

Creditors may comply by placing the required disclosures on the invoice or statement sent to the consumer for each transaction.

5. *Section 226.9(a)*. Creditors may comply by mailing or delivering the statement required by §226.6(a)(5) or §226.6(b)(5)(iii) (see appendix G-3 and G-3(A) to this part) to each consumer receiving a transaction invoice during a one-month period chosen by the card issuer or by sending either the statement prescribed by §226.6(a)(5) or §226.6(b)(5)(iii), or an alternative billing error rights statement substantially similar to that in appendix G-4 and G-4(A) to this part, with each invoice sent to a consumer.

6. *Section 226.9(c)*. A tabular format is not required.

7. *Section 226.10*.

8. *Section 226.11(a)*. This section applies when a card issuer receives a payment or other credit that exceeds by more than \$1 the amount due, as shown on the transaction invoice. The requirement to credit amounts to an account may be complied with by other reasonable means, such as by a credit memorandum. Since no periodic statement is provided, a notice of the credit balance shall be sent to the consumer within a reasonable period of time following its occurrence unless a refund of the credit balance is mailed or delivered to the consumer within seven business days of its receipt by the card issuer.

9. *Section 226.12 including §226.12(c) and (d), as applicable*. Section 226.12(e) is inapplicable.

10. *Section 226.13, as applicable*. All references to "periodic statement" shall be read to indicate the invoice or other statement for the relevant transaction. All actions with regard to correcting and adjusting a consumer's account may be taken by issuing a refund or a new invoice, or by other appropriate means consistent with the purposes of the section.

11. *Section 226.15, as applicable*.

[75 FR 7824, Feb. 22, 2010]

OPTIONAL ANNUAL PERCENTAGE RATE
COMPUTATIONS FOR CREDITORS OFFERING OPEN-END PLANS SUBJECT TO THE REQUIREMENTS OF §226.5B

In determining the denominator of the fraction under §226.14(c)(3), no amount will be used more than once when adding the sum of the balances¹ subject to periodic rates to the sum of the amounts subject to specific transaction charges. (Where a portion of the finance charge is determined by application of one or more daily periodic rates, the phrase "sum of the balances" shall also mean the "average of daily balances.") In every case, the full amount of transactions subject to specific transaction charges shall be in-

cluded in the denominator. Other balances or parts of balances shall be included according to the manner of determining the balance subject to a periodic rate, as illustrated in the following examples of accounts on monthly billing cycles:

1. Previous balance—none.

A specific transaction of \$100 occurs on the first day of the billing cycle. The average daily balance is \$100. A specific transaction charge of 3 percent is applicable to the specific transaction. The periodic rate is 1½ percent applicable to the average daily balance. The numerator is the amount of the finance charge, which is \$4.50. The denominator is the amount of the transaction (which is \$100), plus the amount by which the balance subject to the periodic rate exceeds the amount of the specific transactions (such excess in this case is 0), totaling \$100.

The annual percentage rate is the quotient (which is 4½ percent) multiplied by 12 (the number of months in a year), i.e., 54 percent.

2. Previous balance—\$100.

A specific transaction of \$100 occurs at the midpoint of the billing cycle. The average daily balance is \$150. A specific transaction charge of 3 percent is applicable to the specific transaction. The periodic rate is 1½ percent applicable to the average daily balance. The numerator is the amount of the finance charge which is \$5.25. The denominator is the amount of the transaction (which is \$100), plus the amount by which the balance subject to the periodic rate exceeds the amount of the specific transaction (such excess in this case is \$50), totaling \$150. As explained in example 1, the annual percentage rate is 3½ percent \times 12 = 42 percent.

3. If, in example 2, the periodic rate applies only to the previous balance, the numerator is \$4.50 and the denominator is \$200 (the amount of the transaction, \$100, plus the balance subject only to the periodic rate, the \$100 previous balance). As explained in example 1, the annual percentage rate is 2¼ percent \times 12 = 27 percent.

4. If, in example 2, the periodic rate applies only to an adjusted balance (previous balance less payments and credits) and the consumer made a payment of \$50 at the midpoint of the billing cycle, the numerator is \$3.75 and the denominator is \$150 (the amount of the transaction, \$100, plus the balance subject to the periodic rate, the \$50 adjusted balance). As explained in example 1, the annual percentage rate is 2½ percent \times 12 = 30 percent.

5. Previous balance—\$100.

A specific transaction (check) of \$100 occurs at the midpoint of the billing cycle. The average daily balance is \$150. The specific transaction charge is \$.25 per check. The periodic rate is 1½ percent applied to the average daily balance. The numerator is the amount of the finance charge, which is \$2.50 and includes the \$.25 check charge and the

¹[Reserved]

\$2.25 resulting from the application of the periodic rate. The denominator is the full amount of the specific transaction (which is \$100) plus the amount by which the average daily balance exceeds the amount of the specific transaction (which in this case is \$50), totaling \$150. As explained in example 1, the annual percentage rate would be $1\frac{1}{2}$ percent $\times 12 = 20$ percent.

