

3. Notwithstanding subparagraph (i), the lender may decrease the rate at any time and by any amount.

(3) Interest rate decreases warranted by decreases in the agreed upon index shall be mandatory except to the extent that past increases in the index have not been implemented by the lender, either at his option or because the lender was subject to the rate change limitation of paragraph (2) of this section.

(4) The loan instrument shall specify the circumstances under which the rate may increase or decrease, any limitations on an increase or decrease, and the effects of an increase or decrease.

(5) A lender must allow the borrower the choice of implementing the variable rate feature of the loan either by changes in the amount of periodic payments or by extending or reducing the length of the term of the obligation;

(6) (I) Through a periodic billing statement or other written notice, the borrower is notified of the basis and effect of a change in PERIODIC PAYMENT AMOUNT OR INTEREST rate[, including any change in the required periodic payment amount,] at least 15 days prior to the due date of the first payment that reflects the changed rate;

(II) THE NOTIFICATION SHALL INCLUDE:

1. ANY CHANGE IN THE REQUIRED PERIODIC PAYMENT AMOUNT, INTEREST RATE, OR PRINCIPAL PAYMENT; AND

2. THE CALCULATION REFLECTING THE EACH CHANGE; and

(7) No new closing costs, processing fees or similar fees are imposed on the borrower as a result of adjustments in rate.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1986.

May 27, 1986

The Honorable Melvin A. Steinberg
President of the Senate
State House
Annapolis, Maryland 21404

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed Senate Bill 142.