

Helping Credit Unions
Serve, Grow and Remain Strong.

Michigan Credit Union League & Affiliates

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Regulatory & Legislative Affairs Specialist



Do Your Disclosures Make the Cut?



Agenda

Helping Credit Unions
Serve, Grow and Remain Strong.

- Accounts
- Auto Loans
- Mortgage Loans
- Open-end Loans



Accounts

Helping Credit Unions
Serve, Grow and Remain Strong.



“FREE” Accounts

Helping Credit Unions
Serve, Grow and Remain Strong.

Use of the term “FREE” prohibited when a credit union:

1. Requires the member to maintain a minimum balance for any period to avoid such charges for that period or;
2. Allows for charges to be imposed when the number of transactions during a period exceeds an established allowable limit
3. Member can incur activity or maintenance fees

Still FREE Checking

Oh, yes we did! *River Region* CREDIT UNION

We know great incentives like
Free Checking are more important
to you than ever before.

Did your bank get the memo?

*Restrictions apply.
See FSO for more details.

NCUA FDIC
Membership Eligibility Required



Activity or Maintenance Fees:

("Cannot Advertise as Free")

- Monthly maintenance fee (including one imposed if minimum balance is not met or transaction limit is exceeded).
- Per-check charge.
- Charge for deposits.
- Charge for withdrawals.
- Charge for access card (debit card);
- Charge for automated clearinghouse (ACH) transaction.
- Charge for opening or closing an account.

Not Activity or Maintenance Fees:

- Insufficient funds charge.
- Unavailable funds charge.
- Charge for handling legal process (e.g., levy against account by creditor of a member).
 - Stop payment fee.
 - Fee for check order.
 - Fee for wire transfer.
- Fee for purchase of travelers' checks.
- Charge for reproduction of checks, statements and other records.
- Charge for account becoming dormant.
- Charge for bill-paying service.
- Fee for purchase of bank check.
 - ATM transaction charge.
- Charge for certifying a check.
 - Balance inquiry fee.



High Yield Checking

High Yield Checking is a fantastic way to earn a high interest rate while requiring no minimum balance and no monthly fees. All you have to do is use our free electronic services, such as a debit card, direct deposit, MyCu@Home (Home Banking), and eStatements. There is no minimum balance and no monthly fee for this account. Please contact a [Financial Services Officer](#) today for more details.

Free Checking

Members can save a lot with a FREE Checking Account from RRCU. With no minimum balance required, no monthly service charges, unlimited transactions and free convenience checks to get you started, this really is a FREE Checking Account. Open your FREE Checking Account with any dollar amount you wish, request your free convenience checks and start using your new Checking Account right away. Your Checking Account gets even better with RRCU's VISA Debit Card. There are no unnecessary fees attached to the VISA Debit Card so you can use it at over 12 million locations worldwide, hassle free

Checking Plus

With a checking plus account members can earn dividends. The minimum balance in this account is \$300.00. If the account falls below the minimum balance there is a \$3.00 monthly fee. An average daily balance of \$500.00 is required to earn dividends. Please contact a [Financial Services Officer](#) for more details



NCUA Insurance

Helping Credit Unions
Serve, Grow and Remain Strong.

NCUA 740

Requirements for the Official Advertising Statement

1. “This credit union is federally insured by the National Credit Union Administration” or;
2. “Federally Insured by NCUA” or;
3. Display the official sign

So what is wrong with this ad?

Still FREE Checking

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NCUA FDIC Membership Eligibility Required



What about rates?

Helping Credit Unions
Serve, Grow and Remain Strong.

See yourself earning more on your savings?
We see it too.

Suffolk Federal's 14-month Share Certificate
pays one of the highest fixed rates around.
See how much *better saving* can be.

1.01%
APY*

* APY= Annual Percentage Yield. Offers may be for a limited time only. Fees could reduce the earnings on the account. Penalties may be imposed for early withdrawals. Membership in Suffolk Federal requires a Share Savings account with a \$5 minimum balance. One must live, work or worship in Suffolk County, NY, to be eligible for membership.

