

CHAPTER 44—TRUTH IN SAVINGS

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§ 4301. Findings and purpose

(a) Findings

The Congress hereby finds that economic stability would be enhanced, competition between depository institutions would be improved, and the ability of the consumer to make informed decisions regarding deposit accounts, and to verify accounts, would be strengthened if there was uniformity in the disclosure of terms and conditions on which interest is paid and fees are assessed in connection with such accounts.

(b) Purpose

It is the purpose of this chapter to require the clear and uniform disclosure of—

- (1) the rates of interest which are payable on deposit accounts by depository institutions; and
- (2) the fees that are assessable against deposit accounts,

so that consumers can make a meaningful comparison between the competing claims of depository institutions with regard to deposit accounts.

(Pub. L. 102-242, title II, §262, Dec. 19, 1991, 105 Stat. 2334.)

SHORT TITLE

Section 261 of Pub. L. 102-242 provided that: “This subtitle [subtitle F (§§261-274) of title II of Pub. L. 102-242, enacting this chapter] may be cited as the ‘Truth in Savings Act.’”

SEPARABILITY

If any provision of Pub. L. 102-242 or any application of any provision thereof to any person or circumstance is held invalid, the remainder of Pub. L. 102-242 and the application of any remaining provision of such Act to any other person or circumstance not to be affected by such holding, see section 481 of Pub. L. 102-242, set out as a note under section 1811 of this title.

§ 4302. Disclosure of interest rates and terms of accounts

(a) In general

Except as provided in subsections (b) and (c) of this section, each advertisement, announcement, or solicitation initiated by any depository institution or deposit broker relating to any demand or interest-bearing account offered by an insured depository institution which includes any reference to a specific rate of interest payable on amounts deposited in such account, or to a specific yield or rate of earnings on amounts so deposited, shall state the following information, to the extent applicable, in a clear and conspicuous manner:

- (1) The annual percentage yield.
- (2) The period during which such annual percentage yield is in effect.
- (3) All minimum account balance and time requirements which must be met in order to earn the advertised yield (and, in the case of accounts for which more than 1 yield is stated, each annual percentage yield and the account minimum balance requirement associated with each such yield shall be in close proximity and have equal prominence).
- (4) The minimum amount of the initial deposit which is required to open the account in order to obtain the yield advertised, if such minimum amount is greater than the minimum balance necessary to earn the advertised yield.
- (5) A statement that regular fees or other conditions could reduce the yield.
- (6) A statement that an interest penalty is required for early withdrawal.

(b) Broadcast and electronic media and outdoor advertising exception

The Board may, by regulation, exempt advertisements, announcements, or solicitations made by any broadcast or electronic medium or outdoor advertising display not on the premises of the depository institution from any disclosure requirements described in paragraph (4) or (5) of subsection (a) of this section if the Board finds that any such disclosure would be unnecessarily burdensome.

(c) Disclosure required for on-premises displays

The disclosure requirements contained in this section shall not apply to any sign (including a

rate board) disclosing a rate or rates of interest which is displayed on the premises of the depository institution if such sign contains—

- (1) the accompanying annual percentage yield; and
- (2) a statement that the consumer should request further information from an employee of the depository institution concerning the fees and terms applicable to the advertised account.

(d) Misleading descriptions of free or no-cost accounts prohibited

No advertisement, announcement, or solicitation made by any depository institution or deposit broker may refer to or describe an account as a free or no-cost account (or words of similar meaning) if—

- (1) in order to avoid fees or service charges for any period—
 - (A) a minimum balance must be maintained in the account during such period; or
 - (B) the number of transactions during such period may not exceed a maximum number; or
- (2) any regular service or transaction fee is imposed.

(e) Misleading or inaccurate advertisements, etc., prohibited

No depository institution or deposit broker shall make any advertisement, announcement, or solicitation relating to a deposit account that is inaccurate or misleading or that misrepresents its deposit contracts.

(Pub. L. 102-242, title II, §263, Dec. 19, 1991, 105 Stat. 2334; Pub. L. 102-550, title IX, §957(a), Oct. 28, 1992, 106 Stat. 3896; Pub. L. 104-208, div. A, title II, §2604(b), Sept. 30, 1996, 110 Stat. 3009-471.)

AMENDMENTS

1996—Subsec. (c). Pub. L. 104-208 redesignated par. (1) as entire subsec. (c) and subpars. (A) and (B) of former par. (1) as pars. (1) and (2), respectively, and struck out former par. (1) heading and heading and text of former par. (2). Text of former par. (2) read as follows: “For purposes of paragraph (1), a sign shall only be considered to be displayed on the premises of a depository institution if the sign is designed to be viewed only from the interior of the premises of the depository institution.”

1992—Subsec. (a). Pub. L. 102-550, §957(a)(1), substituted “subsections (b) and (c)” for “subsection (b)”.

Subsecs. (c) to (e). Pub. L. 102-550, §957(a)(2), (3), added subsec. (c) and redesignated former subsecs. (c) and (d) as (d) and (e), respectively.

§ 4303. Account schedule

(a) In general

Each depository institution shall maintain a schedule of fees, charges, interest rates, and terms and conditions applicable to each class of accounts offered by the depository institution, in accordance with the requirements of this section and regulations which the Board shall prescribe. The Board shall specify, in regulations, which fees, charges, penalties, terms, conditions, and account restrictions must be included in a schedule required under this subsection. A depository institution need not include in such schedule any information not specified in such regulation.

(b) Information on fees and charges

The schedule required under subsection (a) of this section with respect to any account shall contain the following information:

- (1) A description of all fees, periodic service charges, and penalties which may be charged or assessed against the account (or against the account holder in connection with such account), the amount of any such fees, charge, or penalty (or the method by which such amount will be calculated), and the conditions under which any such amount will be assessed.
- (2) All minimum balance requirements that affect fees, charges, and penalties, including a clear description of how each such minimum balance is calculated.
- (3) Any minimum amount required with respect to the initial deposit in order to open the account.

(c) Information on interest rates

The schedule required under subsection (a) of this section with respect to any account shall include the following information:

- (1) Any annual percentage yield.
- (2) The period during which any such annual percentage yield will be in effect.
- (3) Any annual rate of simple interest.
- (4) The frequency with which interest will be compounded and credited.
- (5) A clear description of the method used to determine the balance on which interest is paid.
- (6) The information described in paragraphs (1) through (4) with respect to any period after the end of the period referred to in paragraph (2) (or the method for computing any information described in any such paragraph), if applicable.
- (7) Any minimum balance which must be maintained to earn the rates and obtain the yields disclosed pursuant to this subsection and a clear description of how any such minimum balance is calculated.
- (8) A clear description of any minimum time requirement which must be met in order to obtain the yields disclosed pursuant to this subsection and any information described in paragraph (1), (2), (3), or (4) that will apply if any time requirement is not met.

(9) A statement, if applicable, that any interest which has accrued but has not been credited to an account at the time of a withdrawal from the account will not be paid by the depository institution or credited to the account by reason of such withdrawal.

(10) Any provision or requirement relating to nonpayment of interest, including any charge or penalty for early withdrawal, and the conditions under which any such charge or penalty may be assessed.

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(d) Other information

The schedule required under subsection (a) of this section shall include such other disclosures as the Board may determine to be necessary to allow consumers to understand and compare accounts, including frequency of interest rate adjustments, account restrictions, and renewal policies for time accounts.

(e) Style and format

Schedules required under subsection (a) of this section shall be written in clear and plain lan-