

[Sender Name]
[Sender Address]
[City, State, Zip Code]
[Date]

[Recipient Name]
[Recipient Address]
[City, State, Zip Code]

RE: Notice of Variable Interest Rate Cap Restriction - Account Number: [Account Number]

Dear [Recipient Name],

This letter serves as formal notification regarding the interest rate adjustment on your variable-rate [Loan/Credit Type] agreement dated [Original Agreement Date].

Based on current market fluctuations and the terms of your contract, the calculated index rate has increased. However, please be advised that the interest rate applied to your account has reached the **maximum rate cap** permitted under your agreement.

Current Rate Summary:

- Current Market Index Rate: [Index Rate]%
- Contractual Margin: [Margin]%
- Calculated Rate: [Calculated Total]%
- **Applied Capped Rate: [Cap Limit]%**

As a result of this restriction, your interest rate will be held at [Cap Limit]% and will not exceed this threshold, regardless of further increases in the market index, for the remainder of this adjustment period.

Your new monthly payment, effective [Effective Date], will be [New Payment Amount].

If you have any questions regarding how this cap is calculated or how it affects your future payments, please contact our customer service department at [Phone Number] or via email at [Email Address].

Sincerely,

[Authorized Signature]
[Printed Name]
[Title/Department]