

POLICY STATEMENT ON NONMEMBER DEPOSITS IN CREDIT UNIONS

State Statutory Limitations on Non-member Credit Union Deposits

Georgia law in 7-1-650 contains specific limitations on the ability of state chartered credit unions to accept deposits from non-members including the following:

- 1) A credit union may accept savings deposits (interest bearing accounts not subject to check, and without maturity and contractual characteristics of a time deposit.) from members and nonmembers
- 2) The acceptance of non-member savings accounts must be consistent with the Bylaws of the Credit Union
- 3) A credit union may not offer or accept share draft accounts (accounts subject to check) to or from non-members.
- 4) A credit union may accept time deposits (accounts with a maturity feature and a contractual interest feature) from non-members only if this non-member is a financial institution. NCUA rules provide that deposits from other credit unions and deposits of political subdivisions are considered to be member deposits and subject to NCUSIF deposit insurance coverage. NCUA rules do not provide NCUSIF deposit insurance coverage for financial institutions other than credit unions.
- 5) The interest rate on savings deposits of non-members may not be greater in rate than rates paid to members on similar classes of deposits.

Therefore, effectively, the only type of non-member deposits permissible under state law, with the exception of deposits of other financial institutions, is non-member savings accounts, subject to the statutory requirements outlined above.

Concerns Regarding the Adequacy of Disclosures on Permissible Non-member Deposits

The Department has always taken a position that it is imperative that credit unions provide-clear and proper disclosures to non-members so that there is no confusion regarding the lack of deposit insurance on such holdings. This is consistent with the approach taken by the Department regarding marketing and disclosure practices on any investment or deposit products that are subject to being confused with an insured deposit. The NCUA has developed provisions in Rules 740 and 741 that credit unions should review before accepting any non-member deposits. Credit unions which currently accept such deposits should review their policies and procedures for compliance with these requirements

Signage

Credit Unions insured by the NCUSIF are required to have a sign reflecting this coverage at each station or window where member deposits are accepted. If a credit union accepts non-member deposits, subject to state law requirements, it may not accept such deposits at a station or window that provides such signage.

If a shared branch facility in Georgia permits the depositing of funds to any accounts not insured by the NCUSIF, the names of such credit unions shall be disclosed in the shared facility's signage as having non-member deposits that are not subject to NCUSIF coverage.

Disclosures

Credit unions that accept non-member deposits must disclose to these non-members in writing at the time of account opening that such deposits are not covered by deposit insurance coverage.

Any advertising or marketing materials related to such accounts would likewise need to disclose that such accounts are not subject to deposit insurance under the NCUSIF.

Subsequent Account Information

In subsequent communications with the account holder, for instance in periodic statements sent to the account holder, such account statements should not reflect any language indicating that such accounts are insured deposits. If such language is included on the standard account statement, then customized account statements should be provided to these customers, omitting any indication of such coverage being provided.