



## Deposit Insurance

Since 1933 the Federal Deposit Insurance Corporation has been protecting the funds of bank customers by insuring deposits up to the legal limit in national banks and most State-chartered banks.

All types of deposits received by a bank in its usual course of business are insured, including savings deposits, checking deposits, Christmas savings and other open-account time deposits, time certificates of deposit, uninvested trust funds, certified checks, cashiers' checks, officers' checks, money orders and drafts, letters of credit and travelers' checks for which an insured bank is primarily liable.

The basic insured amount for each depositor is \$100,000. Deposits maintained in different rights or capacities are each separately insured up to \$100,000. Thus, a person may hold or have an interest in more than one separately insured account in the same insured bank. Funds owned in the same right and capacity, such as a checking and savings account owned by the same depositor are added together and insured up to a total of \$100,000. If a depositor has deposit accounts in different insured banks, the maximum insurance is applicable separately to the insured deposits in each insured bank.

Joint accounts and individually owned accounts are held in separate rights and capacities and thus are separately insured. As a result, two or more persons may have, in addition to their individually insured accounts, a joint account in the same bank insured separately to \$100,000. Each co-owner must personally sign an account signature card and

have equal withdrawal rights. Time certificates of deposits usually do not require a signature card.

Rearranging the names of the owners of more than one joint account for the same owners does not gain added insurance protection. No joint account qualifies for more than \$100,000 in insurance.

When an individual has an interest in more than one joint account, all such accounts held by the same combination of individuals are added together for insurance purposes and the limit is \$100,000. Since each co-owner is deemed to have an equal interest in the account — unless another arrangement is made with the bank — the interest of each co-owner (in the case of two owners) is considered one-half and the interest of each would be insured up to \$50,000.

Revocable trust accounts, or any similar accounts in which the funds are intended to pass on the death of the owner to a named beneficiary, are considered testamentary accounts and are insured as a form of individual account. If the beneficiary is a spouse, child or grandchild of the owner, the funds are insured for each beneficiary up to a total of \$100,000 separately from any other individual accounts of the owners. If the beneficiary is other than those listed, the funds in the account are added to any other individual accounts of the owner and insured up to the limit of \$100,000.

More detailed information about FDIC insurance coverage may be found in "Your Insured Deposit," a booklet obtainable free at FDIC Regional Offices.

*Kathy True  
Consumer Affairs Specialist*

## Truth-In-Lending

Congress, in an effort to simplify the "Truth-in-Lending" Act, has reduced some of the areas covered and introduced new rules which became effective on October 1, 1982.

Although the Act (Regulation Z) has been simplified, it still contains more than 15,000 words and may be confusing to some consumers. Basically, the new rules require grouping of disclosure information and keeping it separate from other contract terms.

Among the more important changes are:

1. Credit for agricultural purposes, option contracts, letters of credit, layaway plans, home fuel budget loans, loans issued from trusts, and loans for rental properties not owner-occupied no longer are covered.
2. For many residential mortgages the creditor is required to furnish the customer with a Truth-in-Lending disclosure form within three days after accepting an application.
3. Demand loan disclosures now are based on a one-year maturity rather than six months.
4. Disclosure requirements are limited to legal obligations rather than informal understandings.
5. Seller's points — but not buyer's points — are excluded from the finance charge.

(Continued on Page 3)

