

(6) Nothing in this subsection shall prohibit the receipt of the loan proceeds by the borrower at the time the consolidated loan agreement is made. The borrower must return any loan proceeds received pursuant to the consolidated loan agreement if he elects to cancel the consolidated loan agreement pursuant to subsection (5). The borrower may retain the loan proceeds if he elects the separate loan option pursuant to subsection (2).

12-117.

With respect to any loan made at a rate pursuant to § 12-103(a) and (c) or § 12-404 of the Commercial Law Article [or § 6-507 of the Financial Institutions Article], the lender must comply with § 14-1302 of this article except that subsection (c) of § 14-1302 is not applicable.

12-118.

A lender may not enter into a loan agreement, providing for an initial interest rate pursuant to § 12-103(a) and (c), § 12-306, or § 12-404 of this title [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).

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;