percentage yield" been stated at least once in the advertisement? Yes No NA

    c. If the advertisement states the interest rate, using that term, is it stated in conjunction with, but not more conspicuous than, the annual percentage yield to which it relates? Yes No NA

    d. Are the annual percentage yields and interest rates rounded to the nearest one-hundredth of one percentage point (.01%) and expressed to two decimal places? Yes No NA

7. If the institution advertises tiered-rate accounts, does the advertisement state an annual percentage yield for each tier, along with corresponding minimum balance requirements? (Staff Commentary §230.8(b)-1) Yes No NA

8. If the institution advertises stepped-rate accounts, does the advertisement state all the interest rates and the time period that each rate is in effect? (Staff Commentary §230.8(b)-2) Yes No NA

Required Additional Disclosures

9. With the exception of broadcast, electronic, or outdoor media, telephone-response machines, and indoor signs, if the annual percentage yield is stated in the advertisement, is the following information, as applicable, stated clearly and conspicuously: (§230.8(c))

    a. For a variable rate account, that the rate may change after account opening? (§230.8(c)(1)) Yes No NA

    b. The time period that the annual percentage yield will be offered, or a statement that it is accurate as of a specified date? (§230.8(c)(2)) Yes No NA

    c. The minimum balance required to earn the advertised annual percentage yield? (§230.8(c)(3)) Yes No NA

    d. For tiered-rate accounts, the minimum balance required for each tier stated in close proximity and with equal prominence to the applicable APY, if applicable? (§230.8(c)(3)) Yes No NA

    e. The minimum deposit to open the account, if it is greater than the minimum balance necessary to obtain the advertised annual percentage yield? (§230.8(c)(4)) Yes No NA

    f. A statement that maintenance or activity fees could reduce the earnings on the account? (§230.8(c)(5) and Staff Commentary §230.8(c)(5)-1) Yes No NA

    g. For time accounts, the following features: (§230.8(c)(6))

        - Term of the account? (§230.8(c)(6)(i)) Yes No NA
        - A statement that a penalty will or may be imposed for early withdrawal? (§230.8(c)(6)(ii)) Yes No NA
        - A statement that interest cannot remain on deposit and that payout of interest is mandatory for noncompounding time accounts with the following features: (§230.8(c)(6)(iii)) Yes No NA

            (1) A stated maturity greater than one year Yes No NA

            (2) Interest is not compounded on an annual or more frequent basis Yes No NA

            (3) Interest is required to be paid out at least annually, and Yes No NA

(4) The APY is determined in accordance with section E of Appendix A.

Bonuses

10. Unless an exception applies in section 230.8(e), if a bonus is stated in an advertisement, does the advertisement state the following information, as applicable, clearly and conspicuously: (§230.8(d))

a. The "annual percentage yield," using that term? (§230.8(d)(1))	Yes	No	NA
b. The time requirement to obtain the bonus? (§230.8(d)(2))	Yes	No	NA
c. The minimum balance required to obtain the bonus? (§230.8(d)(3))	Yes	No	NA
d. The minimum balance required to open the account, if it is greater than the minimum balance necessary to obtain the bonus)? (§230.8(d)(4))	Yes	No	NA
e. When the bonus will be provided? (§230.8(d)(5))	Yes	No	NA

Exemptions for Certain Advertisements

11. Do advertisements made through broadcast, electronic, or outdoor media, and telephone-response machines contain the following information, as applicable, clearly and conspicuously: (§230.8(e)(1) and Staff Commentary §230.8(e)(1)(i)-1)

a. The minimum balance required to earn the advertised annual percentage yield? For tiered accounts, the minimum balance required for each tier stated in close proximity and with equal prominence to the applicable APY, if applicable? (§230.8(c)(3))	Yes	No	NA
b. For time accounts:			
• Term of the account? (§230.8(c)(6)(i))	Yes	No	NA
• A statement that interest cannot remain on deposit and that payout of interest is mandatory for noncompounding time accounts with the following features: (§230.8(c)(6)(iii))	Yes	No	NA
(1) A stated maturity greater than one year	Yes	No	NA
(2) Interest is not compounded on an annual or more frequent basis	Yes	No	NA
(3) Interest is required to be paid out at least annually, and	Yes	No	NA
(4) The APY is determined in accordance with section E of Appendix A of Regulation DD.	Yes	No	NA
c. If an advertisement states a bonus,			
• The "annual percentage yield," using that term? (§230.8(d)(1))	Yes	No	NA
• The time requirement to obtain the bonus? (§230.8(d)(2))	Yes	No	NA
• The minimum balance required to obtain the bonus? (§230.8(d)(3))	Yes	No	NA

