

Federal Reserve System

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default, attorney's fees whether or not automatically imposed, and post-judgment interest rates permitted by law.

(C) Taxes imposed on the credit transaction by a state or other governmental body, such as documentary stamp taxes on cash advances.

(D) Charges for which the payment, or non-payment, affect the consumer's access to the plan, the duration of the plan, the amount of credit extended, the period for which credit is extended, or the timing or method of billing or payment.

(E) Charges imposed for terminating a plan.

(F) Charges for voluntary credit insurance, debt cancellation or debt suspension.

(iii) Charges that are not imposed as part of the plan include:

(A) Charges imposed on a cardholder by an institution other than the card issuer for the use of the other institution's ATM in a shared or interchange system.

(B) A charge for a package of services that includes an open-end credit feature, if the fee is required whether or not the open-end credit feature is included and the non-credit services are not merely incidental to the credit feature.

(C) Charges under §226.4(e) disclosed as specified.

(4) *Disclosure of rates for open-end (not home-secured) plans.* A creditor shall disclose, to the extent applicable:

(i) For each periodic rate that may be used to calculate interest:

(A) *Rates.* The rate, expressed as a periodic rate and a corresponding annual percentage rate.

(B) *Range of balances.* The range of balances to which the rate is applicable; however, a creditor is not required to adjust the range of balances disclosure to reflect the balance below which only a minimum charge applies.

(C) *Type of transaction.* The type of transaction to which the rate applies, if different rates apply to different types of transactions.

(D) *Balance computation method.* An explanation of the method used to determine the balance to which the rate is applied.

(ii) *Variable-rate accounts.* For interest rate changes that are tied to increases in an index or formula (variable-rate accounts) specifically set forth in the account agreement:

(A) The fact that the annual percentage rate may increase.

(B) How the rate is determined, including the margin.

(C) The circumstances under which the rate may increase.

(D) The frequency with which the rate may increase.

(E) Any limitation on the amount the rate may change.

(F) The effect(s) of an increase.

(G) A rate is accurate if it is a rate as of a specified date within the last 30 days before the disclosures are provided.

(iii) *Rate changes not due to index or formula.* For interest rate changes that are specifically set forth in the account agreement and not tied to increases in an index or formula:

(A) The initial rate (expressed as a periodic rate and a corresponding annual percentage rate) required under paragraph (b)(4)(i)(A) of this section.

(B) How long the initial rate will remain in effect and the specific events that cause the initial rate to change.

(C) The rate (expressed as a periodic rate and a corresponding annual percentage rate) that will apply when the initial rate is no longer in effect and any limitation on the time period the new rate will remain in effect.

(D) The balances to which the new rate will apply.

(E) The balances to which the current rate at the time of the change will apply.

(5) *Additional disclosures for open-end (not home-secured) plans.* A creditor shall disclose, to the extent applicable:

(i) *Voluntary credit insurance, debt cancellation or debt suspension.* The disclosures in §226.4(d)(1)(i) and (d)(1)(ii) and (d)(3)(i) through (d)(3)(iii) if the creditor offers optional credit insurance or debt cancellation or debt suspension coverage that is identified in §226.4(b)(7) or (b)(10).

(ii) *Security interests.* The fact that the creditor has or will acquire a security interest in the property purchased under the plan, or in other property identified by item or type.

(iii) *Statement of billing rights.* A statement that outlines the consumer's rights and the creditor's responsibilities under §§226.12(c) and 226.13 and that is substantially similar to the statement found in Model Form G-3(A) in appendix G to this part.

§ 226.7 Periodic statement.

The creditor shall furnish the consumer with a periodic statement that discloses the following items, to the extent applicable:

(a) *Previous balance.* The account balance outstanding at the beginning of the billing cycle.

(b) *Identification of transactions.* An identification of each credit transaction in accordance with §226.8.

(c) *Credits.* Any credit to the account during the billing cycle, including the amount and the date of crediting. The date need not be provided if a delay in

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crediting does not result in any finance or other charge.

