periodic statement covering September 16 through October 15. The annual percentage yield earned (using the formula above) is 5.40%:

$$\text{APY Earned}=100 \left( \frac{6.50}{1,500} \left(\frac{365}{30}\right) - 1 \right)$$

APY Earned=5.40%

(3) Assume an institution calculates interest on the average daily balance for a quarter (for example, the calendar months of September through November), and provides monthly periodic statements covering calendar months. The account has a balance of $1,000 throughout the 30 days of September, a balance of $2,000 throughout the 31 days of October, and a balance of $3,000 throughout the 30 days of November. The average daily balance for the quarter is $2,000, which results in $21 in interest earned for the quarter. The annual percentage yield earned would be shown on the periodic statement for November. The annual percentage yield earned (using the formula above) is 4.28%:

$$\text{APY Earned}=100 \left( \frac{21}{2,000} \left(\frac{365}{91}\right) - 1 \right)$$

APY Earned=4.28%

B. Special formula for use where periodic statement is sent more often than the period for which interest is compounded.

Institutions that use the daily balance method to accrue interest and that issue periodic statements more often than the period for which interest is compounded shall use the following special formula:

$$\text{APY Earned} = 100 \left[ \frac{1 + \left( \frac{\text{Interest earned}}{\text{Balance}} \right)}{\frac{\text{Days in period}}{\text{Compounding}}} - \left( \frac{365}{\text{Compounding}} \right) \right]$$

The following definition applies for use in this formula (all other terms are defined under Part II):

“Compounding” is the number of days in each compounding period.

Assume an institution calculates interest for the statement period using the daily balance method, pays a 5.00% interest rate, compounded annually, and provides periodic statements for each monthly cycle. The account has a daily balance of $1,000 for a 30-day statement period. The interest earned is $4.11 for the period, and the annual percentage yield earned (using the special formula above) is 5.00%:

$$\text{APY Earned} = 100 \left[ \frac{1 + \left( \frac{4.11/1,000}{30} \right)}{365/365} - 1 \right]$$

APY Earned=5.00%


APPENDIX B TO PART 230—MODEL CLAUSES AND SAMPLE FORMS

(a) Rate information

(i) Fixed-rate accounts

The interest rate on your account is ___% with an annual percentage yield of ___%.

You will be paid this rate (for time period/ until date) for at least 30 calendar days.

(ii) Variable-rate accounts

The interest rate on your account is ___% with an annual percentage yield of ___%.

Your interest rate and annual percentage yield may change.
Determination of Rate

The interest rate on your account is based on (name of index) [plus/minus a margin of ___%].

or

At our discretion, we may change the interest rate on your account.

Frequency of Rate Changes
We may change the interest rate on your account [every (time period)/at any time].

Limitations on Rate Changes

The interest rate for your account will never change by more than ___% each (time period).

The interest rate will never be [less/more] than ___%.

or

The interest rate will never [exceed ___% above/drop more than ___% below] the interest rate initially disclosed to you.

(iii) Stepped-rate accounts
The initial interest rate for your account is ___%. You will be paid this rate [for (time period)/until (date)]. After that time, the interest rate for your account will be ___%, and you will be paid this rate [for (time period)/until (date)]. The annual percentage yield for your account is ___%.

(iv) Tiered-rate accounts

Tiering Method A
• If your [daily balance/average daily balance] is ___ or more, the interest rate paid on the entire balance in your account will be ___% with an annual percentage yield of ___%.
• If your [daily balance/average daily balance] is more than $___, but less than $___, the interest rate paid on the entire balance in your account will be ___% with an annual percentage yield of ___%.
• If your [daily balance/average daily balance] is $___ or less, the interest rate paid on the entire balance will be ___% with an annual percentage yield of ___%.

Tiering Method B
• An interest rate of ___% will be paid only for that portion of your [daily balance/average daily balance] that is greater than $___.
• An interest rate of ___% will be paid only for that portion of your [daily balance/average daily balance] that is greater than $___, but less than $___.
• An interest rate of ___% will be paid only for that portion of your [daily balance/average daily balance] that is greater than $___, but less than $___.

Interest begins to accrue on the business day you deposit noncash items (for example, checks).
The following fees may be assessed against your account:

- $0
- $0
- $0

(conditions for imposing fee) $0

% of

---

(g) Transaction limitations
The minimum amount you may [withdraw/write a check for] is $0.
You may make [deposits into/withdrawals from] your account each (time period).
You may not make [deposits into/withdrawals from] your account until the maturity date.