6. Previous balance—none.

A specific transaction of \$100 occurs at the midpoint of the billing cycle. The average daily balance is \$50. The specific transaction charge is 3 percent of the transaction amount or \$3.00. The periodic rate is $1\frac{1}{2}$ percent per month applied to the average daily balance. The numerator is the amount of the finance charge, which is \$3.75, including the \$3.00 transaction charge and \$.75 resulting from application of the periodic rate. The denominator is the full amount of the specific transaction (\$100) plus the amount by which the balance subject to the periodic rate exceeds the amount of the transaction (\$0). Where the specific transaction amount exceeds the balance subject to the periodic rate, the resulting number is considered to be zero rather than a negative number ($\$50 - \$100 = -\$50$). The denominator, in this case, is \$100. As explained in example 1, the annual percentage rate is $3\frac{3}{4}$ percent $\times 12 = 45$ percent.

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APPENDIX G TO PART 226—OPEN-END
MODEL FORMS AND CLAUSES

G-1 Balance Computation Methods Model Clauses (Home-equity Plans) (§§ 226.6 and 226.7)

G-1(A) Balance Computation Methods Model Clauses (Plans other than Home-equity Plans) (§§ 226.6 and 226.7)

G-2 Liability for Unauthorized Use Model Clause (Home-equity Plans) (§ 226.12)

G-2(A) Liability for Unauthorized Use Model Clause (Plans Other Than Home-equity Plans) (§ 226.12)

G-3 Long-Form Billing-Error Rights Model Form (Home-equity Plans) (§§ 226.6 and 226.9)

G-3(A) Long-Form Billing-Error Rights Model Form (Plans Other Than Home-equity Plans) (§§ 226.6 and 226.9)

G-4 Alternative Billing-Error Rights Model Form (Home-equity Plans) (§ 226.9)

G-4(A) Alternative Billing-Error Rights Model Form (Plans Other Than Home-equity Plans) (§ 226.9)

G-5 Rescission Model Form (When Opening an Account) (§ 226.15)

G-6 Rescission Model Form (For Each Transaction) (§ 226.15)

G-7 Rescission Model Form (When Increasing the Credit Limit) (§ 226.15)

G-8 Rescission Model Form (When Adding a Security Interest) (§ 226.15)

G-9 Rescission Model Form (When Increasing the Security) (§ 226.15)

G-10(A) Applications and Solicitations Model Form (Credit Cards) (§ 226.5a(b))

G-10(B) Applications and Solicitations Sample (Credit Cards) (§ 226.5a(b))

G-10(C) Applications and Solicitations Sample (Credit Cards) (§ 226.5a(b))

G-10(D) Applications and Solicitations Model Form (Charge Cards) (§ 226.5a(b))

G-10(E) Applications and Solicitations Sample (Charge Cards) (§ 226.5a(b))

G-11 Applications and Solicitations Made Available to General Public Model Clauses (§ 226.5a(e))

G-12 Reserved

G-13(A) Change in Insurance Provider Model Form (Combined Notice) (§ 226.9(f))

G-13(B) Change in Insurance Provider Model Form (§ 226.9(f)(2))

G-14A Home-equity Sample

G-14B Home-equity Sample

G-15 Home-equity Model Clauses

G-16(A) Debt Suspension Model Clause (§ 226.4(d)(3))

G-16(B) Debt Suspension Sample (§ 226.4(d)(3))

G-17(A) Account-opening Model Form (§ 226.6(b)(2))

G-17(B) Account-opening Sample (§ 226.6(b)(2))

G-17(C) Account-opening Sample (§ 226.6(b)(2))

G-17(D) Account-opening Sample (§ 226.6(b)(2))

G-18(A) Transactions; Interest Charges; Fees Sample (§ 226.7(b))

G-18(B) Late Payment Fee Sample (§ 226.7(b))

G-18(C)(1) Minimum Payment Warning (When Amortization Occurs and the 36-Month Disclosures Are Required) (§ 226.7(b))

G-18(C)(2) Minimum Payment Warning (When Amortization Occurs and the 36-Month Disclosures Are Not Required) (§ 226.7(b))

G-18(C)(3) Minimum Payment Warning (When Negative or No Amortization Occurs) (§ 226.7(b))

G-18(D) Periodic Statement New Balance, Due Date, Late Payment and Minimum Payment Sample (Credit cards) (§ 226.7(b))

G-18(E) [Reserved]

G-18(F) Periodic Statement Form

G-18(G) Periodic Statement Form

G-18(H) Deferred Interest Periodic Statement Clause

G-19 Checks Accessing a Credit Card Account Sample (§ 226.9(b)(3))

G-20 Change-in-Terms Sample (Increase in Annual Percentage Rate) (§ 226.9(c)(2))

G-21 Change-in-Terms Sample (Increase in Fees) (§ 226.9(c)(2))

G-22 Penalty Rate Increase Sample (Payment 60 or Fewer Days Late) (§ 226.9(g)(3))