(d) *Periodic rates.* Each periodic rate that may be used to compute the finance charge, the range of balances to which it is applicable,¹⁴ and the corresponding annual percentage rate.¹⁵ If different periodic rates apply to different types of transactions, the types of transactions to which the periodic rates apply shall also be disclosed.

(e) *Balance on which finance charge computed.* The amount of the balance to which a periodic rate was applied and an explanation of how that balance was determined. When a balance is determined without first deducting all credits and payments made during the billing cycle, that fact and the amount of the credits and payments shall be disclosed.

(f) *Amount of finance charge.* The amount of any finance charge debited or added to the account during the billing cycle, using the term *finance charge*. The components of the finance charge shall be individually itemized and identified to show the amount(s) due to the application of any periodic rates and the amount(s) of any other type of finance charge. If there is more than one periodic rate, the amount of the finance charge attributable to each rate need not be separately itemized and identified.

(g) *Annual percentage rate.* When a finance charge is imposed during the billing cycle, the annual percentage rate(s) determined under § 226.14, using the term *annual percentage rate*.

(h) *Other charges.* The amounts, itemized and identified by type, of any charges other than finance charges debited to the account during the billing cycle.

(i) *Closing date of billing cycle; new balance.* The closing date of the billing cycle and the account balance outstanding on that date.

(j) *Free-ride period.* The date by which or the time period within which the new balance or any portion of the new balance must be paid to avoid additional finance charges. If such a time period is provided, a creditor may, at

its option and without disclosure, impose no finance charge when payment is received after the time period's expiration.

(k) *Address for notice of billing errors.* The address to be used for notice of billing errors. Alternatively, the address may be provided on the billing rights statement permitted by § 226.9(a)(2).

[46 FR 20892, Apr. 7, 1981; 46 FR 29246, June 1, 1981]

EFFECTIVE DATE NOTE: At 74 FR 5409, Jan. 29, 2009, § 226.7 was amended by revising paragraphs (a) and (b), removing paragraphs (c), (d), (e), (f), (g), (h), (i), (j), and (k), and removing and reserving footnotes 14 and 15, effective July 1, 2010. For the convenience of the user, the revised text is set forth as follows:

§ 226.7 Periodic statement.

* * * * *

(a) *Rules affecting home-equity plans.* The requirements of paragraph (a) of this section apply only to home-equity plans subject to the requirements of § 226.5b. Alternatively, a creditor subject to this paragraph may, at its option, comply with any of the requirements of paragraph (b) of this section; however, any creditor that chooses not to provide a disclosure under paragraph (a)(7) of this section must comply with paragraph (b)(6) of this section.

(1) *Previous balance.* The account balance outstanding at the beginning of the billing cycle.

(2) *Identification of transactions.* An identification of each credit transaction in accordance with § 226.8.

(3) *Credits.* Any credit to the account during the billing cycle, including the amount and the date of crediting. The date need not be provided if a delay in accounting does not result in any finance or other charge.

(4) *Periodic rates.* (i) Except as provided in paragraph (a)(4)(ii) of this section, each periodic rate that may be used to compute the finance charge, the range of balances to which it is applicable,¹⁴ and the corresponding annual percentage rate.¹⁵ If no finance charge is imposed when the outstanding balance is less than a certain amount, the creditor is not required to disclose that fact, or the balance below which no finance charge will be imposed. If different periodic rates apply to different types of transactions, the types of transactions to which the periodic rates apply shall also be disclosed. For variable-

¹⁴See footnotes 11 and 13.

¹⁵If a variable rate plan is involved, the creditor shall disclose the fact that the periodic rate(s) may vary.

¹⁴ [Reserved]

¹⁵ [Reserved]

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rate plans, the fact that the periodic rate(s) may vary.

(ii) *Exception.* An annual percentage rate that differs from the rate that would otherwise apply and is offered only for a promotional period need not be disclosed except in periods in which the offered rate is actually applied.

(5) *Balance on which finance charge computed.* The amount of the balance to which a periodic rate was applied and an explanation of how that balance was determined. When a balance is determined without first deducting all credits and payments made during the billing cycle, the fact and the amount of the credits and payments shall be disclosed.