12. Do indoor signs

a. Refrain from			
• Containing misleading or inaccurate statements, and misrepresenting deposit contracts? (§230.8(a)(1))	Yes	No	NA
• Referring to or describing an account as "free" or "no cost" (or contain a similar term) if any maintenance or activity fee is charged?	Yes	No	NA
• Using the word "profit" to refer to interest paid on the account?	Yes	No	NA
• Using the term "fees waived" if a maintenance or activity fee can be imposed? (§230.8(a)(2) and Staff Commentary §230.8(a)-5)	Yes	No	NA
b. If a rate of return is stated,			

- State the rate as ''annual percentage yield'' or ''APY''? No other rate may be stated except for the interest rate in conjunction with the APY to which it relates. Yes No NA
- Contain a statement advising consumers to contact an employee for further information about applicable fees and terms? (§ 230.8(e)(2)) Yes No NA

Section 230.9—Record Retention Requirements

1. Has the institution retained evidence of compliance with Regulation DD, including rate information, advertising, and the provision of consumer disclosures at the appropriate time (including upon a consumer's request), for a minimum of two years after disclosures are required to be made or action is required to be taken? For example, review samples of advertising and disclosures, policies and procedures, and training activities, as appropriate. (§ 230.9(c)) Yes No NA

Section 230.10—RESERVED

Section 230.11—Overdraft Payment Disclosure and Advertising Requirements

Periodic Statement Disclosures

1. Does the institution promote the payment of overdrafts in an advertisement? If so, it is subject to Regulation DD's disclosure and advertisement requirements for overdraft protection products. (§ 230.11(a)(1)(i)) Yes No NA
2. Unless an exception under section 230.11(a)(2) applies, does the institution disclose on each periodic statement (if it provides a statement) separate totals, for both the statement period and the calendar year-to-date, for the following: (§ 230.11(a)(1)(ii))
   a. The total amount of fees and charges imposed for paying checks or other items when there are insufficient funds and the account becomes overdrawn? (§ 230.11(a)(1)(i)(A) *and* Yes No NA
   b. The total amount of fees imposed on an account for returning items unpaid? (§ 230.11(a)(1)(i)(B)) Yes No NA
3. Does the institution make the total fee disclosures for the first statement period that begins after it advertises the payment of overdrafts? (§ 230.11(a)(3)) Yes No NA
4. If the institution ceases advertising overdraft payments for a deposit account, does it continue to disclose total fees for paying an overdraft or for returning items unpaid until two years after the date of the last advertisement promoting the payment of overdrafts? (§ 230.11(a)(4)) Yes No NA
5. If the institution acquired an account and starts advertising its overdraft payment features, does it provide the required total fee disclosures for the first statement period that begins after it advertises the payment of overdrafts for the acquired account? (§ 230.11(a)(5)) Yes No NA

   NOTE: If disclosures are required for the acquired account, the institution may, but is not required to, include fees imposed prior to acquisition of the account. (§ 230.11(a)(5))

Advertisement Requirements

6. Unless an exception under section 230.11(b)(2)-(4) applies, when an institution advertises the payment of overdrafts, are the following disclosed clearly and conspicuously in the advertisement:

a. The fee(s) for the payment of each overdraft? (§230.11(b)(1)(i))	Yes	No	NA
b. The categories of transactions for which a fee may be imposed for paying an overdraft? (§230.11(b)(1)(ii))	Yes	No	NA
c. The time period by which the consumer must repay or cover any overdraft? (§230.11(b)(1)(iii)) and	Yes	No	NA
d. The circumstances under which the institution will not pay an overdraft? (§230.11(b)(1)(iv))	Yes	No	NA