

which a participating interest has been allocated pursuant to the particular call involved.

Principal payments received on loans made by the corporation shall be allocated among the members on the basis of their participating interests and remitted not later than three months following receipt of such payments, in reduction of the indebtedness of the corporation to members under the time notes relating to such loan or loans. Interest accrued on the time notes shall be calculated and paid to members on the basis as set forth in such time notes and shall be paid at least once every three months.

Whenever any loan made by the corporation in which participating interests have been allocated to members pursuant to calls is determined by vote of the Executive Committee of the Board of Directors to be uncollectible, payment of the uncollectible principal balance of such loan shall be made from the capital, surplus and reserve funds of the corporation and shall be allocated among the members on the basis of each member's participating interest therein and remitted on the next following payment date.

Notwithstanding the provisions of any other law, general or special, the notes or other interest-bearing obligations of such corporation, issued in accordance with and by virtue of this subtitle and by the bylaws of such corporation, shall be legal investments for the financial institutions which become members of such corporation.

428. Rate of Interest.

Notwithstanding any other provisions of the law to the contrary, the corporation is authorized to charge interest on loans at a rate of not more than four *and one half* percent in excess of the rate of interest determined by the Board of Directors to be the prime rate prevailing *from time to time* (at the time of making, extending or renewing any such loan,) in the City of Baltimore on unsecured commercial loans.

It shall be permissible for such maximum interest rate to be fixed at the time of the making, extending or renewing of any loan or for such maximum interest rate to fluctuate up and down with the prime rate of interest as so determined by the Board of Directors.

If a fluctuating interest rate is charged on any loan, such rate shall first be determined on the date the loan is made and shall thereafter be redetermined on the first day of each January, April, July and October, whereupon the interest rate shall be appropriately increased or decreased to reflect the change, if any, in said prime rate of interest as so redetermined for the quarter commencing on the date of such redetermination of the interest rate.

Neither any management consultant fee charged in connection with a loan application nor any stock option taken in connection with any loan made by the corporation shall be taken into consideration when arriving at the maximum interest rate chargeable.

SEC. 2. ~~And be it further enacted, That this Act shall take effect July 1, 1971.~~