(6) *Amount of finance charge and other charges.* Creditors may comply with paragraphs (a)(6) of this section, or with paragraph (b)(6) of this section, at their option.

(i) *Finance charges.* The amount of any finance charge debited or added to the account during the billing cycle, using the term *finance charge*. The components of the *finance charge* shall be individually itemized and identified to show the amount(s) due to the application of any periodic rates and the amounts(s) of any other type of finance charge. If there is more than one periodic rate, the amount of the finance charge attributable to each rate need not be separately itemized and identified.

(ii) *Other charges.* The amounts, itemized and identified by type, of any charges other than finance charges debited to the account during the billing cycle.

(7) *Annual percentage rate.* At a creditor's option, when a finance charge is imposed during the billing cycle, the annual percentage rate(s) determined under § 226.14(c) using the term *annual percentage rate*.

(8) *Grace period.* The date by which or the time period within which the new balance or any portion of the new balance must be paid to avoid additional finance charges. If such a time period is provided, a creditor may, at its option and without disclosure, impose no finance charge if payment is received after the time period's expiration.

(9) *Address for notice of billing errors.* The address to be used for notice of billing errors. Alternatively, the address may be provided on the billing rights statement permitted by § 226.9(a)(2).

(10) *Closing date of billing cycle; new balance.* The closing date of the billing cycle and the account balance outstanding on that date.

(b) *Rules affecting open-end (not home-secured) plans.* The requirements of paragraph (b) of this section apply only to plans other than home-equity plans subject to the requirements of § 226.5b.

(1) *Previous balance.* The account balance outstanding at the beginning of the billing cycle.

(2) *Identification of transactions.* An identification of each credit transaction in accordance with § 226.8.

(3) *Credits.* Any credit to the account during the billing cycle, including the amount and the date of crediting. The date need not be provided if a delay in crediting does not result in any finance or other charge.

(4) *Periodic rates.* (i) Except as provided in paragraph (b)(4)(ii) of this section, each periodic rate that may be used to compute the interest charge expressed as an annual percentage rate and using the term, *Annual Percentage Rate*, along with the range of balances to which it is applicable. If no interest charge is imposed when the outstanding balance is less than a certain amount, the creditor is not required to disclose that fact, or the balance below which no interest charge will be imposed. The types of transactions to which the periodic rates apply shall also be disclosed. For variable-rate plans, the fact that the annual percentage rate may vary.

(ii) *Exception.* A promotional rate, as that term is defined in § 226.16(g)(2)(i) is required to be disclosed only in periods in which the offered rate is actually applied.

(5) *Balance on which finance charge computed.* The amount of the balance to which a periodic rate was applied and an explanation of how that balance was determined, using the term *Balance Subject to Interest Rate*. When a balance is determined without first deducting all credits and payments made during the billing cycle, the fact and the amount of the credits and payments shall be disclosed. As an alternative to providing an explanation of how the balance was determined, a creditor that uses a balance computation method identified in § 226.5a(g) may, at the creditor's option, identify the name of the balance computation method and provide a toll-free telephone number where consumers may obtain from the creditor more information about the balance computation method and how resulting interest charges were determined. If the method used is not identified in § 226.5a(g), the creditor shall provide a brief explanation of the method used.

(6) *Charges imposed.* (i) The amounts of any charges imposed as part of a plan as stated in § 226.6(b)(3), grouped together, in proximity to transactions identified under paragraph (b)(2) of this section, substantially similar to Sample G-18(A) in appendix G to this part.

(ii) *Interest.* Finance charges attributable to periodic interest rates, using the term *Interest Charge*, must be grouped together under the heading *Interest Charged*, itemized and totaled by type of transaction, and a total of finance charges attributable to periodic interest rates, using the term *Total Interest*, must be disclosed for the statement

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period and calendar year to date, using a format substantially similar to Sample G–18(A) in appendix G to this part.

(iii) *Fees.* Charges imposed as part of the plan other than charges attributable to periodic interest rates must be grouped together under the heading *Fees*, identified consistent with the feature or type, and itemized, and a total of charges, using the term *Fees*, must be disclosed for the statement period and calendar year to date, using a format substantially similar to Sample G–18(A) in appendix G.

