§ 707.4 Account disclosures.

(a) Delivery of account disclosures—(1) Account opening. (i) 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.

(ii) Timing of electronic disclosures. If a member or potential member who is not present at the credit union uses electronic means, for example, an internet Web site, to open an account or request a service, the disclosures required under paragraph (a)(1) of this
§ 707.4  12 CFR Ch. VII (1–1–14 Edition)

section must be provided before the account is opened or the service is provided.

(2) Requests. (i) A credit union must provide account disclosures to a member or potential member upon request. If a member or potential member who is not present at the credit union makes a request, the credit union must mail or deliver the disclosures within a reasonable time after it receives the request and may provide the disclosures in paper form or electronically if the member or potential member agrees.

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

(A) Specify rates as follows:

(i) 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.

(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.

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

(ii) 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.

(iii) 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.
§ 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:

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

(ii) Share draft and check printing fees. Changes in fees for check printing.