



## NY Firefighters Bravest Federal Credit Union

Est. 1935

### **CREDIT UNION TRUTH-IN-SAVINGS POLICY**

#### **I. Introduction**

The Truth-In-Savings Act (TISA) was enacted in December 1991 as part of the Federal Deposit Insurance Corporation Improvement Act. The National Credit Union Administration (NCUA) adopted the Truth-In-Savings Regulations (Part 707) for credit unions which implement TISA. The following policy and procedure specifies how NY Firefighters Bravest Federal Credit Union will comply with the Truth-In-Savings regulations. The Credit Union will cooperate with NCUA to enforce the regulation and monitor ongoing compliance.

Part 707 establishes rules for disclosing to members the dividend rate, annual percentage yield, all fees imposed in connection with an account, and other terms for an account upon account opening upon the member's request. There are disclosure requirements for members' periodic statement, the maturity and renewal to time accounts, and the advertisement of any deposit account. Part 707 also requires members be notified that account disclosures are available. The effective date for mandatory compliance with Truth-In-Savings is January 1, 1995 (for small non-automated credit unions this date will be either March 31, 1995 or June 31, 1995). Compliance is optional for credit unions prior to January 1, 1995.

#### **II. Account Earnings**

The regulation requires that dividend (or interest) earnings on each dividend bearing (or interest bearing) account be computed on the full amount of principal in the account each day for the dividend calculation period.

##### **A. Balance computation method**

- a. The credit union will use an average daily balance method to compute dividends (or interest) on the following accounts: Share Account, IRA Share Account.
- b. The Account Disclosures will specify the method used for each particular account.

##### **B. Account earnings on closed accounts**

- a. Accrued but uncredited dividends (or interest) will be paid if a member closes any Share Account or IRA Share Account prior to the time accrued dividends (or interest) would be credited to the account, but such dividends will not be paid to you until the next dividend declaration date.



#### C. Dividend accrual

The credit union's policy for dividend accrual is as follows:

- a. Dividends will begin accruing when cash items are received.
- b. Dividends (or interest) will accrue for non-cash items (i.e. share drafts or checks) deposited to share accounts or IRA share accounts on the business day the checks are deposited or in the case of deposits received after 2 pm, on the next business day and earn dividends from the day it is so provisionally credited to your account.

#### D. Daily Dividend Rate

- a. The credit union shall calculate dividends by use of a daily rate of at least  $1/365$  of the dividend rate. In a leap year a daily rate of  $1/366$  will be used.

#### E. Rate Information

- a. Annual percentage yield (APY)

The annual percentage yield is an annualized rate that reflects the relationship between the amount of dividends (or interest) earned on an account and the frequency of compounding for a 365 day period.

- b. APY Formula

The formula used to calculate the APY for purposes of responding to rate inquiries and providing maturity and renewal notices and advertising disclosures is set forth in Appendix A, Part 1, of the NCUA Truth-in-Savings Regulation. The formula used to calculate the APY for periodic statements is set forth in Appendix A, Part II, to the NCUA Truth-In-Savings Regulation.

- c. APY calculation

For purposes of the credit union's TIS Account Disclosures (except periodic statements), the APY calculation will be based on: (i) an assumed term of 365 days for accounts without a stated maturity; and (ii) the actual days during the term for time accounts and Christmas Club accounts with a maturity date or time requirement.

- d. Dividend Rate

The Dividend Rate means the (declare prospective, or anticipated dividend rate to be) paid on an account which does not reflect compounding. The credit union sets dividend rates on the following basis: The board of directors establishes the dividend from available income from each quarter.

### **III. Responding to Rate Inquiries**

The credit union will provide numbers and potential numbers with oral rate information upon any rate inquiry received by credit union staff on credit union premises.



A. Content

The oral rate information will include timely and accurate rate information as follows:

- a. Annual Percentage Yield for account inquired.
- b. Dividend Rate for account inquired.
- c. For time accounts (and interest bearing accounts) the effective date of the rate and the credit union's telephone number for members to call.

B. Accuracy

The APY and Dividend Rates will be accurate according to the credit union's rate setting method.

C. Delivery

The following staff members will be responsible for responding to rate inquiries: Secretary/Treasurer, or either of his two assistants.

#### **IV. Account Disclosures**

Truth-In-Savings (TIS) Disclosures for each of the credit union's accounts will be furnished to members and potential members upon (i) the opening of an account, and (ii) upon a member or potential member's request for account disclosures to any credit union staff person by mail, in person, or by telephone request.