(7) *Change-in-terms and increased penalty rate summary for open-end (not home-secured) plans.* Creditors that provide a change-in-terms notice required by § 226.9(c), or a rate increase notice required by § 226.9(g), on or with the periodic statement, must disclose the information in § 226.9(c)(2)(iii)(A) or § 226.9(g)(3)(i) on the periodic statement in accordance with the format requirements in § 226.9(c)(2)(iii)(B), and § 226.9(g)(3)(ii). See Forms G–18(F) and G–18(G) in appendix G to this part.

(8) *Grace period.* The date by which or the time period within which the new balance or any portion of the new balance must be paid to avoid additional finance charges. If such a time period is provided, a creditor may, at its option and without disclosure, impose no finance charge if payment is received after the time period's expiration.

(9) *Address for notice of billing errors.* The address to be used for notice of billing errors. Alternatively, the address may be provided on the billing rights statement permitted by § 226.9(a)(2).

(10) *Closing date of billing cycle; new balance.* The closing date of the billing cycle and the account balance outstanding on that date. The new balance must be disclosed in accordance with the format requirements of paragraph (b)(13) of this section.

(11) *Due date; late payment costs.* (i) Except as provided in paragraph (b)(11)(ii) of this section and in accordance with the format requirements in paragraph (b)(13) of this section:

(A) The due date for a payment, if a late-payment fee or penalty rate may be imposed.

(B) The amount of the late-payment fee and any increased periodic rate(s) (expressed as an annual percentage rate(s)) that may be imposed on the account as a result of a late payment. If a range of late-payment fees may be assessed, the creditor may state the range of fees, or the highest fee and at the creditor's option with the highest fee an indication that the fee imposed could be lower. If the rate may be increased for more than one feature or balance, the creditor may state the range of rates or the highest rate that could apply and at the creditor's option an indication that the rate imposed could be lower.

(ii) *Exception.* The requirements of paragraph (b)(11) of this section do not apply to periodic statements provided solely for charge card accounts.

(12) *Minimum payment—(i) General disclosure requirements.* Except as provided in paragraph (b)(12)(v) of this section, a card issuer, at its option, shall comply with any of paragraphs (b)(12)(ii), (b)(12)(iii) or (b)(12)(iv) of this section.

(ii) *Generic repayment example and establishment of a toll-free telephone number.* A card issuer that chooses this option to comply with the requirements of paragraph (b)(12) of this section must comply with paragraph (b)(12)(ii)(A) or (b)(12)(ii)(B) as applicable.

(A) *Credit card issuers not regulated by the FTC.* This paragraph applies to card issuers that are not subject to the Federal Trade Commission's authority to enforce the act and this regulation as to the card issuer.

(1) *General rule.* Except as provided in paragraph (b)(12)(ii)(A)(2) or (b)(12)(ii)(A)(3) of this section, the card issuer must provide the following statement with a bold heading on each periodic statement, in accordance with the format requirements of paragraph (b)(13) of this section: "Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example, if you had a balance of \$1,000 at an interest rate of 17% and always paid only the minimum required, it would take over 7 years to repay this balance. For an estimate of the time it would take to repay your actual balance making only minimum payments, call: [toll-free telephone number]." The card issuer may, at its option, substitute an example that uses an annual percentage rate that is greater than 17 percent. The issuer must establish and maintain a toll-free telephone number for the purpose of providing its customers with generic repayment estimates, as described in appendix M1 to this part, and disclose this toll-free telephone number as part of the statement above. In responding to a request for a generic repayment estimate, as described in appendix M1 to this part, through the toll-free telephone number, the card issuer may not provide any repayment information other than the repayment information required or permitted by appendix M1 to this part.

