Credit unions may provide the disclosures required by §§707.4(a)(2) and 707.8 to a member or potential member in electronic form without regard to the consent or other provisions of the E-Sign Act in the circumstances set forth in those sections. Disclosures for each account offered by a credit union may be presented separately or combined with disclosures for the credit union’s other accounts, as long as it is clear which disclosures are applicable to the member or potential member’s account.

(b) General. The disclosures shall reflect the terms of the legal obligation between the member and the credit union. Disclosures may be made in languages other than English, provided the disclosures are available in English upon request.

(c) Relation to Regulation E (12 CFR part 205). Disclosures required by and provided in accordance with the Electronic Fund Transfer Act (15 U.S.C. 1601) and its implementing Regulation E (12 CFR part 205) that are also required by this part may be substituted for the disclosures required by this part.

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

(e) Oral responses to inquiries. In an oral response to a member or potential member’s inquiry about dividend rates payable on its accounts, the credit union shall state the annual percentage yield. The dividend rate may be stated in addition to the annual percentage yield. No other rate may be stated. In stating a dividend rate and annual percentage yield, a credit union shall:

1. For dividend-bearing accounts other than term share accounts, specify a dividend rate and annual percentage yield as of the last dividend declaration date. In the event that disclosures of a dividend rate and annual percentage yield as of the last dividend declaration date might be inaccurate because of known or contemplated dividend rate changes, the credit union may disclose the prospective dividend rate and prospective annual percentage yield. Such prospective dividend rate and prospective annual percentage yield may be disclosed either in lieu of, or in addition to, the dividend rate and annual percentage yield as of the last dividend declaration date.

2. For interest-bearing accounts and for dividend-bearing term share accounts, specify an interest (dividend) rate and annual percentage yield that were offered within the most recent seven calendar days; state that the rate and yield are accurate as of an identified date; and provide a telephone number members may call to obtain current rate information.

(f) Rounding and accuracy rules for rates and yields. The annual percentage yield, the annual percentage yield earned, and the dividend rate shall be rounded to the nearest one-hundredth of one percentage point (.01%) and expressed to two decimal places. For account disclosures, the dividend rate may be expressed to more than two decimal places.

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

(Approved by the Office of Management and Budget under control number 3133–0134)

§ 707.4 Account disclosures.

(a) Delivery of account disclosures. (1) General. A credit union must provide account disclosures to a member or potential member before an account is opened or a service is provided, whichever is earlier. A credit union is deemed to have provided a service when a fee required to be disclosed is assessed. Except as provided in paragraph (a)(1)(ii) of this section, if a member or potential member is not present at the credit union when the account is opened or the service is provided and has not already received the disclosures, the credit union must mail or deliver the disclosures no later than 10 business days after the account is opened or the service is provided, whichever is earlier.
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(1) Rate information—(1) Annual percentage yield and dividend rate. (A) For interest-bearing accounts and for dividend-bearing term share accounts, the "annual percentage yield" and the "interest rate" ("dividend rate"), using those terms, and for fixed-rate accounts the period of time the interest (dividend) rate will be in effect.  

(B) For dividend-bearing accounts other than term share accounts, a credit union shall specify a dividend rate and annual percentage yield (using those terms) as of the last dividend declaration date. In the event that disclosures of a dividend rate and annual percentage yield as of the last dividend declaration date might be inaccurate because of known or contemplated dividend rate changes, the credit union may disclose the prospective dividend rate and prospective annual percentage yield. Such prospective dividend rate and prospective annual percentage yield may be disclosed either in lieu of, or in addition to, the dividend rate and annual percentage yield as of the last dividend declaration date.  

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

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

(B) How the dividend rate is determined;  

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

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

(2) Compounding and crediting—(1) Frequency. The frequency with which dividends are compounded and credited, and the dividend period for dividend-bearing accounts.  

(i) Effect of closing an account. If members will forfeit dividends if they close an account before accrued dividends are credited, a statement that the dividends will not be paid in such cases.  

(3) Balance information—(1) Minimum balance requirements. Any minimum balance required to:  

(A) Open the account;  

(B) Avoid the imposition of a fee; or  

(C) Obtain the annual percentage yield disclosed.  

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

(ii) Balance computation method. An explanation of the balance computation method specified in §707.7, used to calculate dividends on the account.

(iii) When dividends begin to accrue. A statement of when dividends begin to accrue on noncash deposits.

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

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

(6) Features of term share accounts. For term share accounts:

(i) Time requirements. The maturity date.

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

(iii) Withdrawal of dividends prior to maturity. If compounding occurs and dividends may be withdrawn prior to maturity, a statement that the annual percentage yield assumes dividends remain in the account until maturity and that a withdrawal will reduce earnings. For accounts with a stated maturity greater than 1 year that do not compound dividends on an annual or more frequent basis, that require dividend payouts at least annually, and that disclose an APY determined in accordance with section E of appendix A of this part, a statement that dividends cannot remain on account and that payout of dividends is mandatory.

(iv) Renewal policies. A statement of whether or not the account will renew automatically at maturity. If it will, a statement of whether or not a grace period will be provided and, if so, the length of that period must be stated. If the account will not renew automatically, a statement of whether dividends will be paid after maturity if the member does not renew the account must be stated.

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

(8) Nature of dividends. For accounts earning dividends, other than term share accounts, a statement that dividends are paid from current income and available earnings, after required transfers to reserves at the end of a dividend period.

§707.5 Subsequent disclosures.

(a) Change in terms—(1) Advance notice required. A credit union shall give advance notice to affected members of any change in a term required to be disclosed under §707.4(b), if the change may reduce the annual percentage yield or adversely affect the member. The notice shall include the effective date of the change. The notice shall be mailed or delivered at least 30 calendar days before the effective date of the change.

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