A. Account Opening Documents

Upon opening any account, members will be furnished with a Membership and Account Agreement (Account Agreement), a Funds Availability Policy Disclosure and TIS Account Disclosure (Rate and Fee schedule) (the "Account Opening Documents").

- a. Members opening accounts in person will be given the Account Opening Documents before the account is opened.
- b. Members not present when opening accounts will be sent Account Opening Documents no later than 20 calendar days after the account is opened.

B. Account Disclosures

Upon Request Members and potential members will be furnished TIS Account Disclosures (Rate and Fee Schedule) upon request.

- a. Members and potential members requesting TIS Account Disclosures by phone or by mail will be mailed a Rate and Fee Schedule within 10 business days after the business day of the request. Members and potential members requesting TIS Account Disclosures in person will receive the Rate and Fee Schedule as soon as possible after the request.

C. Format Disclosures

The TIS Account Disclosure information will be printed in a Rate and Fee Schedule in a format that is clear and conspicuous. The Rate and Fee Schedule will contain TIS Account Disclosures



for all accounts (i.e. share/savings, share draft/checking, and share certificate) The Rate and Fee Schedule for all accounts may be printed on one or more schedules.

#### D. Content of Disclosures

The Rate and Fee Schedule provided to members will include the following account rate information, terms and fees for each account, applicable:

- a. Annual percentage yield
- b. Dividend (or interest) rate
  - i. Fixed Rate Accounts. Fixed rate accounts state that a minimum 30 calendar days advance written notice of any rate decrease will be provided before the effective date of the change. The fixed rate period will be stated.
  - ii. Variable rate accounts. The credit union has the following variable rate accounts as variable rate accounts:
    1. The TIS Account Disclosures for variable rate accounts will state that the rate will be adjusted at the discretion of the Board of Directors of the credit union. The credit union reserves the right to change dividend rates at any time.
    2. Compounding and Crediting Frequency a. The Dividend period and frequency of compounding and crediting for each account offered shall be disclosed.
    3. Balance Information a. The minimum balance to open an account, avoid the imposition of fees or obtain the APY will be disclosed, if applicable. b. The balance computation method used for each account will be disclosed. The credit union uses the average daily balance method for each account. c. The average daily balance method means the application of a periodic rate to the average daily balance in the account for the period. The average daily balance is determined by adding the full amount of principal in the account each day of the period and dividing that figure by the number of days in the period.
    4. Dividend accrual policy Whether accrued but uncredited dividends will be paid if the account is closed prior to dividend crediting.
    5. Fees
      - i. The Rate and Fee Schedule will show all account service fees and activity fees categorized for each account and a broad category of all other fees assessed for all accounts.
      - ii. The Rate and Fee Schedule will include the amount and conditions for all fees to the extent known and required to be disclosed

#### V. Periodic Statements

The regulation requires certain information to be included on or with each periodic statement to the extent a statement is provided. This requirement applies to all accounts that receive a statement on a regular basis four or more times a year.

##### A. Accounts affected



Periodic statement disclosures will be made to existing and new member deposit accounts opened no later than the mandatory compliance date. The credit union will provide the required disclosure to all affected accounts.

#### B. Periodic statement disclosures

The credit union's periodic statement will state the following for each affected account: the annual percentage yield earned, amount of dividends, fees, and length of the statement period, as applicable.

- a. The annual percentage yield earned (APYE) reflects the relationship between the actual dividends earned during the statement period and the average daily balance for the same period. It does not reflect any fees imposed, bonuses, or extraordinary dividends earned.
  - i. The formula for calculating APYE is contained in Appendix A, Part II, of the regulation.
- b. Amount of dividends
  - i. Dividends are calculated based on the number of days in the statement period.
  - ii. The dollar amount of dividends earned during the statement prior will be the figure that is shown on the periodic statement.
  - iii. The average daily balance method is used to calculate the amount of dividends on Share Accounts and IRA Share Accounts.
- c. Any maintenance or activity fee assessed in connection with the account will be disclosed on the periodic statement. Such fees will be itemized by type and shown as incurred or as a total figure by type of fee.
- d. The length of the statement period will be shown by disclosing the total number of days in the period, the beginning and the ending date for the period, or both.

#### VI. Notice to Existing Accounts

The credit union will inform existing account holders that they can request account disclosures.

- A. Any member who requests Account Disclosures will be furnished the applicable Account Disclosure(s) requested within a reasonable time, but not later than 10 business days after the business day the request is received.

#### VII. Advertising

The credit union will not make any misleading or inaccurate advertising. Advertising referring to a dividend rate or annual percentage yield will reflect additional required disclosures in the advertisement.