

Examination Procedures

Management or Policy-Related Procedures

1. Determine the extent and adequacy of the financial institution's policies, procedures, and practices for ensuring compliance with Regulation DD.

NOTE: This should include a determination as to whether the financial institution has an adequate internal mechanism in place to monitor the effectiveness of its compliance with the regulation.

2. Determine the extent and adequacy of the training provided to those individuals responsible for compliance with Regulation DD.
3. Review the policies and procedures of the financial institution to ensure that account disclosure information is provided to new or potential deposit account customers within the appropriate time frames.
4. Determine if the financial institution's procedures ensure subsequent disclosure of any change in terms required to be disclosed under §230.4(b) and that exceptions to notice requirements are limited to those set forth in §230.5(a)(2).
5. Determine if the financial institution's method of paying interest is permitted by the regulation. This should include a review of when interest begins to accrue for deposits to the account. (§230.7)
6. Determine if the institution's advertising policies are consistent and meet the requirements of Regulation DD. (§230.8)

Transaction-Related Procedures

Account Disclosures

1. Determine the types of deposit accounts offered to consumers. Include accounts usually offered to commercial customers that may occasionally be offered to consumers, as well as the characteristics for each type of deposit account (for example, bonuses offered, minimum balances, balance computation method, frequency of interest crediting, fixed or variable rates, fees imposed, frequency of periodic statements, etc.).
2. Review each deposit account disclosure to determine whether the contents are accurate, include all information required by the regulation, and are consistent throughout the disclosure. (§230.4(b))
3. Determine whether the account disclosures reflect the legal obligation between the consumer and the financial institution. (§230.3(b))
 - Select samples of both disclosures and legal obligations to review for consistency. Review should include

testing calculations for early withdrawal penalties for consistency with the legal obligation (such as certificate of deposit form) and disclosures. If bank uses forms with boxes to indicate penalty method to be used, determine if any box or the wrong box is being checked.

NOTE: Renewal notices provide for changes in disclosures only and do not apply to the underlying legal obligation.

4. Determine whether the financial institution provides the required deposit account disclosures on a timely basis in connection with the opening of an account or upon request. (§230.4(a))

Notice of Change in Terms and Notice Before Maturity

1. Determine whether the financial institution sends out change in terms notices to consumers at least 30 calendar days in advance of the effective date of any change in a term that may reduce the APY or that adversely affects the consumer.
 - Review a sample of these notices to ensure that they include all required information
 - Verify that these notices are sent on a timely basis (§230.5(a))
2. Determine whether the financial institution sends out notices before maturity for time accounts.
 - Review a sample of these notices to ensure that they include all required information
 - Verify that these notices are sent on a timely basis (§230.5(a))Refer to the Prematurity Disclosures for Time Accounts chart at the end of this section.

Periodic Statement Disclosures

1. Determine the accounts for which the financial institution sends a periodic statement and the frequency with which they are sent.

NOTE: A financial institution is not required to send a periodic statement; however, if it does, it must comply with the provisions of §230.6.

2. Review a sample of periodic statements from each of the different types of deposit accounts.

NOTE: The examiner should obtain samples of completed periodic statements for each deposit account that illustrate the various types of transactions and activities permitted on the account.