

(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.

(D) EXCEPT AS PROVIDED IN §§ 6-506(C) AND 6-507 OF THIS SUBTITLE AND EXCEPT AS OTHERWISE PROVIDED UNDER THE EXPRESS TERMS OF THE AGREEMENT, NOTE, OR OTHER EVIDENCE OF AN EXTENSION OF CREDIT OR LOAN, THE PROVISIONS OF TITLE 12, SUBTITLE 1, 3, 4, 5, 6, 9, OR 10 OF THE COMMERCIAL LAW ARTICLE DO NOT APPLY TO AN EXTENSION OF CREDIT OR LOAN MADE BY A CREDIT UNION BEFORE OCTOBER 1, 1994.

##### 6-506.

(a) With the approval of the Bank Commissioner, a credit union may make loans to members as provided in this section.

(b) A loan under this section shall be:

- (1) Secured by a first or second mortgage on real property; and
- (2) Amortized over a period of 30 years or less.