\$500 Minimum Opening
[Eligible for IRA]

[Apply Now >>](#)



What about rates?

APY Trigger:

- Variable rate notice (a statement that the rate may change after the account is open)
- Time APY is offered
- Minimum balance to obtain APY
- Minimum opening deposit
- Effect of fees
- Certificate Accounts
 - Time Requirements
 - Notice of early withdrawal penalties



Auto Loans

Helping Credit Unions
Serve, Grow and Remain Strong.

I LOVE THIS OLD
CAR SMELL.

Said no one, ever.



Refinancing – A Sweet Way to Save!

Auto rates
as low as

2.99% APR¹

60 Days, No Payments² • FREE GAP With Any Refinance³

► Visit schools.org for details.

Rates and terms are accurate as of April 1, 2013, and are subject to change without notice.

¹ APR = Annual Percentage Rate. Your interest rate will be determined by the amount financed, loan term and your credit history. Representative Example: A \$15,000, 66-month loan at 2.99% APR and 100% financing would require 65 payments of \$246.77 with one final payment of \$246.60. Rates and terms are subject to change without notice.

² Interest will continue to accrue from the date the loan is funded.

³ FREE GAP is available with any refinance from another financial institution.



Better Value. Outstanding Service.™



Trigger Terms

The triggering terms for closed-end credit are:

- Amount of down payment
- Amount of any payment
- Number of payments or the period of repayment
- Amount of any finance charge

Additional disclosures required for above trigger terms:

- Amount or % of down payment
- “Annual Percentage Rate” (using that term) – if variable rate, state that fact
- Terms of repayment – repayment example for each type of credit offered, (“xx” monthly payments of \$XX per \$1,000 borrowed)



Advertisement Review

Helping Credit Unions
Serve, Grow and Remain Strong.

The rate is not a trigger term – rate is disclosed needs APR

Rates “as low as”

FREE GAP

NCUA statement NOT needed for loan advertisements



**Refinancing –
A Sweet Way to Save!**

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as low as **2.99%¹ APR¹**

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2 Interest will continue to accrue from the date the loan is funded.
3 FREE GAP is available with any refinance from another financial institution.

SCHOOLS
FINANCIAL CREDIT UNION
schools.org
Better Value. Outstanding Service.™



Mortgage Loans

Helping Credit Unions
Serve, Grow and Remain Strong.



**WE SAY YES,
TO HOME EQUITY LOANS!**

Save on your loan payments!

RATES AS LOW AS
3.25%
FIXED APR*

Bergen, Passaic and parts of Essex & Union Counties
1.888.786.5328 • www.njfcu.org
Hablamos Español • Bilingual Website

 **North Jersey Federal**
Credit Union
Above and Beyond Banking

* APR is the Annual Percentage Rate. Rates are subject to change without notice. Restrictions may apply. Rates are valid for qualified members and are subject to credit approval and loan to value restrictions. Rates may vary depending on credit, loan amount, loan term and value of your home.




MICHIGAN CREDIT UNION LEAGUE & AFFILIATES

Trigger Terms

Helping Credit Unions
Serve, Grow and Remain Strong.

Disclosure of Rates:

- **If the advertisement states a simple annual rate of interest and more than one simple annual rate of interest will apply over the term of the loan the ad must include:**
 - a. Each simple annual rate of interest that will apply.
 - b. The period of time during which each simple annual rate of interest will apply
 - c. The APR for the loan.



Trigger Term

Helping Credit Unions
Serve, Grow and Remain Strong.

If any payment is advertised:

- a. amount of each payment that will apply over the term of the loan
- b. Period of time which each payment will apply
- c. First lien- payments do not include amounts for taxes and insurance premiums, if applicable and that the actual payment obligation will be greater.



