

TITLE 12 - BANKS AND BANKING
CHAPTER 39 - ALTERNATIVE MORTGAGE TRANSACTIONS

§ 3806. Adjustable rate mortgage caps

(a) In general

Any adjustable rate mortgage loan originated by a creditor shall include a limitation on the maximum interest rate that may apply during the term of the mortgage loan.

(b) Regulations

The Board of Governors of the Federal Reserve System shall prescribe regulations to carry out the purposes of this section.

(c) Enforcement

Any violation of this section shall be treated as a violation of the Truth in Lending Act [15 U.S.C. 1601 et seq.] and shall be subject to administrative enforcement under section 108 [15 U.S.C. 1607] or civil damages under section 130 [15 U.S.C. 1640] of such Act, or both.

(d) Definitions

For the purpose of this section—

- (1)** the term “creditor” means a person who regularly extends credit for personal, family, or household purposes; and
- (2)** the term “adjustable rate mortgage loan” means any consumer loan secured by a lien on a one-to four-family dwelling unit, including a condominium unit, cooperative housing unit, or mobile home, where the loan is made pursuant to an agreement under which the creditor may, from time to time, adjust the rate of interest.

(e) Effective date

This section shall take effect upon the expiration of 120 days after August 10, 1987.

(Pub. L. 100–86, title XII, § 1204, Aug. 10, 1987, 101 Stat. 662; Pub. L. 102–550, title IX, § 952, Oct. 28, 1992, 106 Stat. 3893.)

References in Text

The Truth in Lending Act, referred to in subsec. (c), is title I of Pub. L. 90–321, May 29, 1968, 82 Stat. 146, as amended, which is classified generally to subchapter I (§ 1601 et seq.) of chapter 41 of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see Short Title note set out under section 1601 of Title 15 and Tables.

Codification

Section was enacted as part of the Competitive Equality Banking Act of 1987, and not as part of the Alternative Mortgage Transaction Parity Act of 1982 which comprises this chapter.

Amendments

1992—Subsec. (d)(2). Pub. L. 102–550 substituted “any consumer loan” for “any loan”.