§ 230.5 Subsequent disclosures.

(1) Change in terms—(1) Advance notice required. A depository institution shall give advance notice to affected consumers of any change in a term required to be disclosed under § 230.4(b) of this part if the change may reduce the annual percentage yield or adversely affect the consumer. The notice shall include the effective date of the change. The notice shall be mailed or delivered at least 30 calendar days before the effective date of the change.

(2) No notice required. No notice under this section is required for:

(i) Variable-rate changes. Changes in the interest rate and corresponding changes in the annual percentage yield in variable-rate accounts.

(ii) Check printing fees. Changes in fees assessed for check printing.

(iii) Short-term time accounts. Changes in any term for time accounts with maturities of one month or less.

(b) Notice before maturity for time accounts longer than one month that renew automatically. For time accounts with a maturity longer than one month that renew automatically at maturity, institutions shall provide the disclosures described below before maturity. The disclosures shall be mailed or delivered at least 30 calendar days before maturity of the existing account. Alternatively, the disclosures may be mailed or delivered at least 20 calendar days before the end of the grace period on the existing account, provided a grace period of at least five calendar days is allowed.

(1) Maturities of longer than one year. If the maturity is longer than one year, the institution shall provide account disclosures set forth in § 230.4(b) of this part for the new account, along with
§ 230.7 Payment of interest.

(a) Permissible methods—(1) Balance on which interest is calculated. Institutions shall calculate interest on the full amount of principal in an account for each day by use of either the daily balance method or the average daily balance method.1

(2) Determination of minimum balance to earn interest. An institution shall use the same method to determine any

1Institutions shall calculate interest by use of a daily rate of at least 1/360 of the interest rate. In a leap year a daily rate of 1/366 of the interest rate may be used.