

(vi) The lender did not issue before the effective date of this section, a written commitment agreeing to make the loan at a rate of interest of 10 percent or less.

(2) For purposes of paragraph (1)(vi) of this subsection:

(i) "Written commitment" includes any written commitment, written offer to lend, or other written statement issued by a lender which reasonably can be construed to be an offer to make the loan; and

(ii) A written commitment issued before the effective date of this section, to make a loan at an unspecified rate of interest is a commitment to make the loan at a rate of interest of 10 percent or less.

(3) For the purpose of paragraph (1)(v) of this subsection, a refinancing by which the borrower elects to increase the balance due on an existing loan is not a renewal of the loan.

12-118.

A lender may not enter into a loan agreement, providing for an initial interest rate pursuant to Sections 12-103(a), (B), and QR (c), 12-306, or 12-404 of the Commercial Law Article or Section 6-507 of the Financial Institutions Article, which contains a provision that permits the lender to increase or decrease the applicable rate of interest or finance charges from time to time during the term of the obligation, unless:

(1) The loan is secured by an interest in real property;

(2) Any such provision limits adjustments in the rate on an obligation as follows:

(i) The increase and decrease in the rate is determined by an objective index which is not directly controlled by the lender and which is agreed upon by the parties to the agreement.

(ii) The rate may not be adjusted more frequently than once in a 6 month period.

1. The amount of increase in any 6 month period may not be more than the equivalent of 1 percentage point above the rate in effect prior to the rate change.

2. Notwithstanding subparagraph (i), if the rate of change in any index so allows, the rate may be increased to not more than the originally contracted for rate if authorized by the loan agreement. The agreed upon additional increases must comply with subparagraph (i).