## H-1 – Credit Sale Model Form

## H-2 – Loan Model Form

<b>ANNUAL PERCENTAGE RATE</b> The cost of your credit as a yearly rate. %	<b>FINANCE CHARGE</b> The dollar amount the credit will cost you. \$	<b>Amount Financed</b> The amount you will have paid after you have made all payments as scheduled. \$	<b>Total Sale Price</b> The total cost of your purchase on credit, including your downpayment of _____. \$
<p>You may obtain property insurance from anyone you want that is acceptable to (creditor). You will pay \$ _____.</p> <p><b>Security:</b> You are giving a security interest in:  <input type="checkbox"/> the goods or property being purchased.  <input type="checkbox"/> (or a description of other property).</p>			
<p><b>Non-Filing Insurance \$ _____</b></p> <p><b>Change:</b> If a payment is late, you will be charged \$ _____ / _____ % of the payment.</p> <p><b>Payment:</b> If you pay off early, you  <input type="checkbox"/> may <input type="checkbox"/> will not have to pay a penalty.  <input type="checkbox"/> may <input type="checkbox"/> will not be entitled to a refund of part of the finance charge.</p>		<p><b>Filing fees \$ _____</b></p> <p><b>Non-Filing insurance \$ _____</b></p> <p><b>Late Charge:</b> If a payment is late, you will be charged \$ _____ / _____ % of the payment.</p> <p><b>Prepayment:</b> If you pay off early, you  <input type="checkbox"/> may <input type="checkbox"/> will not have to pay a penalty.  <input type="checkbox"/> may <input type="checkbox"/> will not be entitled to a refund of part of the finance charge.</p>	
<p>See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.</p> <p><small>• means an estimate</small></p>			

<b>ANNUAL PERCENTAGE RATE</b> The cost of your credit as a yearly rate. %	<b>FINANCE CHARGE</b> The dollar amount the credit will cost you. \$	<b>Amount Financed</b> The amount of credit provided to you or on your behalf. \$	<b>Total of Payments</b> The amount you will have paid after you have made all payments as scheduled. \$												
<p>You have the right to receive at this time an itemization of the Amount Financed.</p> <p><input type="checkbox"/> I want an itemization. <input type="checkbox"/> I do not want an itemization.</p>															
<p><b>Your payment schedule will be:</b></p> <table border="1"> <tr> <td><b>Number of Payments</b></td> <td><b>Amount of Payments</b></td> <td><b>When Payments Are Due</b></td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </table>				<b>Number of Payments</b>	<b>Amount of Payments</b>	<b>When Payments Are Due</b>									
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<p><b>Insurance:</b> Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.</p> <table border="1"> <tr> <td><b>Type</b></td> <td><b>Premium</b></td> <td><b>Signature</b></td> </tr> <tr> <td>Credit Life</td> <td>I want credit life insurance.</td> <td>Signature</td> </tr> <tr> <td>Credit Disability</td> <td>I want credit disability insurance.</td> <td>Signature</td> </tr> <tr> <td>Credit Life and Disability</td> <td>I want credit life and disability insurance.</td> <td>Signature</td> </tr> </table>				<b>Type</b>	<b>Premium</b>	<b>Signature</b>	Credit Life	I want credit life insurance.	Signature	Credit Disability	I want credit disability insurance.	Signature	Credit Life and Disability	I want credit life and disability insurance.	Signature
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## Truth-in-Lending

(continued from Page 1)

6. Reference to any payment larger than the other payments is eliminated. However, these "balloon payments" must be disclosed as part of the payment schedule.
7. Credit life insurance authorization requirements are less stringent than under the previous Regulation Z.
8. Prepayment penalties must be disclosed but detailed descriptions of them no longer are required.
9. The time period for correcting errors to avoid civil liability has been extended from 15 days to 60 days following discovery of the error. Creditors also are freed from liability for improper disclosures which do not involve material provisions or which result from clerical errors.

If you have any questions about the Truth-in-Lending Simplification and Re-form Act you can obtain information from the Federal Reserve System, the Office of the Comptroller of the Currency (for national banks), the Federal Trade Commission, the Federal Home Loan Bank Board, the National Credit Union Administration, or the Federal Deposit Insurance Corporation Regional Offices.

Simona Frank  
Review Examiner

## Balancing Check Books

Balancing your checkbook each month will be made easier if you keep accurate records of the checks at the time they are written. An example of how to do this is provided in an accompanying illustration.

In reconciling an account it is important to account for all outstanding items. These include checks you have written which have not yet been returned to your bank and therefore not charged to your account. Deposits made after the closing date of the bank statement also will not be included on your statement but will have to be added during the reconciliation.

Here are some tips on how to make the job easier.

1. Review your bank statement for charges other than checks that have been made against your account. These could include service charges, or charges for a supply of checks. These amounts must be subtracted from your balance. If you have an interest-bearing checking account the amount of interest earned must be added.
2. Sort cancelled checks in numerical order. The missing checks will tell you which ones have not yet been returned to the bank.

### Exhibit I

3. Compare the amounts of the cancelled checks and deposits shown on the statement with the amount you show in your check register and mark off each item as you verify it.

Now, you are ready to begin the reconciliation. Record the last balance shown on the bank statement. Add any deposits which have not been credited to your account. List all outstanding checks and subtract them from the subtotal you obtained after adding the deposits not yet credited. The total should agree with the balance in your checkbook register. (See illustration).

If the figures do not agree, here's how to locate the discrepancy.

1. Recheck your calculations in your check register and reconciliation form.
2. Verify the balance carried over from page to page in the check register.
3. Be sure you have deducted service charges and added any interest.
4. Match the amounts on the checks in the check register with those shown on the statement.
5. Check to see if any outstanding checks from previous statements remain outstanding.

When you have satisfactorily completed your reconciliation, file the records. They are useful in completing tax forms or proving a payment has been made.

Simona Frank  
Review Examiner

#### RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	V T	FEES (IF ANY) (-)	DEPOSIT/CREDIT (+)	\$	BALANCE
254	6/10	ABC Gas and Electric	77.14					492.50
	6/12	May bill						77.14
255	6/12	X42 Grocery	32.40					415.36
	6/12	groceries						32.40
256	6/12	Ymca Garage	54.25					382.96
	6/12	June - up						54.25
	6/13	deposit						328.71
257	6/15	Jones Gift Shop	15.60					328.00
	6/15	wedding present						706.71
258	6/16	Joe Book store	8.90					15.60
	6/16	book on financial affairs						691.11
								8.90
								682.21

The above example shows the number of the checks, the date of the checks and deposits, the payees, the purpose of the checks, and the amount of the checks.

## Verificando el balance de su talonario de cheques

<p>La tarea de verificar mensualmente el balance de su talonario de cheques se le facilitará si usted mantiene expedientes detallados cuando extiende sus cheques. En la ilustración a continuación le ofrecemos un ejemplo de como lograr esto.</p> <p>Es importante considerar los artículos pendientes de pago en la conciliación de una cuenta. Estos incluyen cheques que usted ha extendido pero que no han sido devueltos a su banco y por consiguiente no han sido debitados a su cuenta. Los depósitos efectuados después de la fecha de cierre del estado bancario no se incluirán en su estado de cuenta, pero tendrán que ser sumados durante la conciliación.</p> <p>A continuación les ofrecemos algunos consejos de como facilitar esta tarea.</p> <ol style="list-style-type: none"> <li>1. Repase su estado bancario para verificar si estuvo sujeto a otros</li> </ol>	<p>cargos adicionales además de las cantidades debitadas de sus cheques. Estos pueden incluir Cargos por servicio y mantenimiento, o cargos por suministrarle cheques adicionales. Estas cantidades deben ser restadas de su balance. Si usted tiene una cuenta de cheques que devenga interés tiene que sumar la cantidad de interés acumulada.</p> <ol style="list-style-type: none"> <li>2. Clasifique los cheques cancelados en orden numérico. Los cheques que eche de menos le indicarán aquellos que no han sido devueltos al banco.</li> <li>3. Compare las cantidades de los cheques cancelados y los depósitos incluidos en el estado de cuenta con la cantidad que usted muestra en su registro de cheques. Coteje cada artículo según lo verifique.</li> </ol>	<p>Ahora estará preparado para comenzar la conciliación. Anote el último balance indicado en su estado bancario. Sume cualquier depósito que no ha sido abonado a su cuenta. Haga una lista de los cheques pendientes de pago y réstelos del subtotal obtenido después de sumar los depósitos que no han sido abonados. El total debe concordar con el balance en el registro del talonario de cheques. (Vea el modelo que incluimos a continuación)</p> <p>Si las cifras no concuerdan, aquí detallamos como puede determinar donde existe la discrepancia.</p> <ol style="list-style-type: none"> <li>1. Revise sus cálculos en su registro de cheques y su formulario de conciliación.</li> <li>2. Verifique el balance que lleva de página a página en su registro de cheques.</li> <li>3. Deduzca los cargos por servicio y mantenimiento y sume cualquier interés devengado.</li> <li>4. Compare las cantidades de los cheques en el registro de cheques con las cantidades incluidas en el estado de cuenta.</li> <li>5. Verifique si en los estados de cuentas atrasados los cheques pendientes de pago todavía no han sido devueltos al banco.</li> </ol> <p>Cuando concluya la conciliación satisfactoriamente archive sus expedientes. Estos expedientes le serán útiles cuando este completando su formulario de contribuciones o cuando necesite verificar si una cuenta ha sido pagada.</p> <p>Material in this newsletter maybe reprinted without permission, but <i>may not be copyrighted</i> according to Public Law 94-553. Section 105, title 17 of the United States Code.</p>																					
<p>Exhibit II</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;"><b>BANK BALANCE</b> shown on this statement</td> <td style="width: 50%; padding: 5px;"></td> </tr> <tr> <td style="padding: 5px;"><b>ADD</b> deposits shown in your checkbook but not shown on this statement because they were made and received after date of this statement</td> <td style="padding: 5px;"></td> </tr> <tr> <td style="padding: 5px;"><b>SUBTOTAL</b></td> <td style="padding: 5px;"></td> </tr> <tr> <td style="padding: 5px;">Checks not listed on this or prior statements</td> <td style="padding: 5px;"></td> </tr> <tr> <td style="padding: 5px;"><b>NUMBER</b></td> <td style="padding: 5px;"><b>AMOUNT</b></td> </tr> <tr> <td style="padding: 5px;"></td> <td style="padding: 5px;"></td> </tr> <tr> <td style="padding: 5px;"></td> <td style="padding: 5px;"></td> </tr> <tr> <td style="padding: 5px;"></td> <td style="padding: 5px;"></td> </tr> <tr> <td style="padding: 5px;"><b>TOTAL CHECKS</b> <b>NOT LISTED</b></td> <td style="padding: 5px;"></td> </tr> <tr> <td style="padding: 5px;"><b>SUBTRACT</b> total checks not listed from subtotal above</td> <td style="padding: 5px;"></td> </tr> <tr> <td style="padding: 5px;"><b>ADJUSTED BALANCE</b></td> <td style="padding: 5px;"></td> </tr> </table> <p>Shown above is a format that may be helpful to you in balancing your account.</p>		<b>BANK BALANCE</b> shown on this statement		<b>ADD</b> deposits shown in your checkbook but not shown on this statement because they were made and received after date of this statement		<b>SUBTOTAL</b>		Checks not listed on this or prior statements		<b>NUMBER</b>	<b>AMOUNT</b>							<b>TOTAL CHECKS</b> <b>NOT LISTED</b>		<b>SUBTRACT</b> total checks not listed from subtotal above		<b>ADJUSTED BALANCE</b>	
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## Questions From Bank Customers



### FDIC CONSUMER HOTLINE

— 800-424-5488 —

- Q. Can a bank ask an applicant to show her/his paycheck stub when applying for a credit card?
  - A. Yes. Many banks use this procedure to verify income.
- Q. Does FDIC issue waivers of early withdrawal penalty provisions for certificates of deposits?
  - A. Generally not. However, the FDIC, by regulation, grants such waivers in cases involving presidentially declared disaster areas.
- Q. Can a bank refuse to delete a spouse's name from a credit card although the couple is divorced?
  - A. Yes. The bank is under no obligation to remove a husband's or wife's name.
- Q. Does the FDIC insure U.S. Government Bonds?
  - A. No. The U.S. Government issues are direct obligations of the U.S. Treasury Department.
- Q. Can a bank renew a 2-1/2 year certificate automatically?
  - A. Yes. There is no Federal law that requires the bank to notify the customer upon renewal.
- Q. Are early withdrawal penalties provided by Federal regulation?
  - A. Yes.
- Q. Are there FDIC regulations concerning borrowing funds against certificates of deposit?
  - A. Generally not. However, the interest charged on the loan must be at least 1% higher than the interest earned on the certificate.

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