

DEED OF TRUST ON RESIDENTIAL REAL [[PROPERTY]] [[ESTATE]] PROPERTY OR ANY INTEREST THEREIN SHALL BE EXEMPT FROM SECTION 3 OF THIS ARTICLE IF ALL OF THE FOLLOWING CONDITIONS ARE MET:

[[ (A) ]] (1) THE INTEREST CHARGED IS NOT IN EXCESS OF TEN PERCENT (10%) PER ANNUM SIMPLE INTEREST ON THE UNPAID BALANCE UNDER AN AGREEMENT IN WRITING BETWEEN THE LENDER AND THE BORROWER.

[[ (B) ]] (2) THE LOAN IS MADE AND THE MORTGAGE OR DEED OF TRUST IS EXECUTED ON OR AFTER THE EFFECTIVE DATE OF THIS ACT [[OR WHERE THERE IS ISSUED A WRITTEN COMMITMENT ACCEPTED BY THE BORROWER ON OR AFTER THE EFFECTIVE DATE OF THIS ACT. ]].

[[ (C) ]] (3) THERE IS NO PREPAYMENT PENALTY IN CONNECTION WITH THE LOAN.

[[ (D) ]] (4) THE LOAN HAS NOT BEEN MADE PRIOR TO THE EFFECTIVE DATE OF THIS ACT, AND NO WRITTEN COMMITMENT HAS BEEN ISSUED BY THE LENDER PRIOR TO THE EFFECTIVE DATE OF THIS ACT AGREEING TO MAKE THE LOAN AT A RATE OF 8% OR LESS. A WRITTEN COMMITMENT, WRITTEN OFFER TO LOAN, OR ANY OTHER WRITTEN STATEMENT BY A LENDER WHICH CAN BE REASONABLY CONSTRUED AS AN OFFER TO MAKE A LOAN AT ANY SPECIFIED OR UNSPECIFIED INTEREST RATE IS DEEMED TO BE A COMMITMENT TO MAKE THE LOAN AT 8[[%]] PER CENT, OR LESS, IF SPECIFIED[[; PROVIDED THAT]] AND IF THE WRITTEN COMMITMENT OR WRITTEN OFFER IS ISSUED PRIOR TO [[THE EFFECTIVE DATE OF THIS ACT. ]] APRIL 15, 1974.

[[ (E) ]] ANY FUNDS FOR PAYMENT OF TAXES, INSURANCE OR OTHER EXPENSES SHALL BE BY THE "DIRECT REDUCTION METHOD". UNDER THIS METHOD, PAYMENTS MADE BY THE MORTGAGEE TO COVER FUTURE TAX, INSURANCE OR OTHER TYPES OF PAYMENTS NECESSARY TO PROTECT THE INTERESTS OF THE MORTGAGOR SHALL REDUCE THE OUTSTANDING AMOUNT OF THE LOAN AND DIRECTLY REDUCE THE AMOUNT OF THE NEXT MONTH'S INTEREST PAYMENT. IF THE MORTGAGOR PAYS ANNUAL TAXES, INSURANCE OR OTHER PAYMENTS AS AGREED UPON BETWEEN THE MORTGAGOR AND MORTGAGEE IN THEIR CONTRACT, THE AMOUNT OF THE PAYMENTS SHALL BE ADDED TO THE OUTSTANDING AMOUNT OF THE LOAN. ]]

[[THIS]] (5) SECTION 13(A) DOES NOT APPLY AFTER JUNE 1, 1976.

[[ (E) ]] (B) BEGINNING JUNE 1, 1974, ANY BANK, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, OR BUILDING AND LOAN ASSOCIATION (HEREAFTER REFERRED TO AS THE "LENDING INSTITUTION") DOING BUSINESS IN MARYLAND [[AND ORGANIZED UNDER AND REGULATED BY THE LAWS OF MARYLAND]] WHICH LENDS MONEY TO A BORROWER SECURED BY REAL PROPERTY AND WHICH LENDING INSTITUTION CREATES OR IS THE ASSIGNEE