

(c) *Adjustment notices.* An adjustment to the interest rate with or without a corresponding adjustment to the payment in an adjustable-rate transaction subject to this section is an event requiring new disclosures to the consumer. At least once each year during which an interest rate adjustment is implemented without an accompanying payment change, and at least 25, but no more than 120, calendar days before a payment at a new level is due, the following written disclosures, as applicable, must be delivered or placed in the mail:

(1) The current and prior interest rates.

(2) The index values upon which the current and prior interest rates are based.

(3) The extent to which the creditor has foregone any increase in the interest rate.

(4) The contractual effects of the adjustment, including the payment due after the adjustment is made, and a statement of the loan balance.

(5) The payment, if different from that referred to in paragraph (c)(4) of this section, that would be required to amortize fully the loan at the new interest rate over the remainder of the loan term.

(d) [Reserved]

(e) *Maximum interest rate caps.* All savings associations making adjustable-rate loans, originated on or after December 8, 1987, whether open-end or closed-end, shall comply with Regulation Z (12 CFR 226.30) by specifying in their credit contracts the maximum interest rate that may be imposed during the term of the obligation.

(f) *Exception.* The disclosures in paragraph (b) of this section are not required in connection with the extension of consumer credit as defined in § 561.12 of this chapter even if it is secured by a borrower-occupied home as long as the home is not the primary security for the loan.

(g) *Exempt transactions.* This section does not apply to an extension of credit primarily for a business, commercial, or agricultural purpose.

**§ 560.220 Alternative Mortgage Parity Act.**

Pursuant to 12 U.S.C. 3803, housing creditors that are not commercial banks, credit unions, or Federal savings associations may make alternative mortgage transactions as defined by that section and further defined and described by applicable regulations identified in this section, notwithstanding any state constitution, law, or regulation. In accordance with section 807(b) of Public Law 97-320, 12 U.S.C. 3801 note, §§ 560.33, 560.34, 560.35, and 560.210 of this part are identified as appropriate and applicable to the exercise of this authority and all regulations not so identified are deemed inappropriate and inapplicable. Housing creditors engaged in credit sales should read the term "loan" as "credit sale" wherever applicable.

**PART 561—DEFINITIONS**

Sec.	
561.1	General.
561.2	Account.
561.3	Accountholder.
561.4	Affiliate.
561.5	Affiliated person.
561.6	Audit period.
561.7	BIF.
561.8	[Reserved]
561.9	Certificate account.
561.10	Closed-end consumer credit.
561.11	Closing date.
561.12	Consumer credit.
561.13	Consumer credit classified as a loss.
561.14	Controlling person.
561.15	Corporation.
561.16	Demand accounts.
561.18	Director.
561.19	Financial institution.
561.20	Guaranteed loan.
561.21	Guaranteed obligation.
561.23	Home mortgage.
561.24	Immediate family.
561.25	Insured loan.
561.26	Land loan.
561.27	Low-rent housing.
561.28	Money Market Deposit Accounts.
561.29	Negotiable Order of Withdrawal Accounts.
561.30	Nonresidential construction loan.
561.31	Nonwithdrawable account.
561.32	Normal lending territory.
561.33	Note account.
561.34	Office.
561.35	Officer.
561.36	Open-end consumer credit.
561.37	Parent company; subsidiary.