§ 329.102 Deposits described in § 329.1(b)(3).

This interpretive rule explains the proviso of § 329.1(b)(3).

(a) No deposit described in § 329.1(b)(3) that is held by an organization that is not organized for profit and that is described in paragraphs 501(c) (3) through (13) and (19) and section 528 of the Internal Revenue Code of 1954 (26 U.S.C. 501(c) (3) through (13) and (19), and 528) is deemed to be a demand deposit. Actual Internal Revenue Service documentation of the organization’s tax-exempt status is not required; it is merely an aid in making the determination.

(b) No deposit described in § 329.1(b)(3) that is held by a depositor identified in section 2(a)(2) of Pub. L. 93–100 (12 U.S.C. 1832(a)(2))—whether the deposit is used for business purposes or otherwise—is deemed to be a demand deposit.

(c) No deposit described in § 329.1(b)(3) that represents funds held in a fiduciary capacity (whether the fiduciary is a natural person or otherwise) is deemed to be a demand deposit if all the beneficiaries of the account are natural persons.

[51 FR 10808, Mar. 31, 1986, as amended at 74 FR 47052, Sept. 15, 2009]

§ 329.103 Premiums.

This interpretive rule describes certain payments that are not deemed to be interest as defined in § 329.1(c).

(a) Premiums, whether in the form of merchandise, credit, or cash, given by a bank to the holder of a deposit will not be regarded as interest as defined in § 329.1(c) if:

(1) The premium is given to the depositor only at the time of the opening of a new account or an addition to an existing account;

(2) No more than two premiums per deposit are given in any twelve-month interval; and (3) the value of the premium (in the case of merchandise, the total cost to the bank, including shipping, warehousing, packaging, and handling costs) does not exceed $10 for a deposit of less than $5,000 or $20 for a deposit of $5,000 or more.

(b) The costs of premiums may not be averaged.

(c) A bank may not solicit funds for deposit on the basis that the bank will divide the funds into several accounts for the purpose of enabling the bank to pay the depositor more than two premiums within a twelve-month interval on the solicited funds.

(d) The bank must retain sufficient information for examiners to determine that the requirements of this section have been satisfied.

(e) Notwithstanding paragraph (a) of this section, any premium that is not, directly or indirectly, related to or dependent on the balance in a demand deposit account and the duration of the account balance shall not be considered the payment of interest on a demand deposit account and shall not be subject to the limitations in paragraph (a) of this section.


§ 329.104 Ten-day grace period.

This interpretive rule provides for 10-day grace periods during which interest may be paid on a deposit without violating § 329.2.

(a) During the ten calendar days following the maturity of a time deposit, the bank may continue to pay interest on the matured deposit at the contract rate of the deposit, or at any lesser rate, if the deposit contract provides for such post-maturity interest. The payment of such post-maturity interest will not be regarded as the payment of interest on a demand deposit.

(b) If a time deposit is renewed within ten calendar days after maturity, the renewed deposit may be dated back to the maturity date of the matured deposit and may draw interest from that date. The payment of such additional interest will not be regarded as the payment of interest on a demand deposit.

(c) If a time or savings deposit is renewed within ten days after expiration of the period of notice given with respect to its repayment, the renewed deposit may draw interest from the date such notice period expired. The payment of such additional interest will not be regarded as the payment of interest on a demand deposit.