Advertisement Review

Helping Credit Unions
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Prohibited terms

- Using the word “fixed” to refer to rates
- NCUA and Equal Housing Lender are illegible

While not in this ad some additional prohibited terms include –

- Making comparisons between actual or hypothetical credit payments or rates and any payment or simple annual rate available less than the full term of the loan
- Using the name of a consumer’s current lender (testimonial)
- Making any misleading claim to eliminate debt or forgiveness of a loan
- Using the term “counselor” to refer to a for-profit mortgage broker or creditor



**WE SAY YES,
TO HOME EQUITY LOANS!**

Save on your loan payments!

**RATES AS LOW AS
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FIXED APR***

Bergen, Passaic and parts of Essex & Union Counties
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Additional considerations

Open end – Home equity plans

- Trigger Terms

- a. Statement of when finance charges begin to accrue
- b. APR or periodic rate
- c. Method to determine the balance in which a finance charge may be imposed
- d. Explanation of how a finance charge is determined
- e. Other charges (annual fee, etc.)
- f. Payment Terms (i.e. draw/repayment period, length of plan, payment determination)



Additional Disclosures for trigger terms

- Loan fee that is a % of the credit limit under the plan and an estimate of any other fees for opening the plan, stated as a single dollar amount or reasonable range
- The periodic rate used to compute the finance charge – expressed as an APR
- Maximum APR that may be charged if it is variable.



What is wrong here?

Helping Credit Unions
Serve, Grow and Remain Strong.



“My dream came to life with a home equity loan from Centris.”

DREAM APPROVED


2.99% HOME EQUITY LOAN
FIXED APR*

ALSO OFFERING
1.49%
INTRODUCTORY APR
HOME EQUITY
LINE OF CREDIT**

Navigation arrows: < || >



Open-end Loans



Your Credit Union.
Your *Credit Card.*
Switch & Save with VISA® Platinum Rewards!

FIRST 6 MONTHS	AFTER FIRST 6 MONTHS
INTRODUCTORY 0% APR* PURCHASES	VISA® PLATINUM REWARDS AS LOW AS 9.90% APR* NON-VARIABLE RATE

* Actual rates based on credit history.

Visa® Platinum Rewards
Five designs to choose from.
Apply now!

* Introductory 0% promotion available on purchases for first 6 months on new credit card accounts only; not available on Share Secured credit cards or balances transferred with a KFCU convenience check. † Non-Promotional rates are 9.9% - 16.9% based on credit. After 6 months, promotional rate for purchases changes to the rates listed above. Transaction fees per transaction: cash advance \$5.00; balance transfer \$5.00; ISA fee on international transactions 1%. Membership and credit eligibility required.

- Lines of Credit
- Open-end loan plans
- Overdraft Loans
- Credit Cards



Trigger Terms

Helping Credit Unions
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- Periodic rate used to compute the finance charge or annual percentage rate
- A statement of when the finance charge begins to accrue, including the free period (if any).
- The method of determining the balance on which a finance charge may be imposed
- The method of determining the finance charge, including a description of how any finance charge other than the periodic rate will be determined
- The amount of any charge other than a finance charge that may be imposed as part of the plan



Trigger Terms

If a trigger term is used in an open-end advertisement The ad needs the following three disclosures:

- Any minimum, fixed, transaction, activity or similar charge that could be imposed
- Any periodic rate that may be applied, expressed as an annual percentage rate. The term annual percentage rate or an abbreviation such as APR must be used and, if the plan provides for a variable periodic rate, that fact must be disclosed **AND**
- Any membership or participate fee – **Note: does not include credit union membership.**



Marketing Rules for College Students

Helping Credit Unions
Serve, Grow and Remain Strong.



For credit cards

- Solicitations – offer by the card issuer to open an account that does not require them to complete an application or a firm offer of credit under the FACT Act
- Appendix G of Reg Z)1026.60) Tabular disclosures

Marketing Rules for college students

- No card issuer or creditor may offer a college student any tangible item to induce such student to apply for or an open-end plan offered by such card issuer or creditor, if such offer is made:
 - a. On the campus of an institution of higher education
 - b. Near the campus of an institution of higher education
 - c. At an event sponsored by or related to an institution of higher education



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