

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).

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) Through a periodic billing statement or other written notice, the borrower is notified of the basis and effect of a change in 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; and

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

Article - Financial Institutions--

6-501.

(A) Subject to the provisions of this subtitle, a credit union may make loans to its members for the purposes and on the terms as the bylaws provide.

(B) NOTWITHSTANDING §§ 6-506(C) AND 6-507 OF THIS SUBTITLE AND § 12-913.1 OF THE COMMERCIAL LAW ARTICLE, ON OR AFTER OCTOBER 1, 1994, A REVOLVING CREDIT PLAN AND EXTENSIONS OF CREDIT UNDER A REVOLVING CREDIT PLAN OFFERED AND EXTENDED BY A CREDIT UNION TO A MEMBER ARE MADE UNDER AND ARE SUBJECT TO TITLE 12, SUBTITLE 9 OF THE COMMERCIAL LAW ARTICLE.

(C) NOTWITHSTANDING §§ 6-506(C) AND 6-507 OF THIS SUBTITLE AND § 12-1013.1 OF THE COMMERCIAL LAW ARTICLE, ON OR AFTER OCTOBER 1, 1994, A CLOSED END LOAN MADE BY A CREDIT UNION TO A MEMBER IS MADE UNDER AND IS SUBJECT TO TITLE 12, SUBTITLE 10 OF THE COMMERCIAL LAW ARTICLE.