(2) *Alternative disclosure where minimum payment exceeds 4%.* If the required minimum periodic payment exceeds 4% of the balance upon which finance charges accrue, the card issuer may comply with this paragraph in lieu of paragraph (b)(12)(ii)(A)(1) of this section. Such card issuer may provide the following statement with a bold heading on each periodic statement, in accordance with the format requirements of paragraph (b)(13) of this section: "Minimum Payment Warning: If you make only the minimum payment

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each period, you will pay more in interest and it will take you longer to pay off your balance. For example, if you had a balance of \$300 at an interest rate of 17% and always paid only the minimum required, it would take about 2 years to repay this balance. For an estimate of the time it would take to repay your actual balance making only minimum payments, call: [toll-free telephone number].” The card issuer may, at its option, substitute an example that uses an annual percentage rate that is greater than 17 percent. The card issuer must establish and maintain a toll-free telephone number for the purpose of providing its customers with generic repayment estimates, as described in appendix M1 to this part, and disclose this toll-free telephone number as part of the statement above. In responding to a request for a generic repayment estimate, as described in appendix M1 to this part, through the toll-free telephone number, the card issuer may not provide any repayment information other than the repayment information required or permitted by appendix M1 to this part.

(3) *Small depository institution issuers.* After June 30, 2012 a small depository institution issuer is required to establish and maintain a toll-free telephone number for the purpose of providing its customers with generic repayment estimates, as described in appendix M1 to this part. Before June 30, 2012, small depository institution issuers, when making a disclosure under paragraph (b)(12)(i)(A)(1) or (2) of this section, may provide the toll-free telephone numbers and the Web site operated by or on behalf of the Federal Reserve Board. A small depository institution issuer must use the following language to disclose the Federal Reserve Board’s toll-free telephone numbers: “For an estimate of the time it would take to repay your actual balance making only minimum payments, call the Federal Reserve Board at this toll-free telephone number: 1-888-445-4801 or visit the Board’s Web site at <http://www.federalreserve.gov/creditcardcalculator>. (TTY toll-free telephone number: 1-888-319-4802.)” Small depository institution issuers are card issuers that are depository institutions (as defined by section 3 of the Federal Deposit Insurance Act), including federal credit unions or state chartered credit unions (as defined in section 101 of the Federal Credit Union Act), with total assets not exceeding \$250 million, as of December 31, 2009.

(B) *FTC-regulated credit card issuers.* This paragraph applies to card issuers that are subject to the Federal Trade Commission’s authority under the Truth in Lending Act to enforce the act and this regulation as to a card issuer. The card issuer must disclose the following statement with a bold heading on each periodic statement, in accordance with the format requirements of paragraph

(b)(13) of this section: “Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example, if you had a balance of \$300 at an interest rate of 17% and always paid only the minimum required, it would take about 2 years to repay this balance. For an estimate of the time it would take to repay your actual balance making only minimum payments, call the Federal Trade Commission at this toll-free telephone number: [toll-free telephone number established by the FTC] or visit the FTC’s Web site at [Web site established by the FTC]. (TTY toll-free telephone number: [TTY toll-free telephone number established by the FTC].)” The card issuer may, at its option, substitute an example that uses an annual percentage rate that is greater than 17 percent. The card issuer must disclose the toll-free telephone numbers and Web site established by or on behalf of the Federal Trade Commission.

(iii) *Actual repayment disclosure through a toll-free telephone number.* A card issuer that chooses this option for complying with the requirements of paragraph (b)(12) of this section must disclose the following statement with a bold heading on each periodic statement in accordance with the format requirements of paragraph (b)(13) of this section: “Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For an estimate of how long it will take you to repay your balance making only minimum payments, call this toll-free telephone number: ____.” The card issuer must establish and maintain a toll-free telephone number for the purpose of providing its customers with actual repayment disclosures, as described in appendix M2 to this part, and disclose this toll-free telephone number as part of the statement above. In responding to a request for an actual repayment disclosure, as described in appendix M2 to this part, through the toll-free telephone number, the card issuer may not provide any repayment information other than the repayment information required or permitted by appendix M2 to this part.

(iv) *Actual repayment disclosure on the periodic statement.* A card issuer that chooses this option for complying with the requirements of paragraph (b)(12) of this section must provide on each periodic statement, in accordance with the format requirements of paragraph (b)(13) of this section, a disclosure of the actual repayment information as described in appendix M2 to this part, in a form substantially similar to Sample G-18(C) in appendix G to this part.