(b) Disclosures relating to time accounts
(i) Time requirements
Your account will mature on (date).
Your account will mature in (time period).
(ii) Early withdrawal penalties
We [will/may] impose a penalty if you withdraw [any/all] of the [deposited funds/principal] before the maturity date. The fee imposed will equal _____ days/week/month of interest.

or

We [will/may] impose a penalty of $0 if you withdraw [any/all] of the [deposited funds/principal] before the maturity date.

If you withdraw some of your funds before maturity, the interest rate for the remaining funds in your account will be _____ % with an annual percentage yield of _____ %.

(iii) Withdrawal of interest prior to maturity
The annual percentage yield assumes interest will remain on deposit until maturity. A withdrawal will reduce earnings.

(iv) Renewal policies
(1) Automatically renewable time accounts
This account will automatically renew at maturity.
You will have _____ calendar/business days after the maturity date to withdraw funds without penalty.

or

There is no grace period following the maturity of this account to withdraw funds without penalty.

(2) Non-automatically renewable time accounts

This account will not renew automatically at maturity. If you do not renew the account, your deposit will be placed in [an interest-bearing/a noninterest-bearing] account.

(v) Required interest distribution.
This account requires the distribution of interest and does not allow interest to remain in the account.

(i) Bonuses
You will [be paid/receive] [$0/(description of item)] as a bonus [when you open the account/on (date) _____].

You must maintain a minimum [daily balance/average daily balance] of $0 to obtain the bonus.

To earn the bonus, [$0/your entire principal] must remain on deposit [for (time period)/until (date) _____].

B–2—MODEL CLAUSES FOR CHANGE IN TERMS

On (date), the cost of (type of fee) will increase to $0.
On (date), the interest rate on your account will decrease to 0% with an annual percentage yield of 0%.

On (date), the minimum [daily balance/average daily balance] required to avoid imposition of a fee will increase to $0.

B–3—MODEL CLAUSES FOR PRE-MATURITY NOTICES FOR TIME ACCOUNTS

(a) Automatically renewable time accounts with maturities of one year or less but longer than one month
Your account will mature on (date).
If the account renews, the new maturity date will be (date).
The interest rate for the renewed account will be 0% with an annual percentage yield of 0%.

or

The interest rate and annual percentage yield have not yet been determined. They will be available on (date). Please call (phone number) to learn the interest rate and annual percentage yield for your new account.

(b) Non-automatically renewable time accounts with maturities longer than one year
Your account will mature on (date).
If you do not renew the account, interest [will/will not] be paid after maturity.
B-4 – SAMPLE FORM (MULTIPLE ACCOUNTS)

BANK ABC

DISCLOSURE OF ACCOUNT TERMS

This disclosure contains information about your:

X NOW Account

■ Your interest rate and annual percentage yield may change. 
  At our discretion, we may change the interest rate on your account daily. 
  The interest rate for your account will never be less than 2.00%.
■ Interest begins to accrue on the business day you deposit noncash items 
  (for example, checks).
■ Interest is compounded daily and credited on the last day of each month. 
  If you close your account before interest is credited, you will not receive 
  the accrued interest.
■ We use the daily balance method to calculate the interest on your account. 
  This method applies a daily periodic rate to the principal in the account 
  each day.

__ Passbook Savings Account

■ The interest rate on your account will be paid for at least 30 days.
■ Interest begins to accrue on the business day you deposit noncash items 
  (for example, checks).
■ Interest is compounded daily and credited on the last day of each month. 
  If you close your account before interest is credited, you will not receive 
  the accrued interest.
■ We use the daily balance method to calculate the interest on your account. 
  This method applies a daily periodic rate to the principal in the account 
  each day.

Additional disclosures for your account are included on the attached sheets.
__Money Market Account

- Your interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on your account daily. The interest rate on your account will never be less than 3.00%.
- You may make six (6) transfers from your account, but only three (3) may be payments by check to third parties.
- Interest begins to accrue on the business day you deposit noncash items (for example, checks).
- Interest is compounded daily and credited on the last day of each month. If you close your account before interest is credited, you will not receive the accrued interest.
- We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

__Certificates of Deposit

- The interest rate for your account will be paid until the maturity date of your certificate (___________).
- Interest is compounded daily and will be credited to your account monthly.
- Interest begins to accrue on the business day you deposit noncash items (for example, checks).
- This account will automatically renew at maturity. You will have ten (10) calendar days from the maturity date to withdraw your funds without being charged a penalty.
- After the account is opened, you may not make deposits into or withdrawals from this account until the maturity date.
- We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.
- If any of the deposit is withdrawn before the maturity date, a penalty as shown below will be imposed:

<table>
<thead>
<tr>
<th>Term</th>
<th>Early Withdrawal Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-month CD</td>
<td>30 days interest</td>
</tr>
<tr>
<td>6-month CD</td>
<td>90 days interest</td>
</tr>
<tr>
<td>1-year CD</td>
<td>120 days interest</td>
</tr>
<tr>
<td>2-year CD</td>
<td>180 days interest</td>
</tr>
</tbody>
</table>

