

Truth in Savings Act

Statute Located At: <http://www.fdic.gov/regulations/laws/rules/6500-3250.html>

The Truth in Savings Act requires clear disclosure of the terms and conditions of bank accounts to prospective customers, including interest rates, interest rate changes, minimum balance requirements, check fees, check re-order fees and any penalties associated with the account.

If you already opened your account, you are bound by the terms of the bank deposit agreement. However, you can request a copy of your agreement, obtain the TISA disclosures/policy from the bank and confirm your rights and responsibilities with bank representatives.

If you have not yet opened an account you can accept or refuse the account terms, but don't expect to negotiate specific issues. Since bank deposit agreements are lengthy documents full of confusing legalese, consumers need to prepare themselves before they open an account. Unless a consumer reads each and every line of the deposit agreements along with any incorporated terms and conditions, they will never know the true extent of their contractual relationship with the bank. Thus, consumers must arm themselves with some helpful information *before* they open an account and ask some pointed questions of the bank representatives.

Most banks post their TISA policies on their website or have them available in the branch. Before you visit the branch to open your account, review their TISA policies. Think of it as your "cooling off" period. When you arrive at the branch to open your account, ask the representative these questions:

- 1) What is my annual percentage rate and how is it calculated?
- 2) What service fees or penalties am I obligated to pay, and when?
- 3) What other charges am I responsible for, re-order of checks, statements, etc?

Also, after you open the account, ask for a signed copy of the account agreement for your records. With knowledge of your responsibilities under the deposit agreement you manage your account in a way to control the assessment of additional fees/costs.

Truth in Savings Act Cover Summary

TISA covers all consumer accounts which most banks offer. These include traditional accounts, such as: Checking, savings, money market or certificates of deposit. The act does not apply to commercial or business accounts. TISA covers account advertisement, account disclosure, application issues and how your money is held.

1. Disclosure of your Annual Percentage Yield (APY) on savings accounts.
2. Disclosure of Account Service Fees and Penalties: including: NSF fees, stop payment orders, certified checks, and wire transfers
3. Regulate the term "free checking" which cannot include hidden charges or minimum balance requirements.