(v) *Exemptions.* Paragraph (b)(12) of this section does not apply to:

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(A) Home-equity plans subject to the requirements of § 226.5b;

(B) Overdraft lines of credit tied to asset accounts accessed by check-guarantee cards or by debit cards;

(C) Lines of credit accessed by check-guarantee cards or by debit cards that can be used only at automated teller machines;

(D) Charge card accounts that require payment of outstanding balances in full at the end of each billing cycle;

(E) Credit card accounts where a fixed repayment period for the account is disclosed in the account agreement and the required minimum payments will amortize the outstanding balance within the fixed repayment period;

(F) A billing cycle where the entire outstanding balance is subject to a fixed repayment period specified in the account agreement and the required minimum payments applicable to that balance will amortize the outstanding balance within the fixed repayment period;

(G) A billing cycle immediately following two consecutive billing cycles in which the consumer paid the entire balance in full, had a zero outstanding balance or had a credit balance; and

(H) A billing cycle where paying the minimum payment due for that billing cycle will pay the entire outstanding balance on the account for that billing cycle.

(13) *Format requirements.* The due date required by paragraph (b)(11) of this section shall be disclosed on the front of the first page of the periodic statement. The amount of the late-payment fee and the annual percentage rate(s) required by paragraph (b)(11) of this section shall be stated in close proximity to the due date. The ending balance required by paragraph (b)(10) of this section and the minimum payment disclosure required by paragraph (b)(12) of this section shall be disclosed closely proximate to the minimum payment due. The due date, late-payment fee and annual percentage rate, ending balance, minimum payment due, and minimum payment disclosure shall be grouped together. Samples G-18(D) or G-18(E) in appendix G to this part set forth examples of how these terms may be grouped.

§ 226.8 Identification of transactions.

The creditor shall identify credit transactions on or with the first periodic statement that reflects the transaction by furnishing the following information, as applicable.¹⁶

¹⁶Failure to disclose the information required by this section shall not be deemed a failure to comply with the regulation if: (1) The creditor maintains procedures reasonably adapted to obtain and provide the infor-

(a) *Sale credit.* For each credit transaction involving the sale of property or services, the following rules shall apply:

(1) *Copy of credit document provided.* When an actual copy of the receipt or other credit document is provided with the first periodic statement reflecting the transaction, the transaction is sufficiently identified if the amount of the transaction and either the date of the transaction or the date of debiting the transaction to the consumer's account are disclosed on the copy or on the periodic statement.

(2) *Copy of credit document not provided—creditor and seller same or related person(s).* When the creditor and the seller are the same person or related persons, and an actual copy of the receipt or other credit document is not provided with the periodic statement, the creditor shall disclose the amount and date of the transaction, and a brief identification¹⁷ of the property or services purchased.¹⁸

(3) *Copy of credit document not provided—creditor and seller not same or related person(s).* When the creditor and seller are not the same person or related persons, and an actual copy of

mation; and (2) the creditor treats an inquiry for clarification or documentation as a notice of a billing error, including correcting the account in accordance with § 226.13(e). This applies to transactions that take place outside a state, as defined in § 226.2(a), whether or not the creditor maintains procedures reasonably adapted to obtain the required information.

¹⁷As an alternative to the brief identification, the creditor may disclose a number or symbol that also appears on the receipt or other credit document given to the consumer, if the number or symbol reasonably identifies that transaction with that creditor, and if the creditor treats an inquiry for clarification or documentation as a notice of a billing error, including correcting the account in accordance with § 226.13(e).

¹⁸An identification of property or services may be replaced by the seller's name and location of the transaction when: (1) The creditor and the seller are the same person; (2) the creditor's open-end plan has fewer than 15,000 accounts; (3) the creditor provides the consumer with point-of-sale documentation for that transaction; and (4) the creditor treats an inquiry for clarification or documentation as a notice of a billing error, including correcting the account in accordance with § 226.13(e).