Additional disclosures for your account are included on the attached sheets.
### BANK ABC
### FEE SCHEDULE

#### NOW Account
- Monthly minimum balance fee if the daily balance drops below $500 any day of the month ........................................... $7.50

#### Passbook Savings Account
- Monthly minimum balance fee if the daily balance drops below $100 any day of the month ................................. $6.00
- You may make three (3) withdrawals per quarter
  - Each subsequent withdrawal ........................................... $2.00

#### Money Market Account
- Monthly minimum balance fee if the daily balance drops below $1,000 any day of the month .............................. $5.00

#### Other Account Fees
- Deposited checks returned ........................................... $5.00
- Balance inquiries (at a branch or at an ATM) ................................. $1.00
- Check printing♦ ......................................................... (Fee depends on style of check ordered)
- Your check returned for insufficient funds (per check)♦ ........................................... $16.00
- Stop payment request (per request)♦ ........................................... $12.50
- Certified check (per check)♦ ........................................... $10.00

♦ Fee does not apply to Passbook Savings Accounts or Certificates of Deposit.

Additional disclosures for your account are included on the attached sheet.
# BANK ABC
## RATE SHEET

<table>
<thead>
<tr>
<th>ACCOUNT TYPE</th>
<th>MINIMUM DEPOSIT TO OPEN ACCOUNT</th>
<th>MINIMUM BALANCE* TO OBTAIN ANNUAL PERCENTAGE YIELD</th>
<th>INTEREST RATE</th>
<th>ANNUAL PERCENTAGE YIELD</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOW</td>
<td>$ 500</td>
<td>$ 2,500</td>
<td>4.00%</td>
<td>4.08%</td>
</tr>
<tr>
<td>PASSBOOK SAVINGS</td>
<td>$ 100</td>
<td>$ 500</td>
<td>3.50%</td>
<td>3.56%</td>
</tr>
<tr>
<td>MONEY MARKET</td>
<td>$ 1,000</td>
<td>$ 1,000</td>
<td>4.15%</td>
<td>4.24%</td>
</tr>
<tr>
<td>3-MONTH CD</td>
<td>$ 1,000</td>
<td>$ 1,000</td>
<td>4.20%</td>
<td>4.29%</td>
</tr>
<tr>
<td>6-MONTH CD</td>
<td>$ 1,000</td>
<td>$ 1,000</td>
<td>4.25%</td>
<td>4.34%</td>
</tr>
<tr>
<td>1-YEAR CD</td>
<td>$ 1,000</td>
<td>$ 1,000</td>
<td>5.20%</td>
<td>5.34%</td>
</tr>
<tr>
<td>2-YEAR CD</td>
<td>$ 1,000</td>
<td>$ 1,000</td>
<td>5.80%</td>
<td>5.97%</td>
</tr>
</tbody>
</table>

* Daily balance (the amount of principal in the account each day)
B-5 – SAMPLE FORM (NOW ACCOUNT)

BANK XYZ

DISCLOSURE OF INTEREST, FEES AND ACCOUNT TERMS

NOW ACCOUNT

Fee schedule

- Monthly minimum balance fee if the daily balance
drops below $1,000 any day of the month .................. $ 7.00
- Fee to stop payment of a check .......................... $ 12.50
- Fee for check returns (insufficient funds -- per check) .......... $ 16.00
- Certified check (per check) ................................. $ 10.00
- Fee for initial check printing (per 200) ...................... $ 12.00
(Cost for check printing varies depending on the style of checks ordered.)

Rate information

- The interest rate for your account is 4.00 % with an annual percentage yield of
  4.08 %. Your interest rate and annual percentage yield may change. At our
discretion, we may change the interest rate for your account at any time. The interest
rate for your account will never be less than 2% each year.

Minimum balance requirements

- You must deposit $500 to open this account.
- You must maintain a minimum balance of $2,500 in the account each day to obtain the
  annual percentage yield listed above.

Balance computation method

- We use the daily balance method to calculate the interest on your account. This method
  applies a daily periodic rate to the principal in the account each day.

Compounding and crediting

- Interest for your account will be compounded daily and credited to your account on the
  last day of each month.

