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NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 707

Truth in Savings; Correcting Amendments

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final rule; correcting amendments.

SUMMARY: The NCUA is amending Appendix C, its commentary to the Truth in Savings regulation. This appendix contains the NCUA Official Staff Interpretation for the Truth in Savings Act and regulation for credit unions. This document contains clarifications, technical amendments and revisions to Appendix C.

DATES: These correcting amendments are effective as of January 1, 1995. Compliance with Appendix C is optional until May 22, 1995, except for those credit unions that have assets of \$2 million or less that are not automated, which have a later compliance date of January 1, 1996.

FOR FURTHER INFORMATION CONTACT: Martin S. Conrey, Staff Attorney, Office of General Counsel, NCUA, 1775 Duke Street, Alexandria, VA 22315-3428, or telephone (703) 518-6540.

SUPPLEMENTARY INFORMATION:

Background

NCUA's final Official Staff Interpretation, also known as the Commentary, was published November 21, 1994 (59 FR 59887), and is the subject of these revisions. The Commentary acts as the official staff interpretation of part 707 (12 CFR part 707), NCUA's rule implementing the Truth in Savings Act. (12 U.S.C. 4301 et seq.). The Commentary is designed to provide guidance to credit unions in applying the regulation to specific transactions and is a substitute for, and

a supplement to, individual staff interpretations.

Need for Correction

As published, Appendix C to the final rule contained several drafting and technical errors that are confusing or erroneous, and need to be clarified and corrected.

List of Subjects in 12 CFR Part 707

Advertising, Credit unions, Consumer protection, Interest, Interest rates, Truth in savings.

For the reasons set forth above the following correcting amendments are made to 12 CFR part 707 as indicated below:

PART 707—TRUTH IN SAVINGS

1. The authority citation for part 707 continues to read as follows:

Authority: 12 U.S.C. 4311.

Appendix C to Part 707—[Corrected]

2. Appendix C to part 707 is amended as follows:

a. Under § 707.2(a)5, entitled "Use of synonyms", the third sentence is amended by adding to the end of the sentence the phrase "and, for account disclosures, is used in conjunction with the correct legal term".

b. Under § 707.2(j)1, a new paragraph (vi) is added to read as set forth below.

c. Section 707.2(v) entitled "Tiered-Rate Account" is redesignated as § 707.2(y).

d. Under newly designated § 707.2(y) entitled "Tiered-Rate Account", the final parenthetical in paragraph 1. is revised as set forth below.

e. Under § 707.3(a)1, in the first sentence, the first word, "Alal," is revised to read "All".

f. Under § 707.3(e)1, in the fourth sentence, the phrase "the in" is revised to read "in the".

g. Under § 707.4(b)(4) entitled "Fees", the second paragraph 2 and paragraphs 3 and 4 are redesignated as paragraph 3 and paragraphs 4 and 5, respectively.

h. Under § 707.4(b)(4)2(ii), the phrase "for photocopying forms" is revised to read "for photocopying".

i. Under § 707.4(b)(5) entitled "Transaction Limitations", the first sentence under paragraph 1. introductory text entitled "General rule." is amended by adding the word "of" between the words "Examples" and "limitations".

j. Under § 707.5(b)5. entitled "Renewal of a term share account", paragraph (i) is amended by adding at the end of the first sentence the word "apply".

k. Under § 707.5(b)5. entitled "Renewal of a term share account", paragraph (ii) is amended by adding at the end of the first sentence the word "apply".

l. Under § 707.6(b)(2), paragraph 1. entitled "Definition of earned", the final parenthetical is revised as set forth below.

m. Under § 707.7(c)3, the heading "Withdrawal or principal." is revised to read "Withdrawal of principal.".

n. Under § 707.8(b)3 entitled "Representative examples." paragraph (ii) is revised as set forth below.

The additions and revisions read as follows:

Appendix C to Part 707—Official Staff Interpretations

* * * * *

§ 707.2 Definitions.

* * * * *

(j) *Dividend Declaration Date.*

1. * * *

vi. "As of the last dividend declaration date" (the last dividend period upon which a dividend has been paid).

* * * * *

(y) *Tiered-Rate Account*

1. * * * (See Appendix A, part I, D.)

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§ 707.6 Periodic Statement Disclosures.

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(b) *Statement Disclosures*

* * * * *

(b)(2) *Amount of Dividends or Interest*

1. *Definition of earned.* * * * (See 707.6(b)(1)1. and 707.7(c)2. of this Appendix.)

* * * * *

§ 707.8 Advertising.

* * * * *

(b) *Permissible Rates*

* * * * *

3. *Representative examples.* * * *
ii. Indicate that various rates are available, such as by stating short-term and longer-term maturities along with the applicable annual percentage yields: