

**COMMON QUESTIONS AND ANSWERS ABOUT THE FDIC'S REQUIRED
"NOTICE TO DEPOSITORS" CONCERNING THE RECENT CHANGES
IN DEPOSIT INSURANCE COVERAGE**

Can an institution change the actual text of the notice?

The language contained in the prototype notice may not be altered by changing, deleting or making additions to the actual text. Institutions may, however, enlarge or reduce the size of the typeface, so long as it is readable, or change the format of the text into, for instance, pamphlet form.

What can be included on or attached to the notice itself?

An institution may place its name, symbol, and/or the appropriate insurance logo on the face of the notice. No other regulatory notices or advertising for products or services may be included on the notice itself, although these items may be included separately. An introductory paragraph may be included on the notice, or a cover letter from the financial institution may be attached to the notice only if it doesn't contradict the notice, tell customers to ignore the notice, or provide false assurances.

What can be included with the notice -- in other words, in the same envelope?

The notice may be sent with a customer's monthly or quarterly account statement or renewal notice. It may also be sent in a separate mailing, together with any type of advertising, other regulatory notices, or policy statements.

By when do the notices have to be sent?

By July 29, 1990, or, with respect to certificates of deposit, anytime prior to their first maturity dates. Depositors do not have to actually receive the notice by July 29th, but the notice must be mailed by that date.

Will extensions of the deadline for mailing the notices be granted by the FDIC?

No, but we do not anticipate that there will be any action taken with respect to depository institutions which make a good faith effort to comply with the notice requirements.

Must depositors opening new accounts between the date the notice is mailed and July 29th be given the notice?

While there is no regulatory requirement that customers who open a new account after the date the notice is mailed but before July 29th be given a copy of the notice, we are recommending that those customers be given the notice when their account is opened.

Do new depositors opening accounts after July 29th need to be given the notice?

No, there is no need to provide the notice to customers who open a new account after July 29th since they will be opening accounts after the uniform rules go into effect.

Must the notice be sent by first-class mail?

No. The notice may be sent by any class of mail, so long as the notices are mailed by July 29th.

To whom must the notice be sent?

The regulation specifies that the notice must be sent to each "depositor/account holder." That terminology gives institutions the flexibility to choose whichever method is easier to distribute the notice -- to each depositor or to each account holder. This requirement would be satisfied if only one notice is sent to a customer who holds several accounts at your institution in the same ownership category. The requirement would also be satisfied if you sent a notice for every account. Mailing to every "depositor" rather than every "account holder" would generally require mailing fewer notices and ultimately would be less costly.

If a financial institution sends one notice to each social security or tax I.D. number or to each address in its deposit account records, will the notification requirements be satisfied?

No. This method may inadvertently omit depositors to whom the notice must be sent. Each depositor or group of depositors must receive separate notification. A separate notice need not be sent to each account if more than one account is owned by the same person or persons. For example, one notice may be sent to a depositor who holds multiple individual accounts at the same institution. The same principle applies to joint accounts held by the same combination of individuals -- only one notice is

required for joint accounts owned by the same customers.

How many notices must be given when customers have the following joint accounts:

- A + B (checking)
- A + B (savings)
- A + B (certificate of deposit)

Only one notice addressed to the co-owners is required here since the three accounts are all owned by the same combination of individuals. In this case, one notice to A and B would suffice. On the other hand, if A and B each normally receive a separate statement, then the FDIC's notice should be provided in the same way since the general principle is that the notice should be sent in the same manner in which an institution normally communicates with its customers.

How many notices need to be sent for the following joint accounts that are owned by different combinations of individuals?

- A + B (savings)
- A + C (certificate of deposit)
- A + D (certificate of deposit)

Even though A is a co-owner of all three joint accounts, and even if all account statements are typically sent to A's address, one notice addressed to each account must be sent to A's address in order to provide effective notice to B, C and D of the changes in the insurance rules, regardless of whether or not the other parties live at the same address. Sending one notice to A would not be sufficient. In this case, A + B, A + C and A + D must each receive a separate notice.

How many notices have to be sent for the following accounts assuming all account statements are usually sent to A's address?

1. A (checking)
2. A (IRA)
3. A + B (checking)
4. A + B (savings)
5. A + B + C (certificate of deposit)
6. A + D (money market)

In this example, one notice may be sent to A for his or her combined individual accounts, which are accounts 1 and 2. Likewise, one notice may be sent to A and B at A's address for accounts 3 and 4, their joint checking and savings accounts. Accounts 5 and 6, however, may not be sent a single notice. One

notice must be sent to A's address for each account, addressed to all co-owners.

Do institutions need to provide the notice to mortgage servicing account customers and trust department customers?

In any case where there is a fiduciary acting on behalf of one or more customers (e.g., an agent, trustee, custodian), the institution must provide the notice only to the fiduciary. The fiduciary may be an affiliated or independent mortgage servicing company, or the institution's own trust department. It is then up to the fiduciary to decide whether to provide notice to its customers. Where the insured financial institution is acting as a fiduciary, it need not provide the notice to the beneficiaries of the fiduciary accounts.

Do loan customers or holders of letters of credit need to receive a copy of the notice?

No, only regular depositors have to get the notice.

Must the notice be provided to customers of foreign branches of domestic banks, such as a Citibank branch in London?

No. The notice need only be sent to customers who have deposits that are payable in the United States.

Must the notice be mailed to customers who have "no mail accounts" (accounts where the customer specifically requested that he/she not receive any mail concerning the account)?

No. The notice need not be sent to customers who have specifically requested not to receive any mail from the institution.

Must the notice be sent to dormant accounts (accounts in which there has not been any activity within a certain period of time)?

Yes. The notice has to be sent to each depositor regardless of the number of transactions the depositor may have made recently.