Accrual of interest on deposits other than cash

- Interest begins to accrue on the business day you deposit noncash items (for example,
  checks).
B-6 – SAMPLE FORM (TIERED-RATE MONEY MARKET ACCOUNT)

BANK ABC

DISCLOSURE OF INTEREST, FEES AND ACCOUNT TERMS

MONEY MARKET ACCOUNT

Fee schedule

- Check returned for insufficient funds (per check) ................................ $16.00
- Stop payment request (per request) ................................................... $12.50
- Certified check (per check) ............................................................... $10.00
- Check printing .......................................................... (Fee depends on style of checks ordered)

Rate information

- If your daily balance is $15,000 or more, the interest rate paid on the entire balance in your account will be 5.75% with an annual percentage yield of 5.92%.
- If your daily balance is more than $2,500, but less than $15,000, the interest rate paid on the entire balance in your account will be 5.50% with an annual percentage yield of 5.65%.
- If your daily balance is $2,500 or less, the interest rate paid on the entire balance will be 5.25% with an annual percentage yield of 5.39%.
- Your interest rate and annual percentage yield may change. At our discretion, we may change the interest rate for your account at any time. The interest rate for your account will never be less than 2.00%.
- Interest begins to accrue on the business day you deposit noncash items (for example, checks).
- Interest is compounded daily and credited on the last day of each month.

Minimum balance requirements

- You must deposit $1,000 to open this account.
- A minimum balance fee of $5.00 will be imposed every month if the balance in your account falls below $1,000 any day of the month.

Balance computation method

- We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Transaction limitations

- You may make six (6) transfers from your account, but only three (3) may be payments by check to third parties.
B-7 -- SAMPLE FORM (CERTIFICATE OF DEPOSIT)

XYZ SAVINGS BANK
1 YEAR CERTIFICATE OF DEPOSIT

Rate information
The interest rate for your account is 5.20% with an annual percentage yield of 5.34%. You will be paid this rate until the maturity date of the certificate. Your certificate will mature on September 30, 1993. The annual percentage yield assumes interest remains on deposit until maturity. A withdrawal will reduce earnings.

Interest for your account will be compounded daily and credited to your account on the last day of each month.

Interest begins to accrue on the business day you deposit any noncash item (for example, checks).

Minimum balance requirements
You must deposit $1,000 to open this account.
You must maintain a minimum balance of $1,000 in your account every day to obtain the annual percentage yield listed above.

Balance computation method
We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Transaction limitations
After the account is opened, you may not make deposits into or withdrawals from the account until the maturity date.

Early withdrawal penalty
If you withdraw any principal before the maturity date, a penalty equal to three months interest will be charged to your account.

Renewal policy
This account will be automatically renewed at maturity. You have a grace period of ten (10) calendar days after the maturity date to withdraw the funds without being charged a penalty.
B-8 -- SAMPLE FORM (CERTIFICATE OF DEPOSIT ADVERTISEMENT)

BANK XYZ

ALWAYS OFFERS YOU COMPETITIVE CD RATES!!

<table>
<thead>
<tr>
<th>CERTIFICATES OF DEPOSIT</th>
<th>ANNUAL PERCENTAGE YIELD (APY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 YEAR</td>
<td>6.31%</td>
</tr>
<tr>
<td>4 YEAR</td>
<td>6.07%</td>
</tr>
<tr>
<td>3 YEAR</td>
<td>5.72%</td>
</tr>
<tr>
<td>2 YEAR</td>
<td>5.52%</td>
</tr>
<tr>
<td>1 YEAR</td>
<td>4.54%</td>
</tr>
<tr>
<td>6 MONTH</td>
<td>4.34%</td>
</tr>
<tr>
<td>90 DAY</td>
<td>4.21%</td>
</tr>
</tbody>
</table>

APYs are offered on accounts opened from 5/9/93 through 5/18/93.

The minimum balance to open an account and obtain the APY is $1,000. A penalty may be imposed for early withdrawal.

For more information call:

202-123-1234
B-9 -- SAMPLE FORM (MONEY MARKET ACCOUNT ADVERTISEMENT)

**BANK XYZ**

**ALWAYS OFFERS YOU COMPETITIVE RATES!!**

<table>
<thead>
<tr>
<th>MONEY MARKET ACCOUNTS</th>
<th>ANNUAL PERCENTAGE YIELD (APY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts with a balance of $5,000 or less</td>
<td>5.07%*</td>
</tr>
<tr>
<td>Accounts with a balance over $5,000</td>
<td>5.57%*</td>
</tr>
</tbody>
</table>

APYs are accurate as of April 30, 1993

*The rates may change after the account is opened.

Fees could reduce the earnings on the account.

For more information call:

202-123-1234

B-10 Aggregate Overdraft and Returned Item Fees Sample Form

<table>
<thead>
<tr>
<th></th>
<th>Total For This Period</th>
<th>Total Year-to-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Overdraft Fees</td>
<td>$60.00</td>
<td>$150.00</td>
</tr>
<tr>
<td>Total Returned Item Fees</td>
<td>$0.00</td>
<td>$30.00</td>
</tr>
</tbody>
</table>