

Chapter S-L 5

INTEREST RATES AND OTHER CHARGES

S-L 5.01 Interest rates and other charges in effect

S-L 5.01 Interest rates and other charges in effect. (1) The following interest rates and other charges by savings and loan associations shall be in effect:

(a) *Premium charges on mortgage loans originated by the association.* A premium not in excess of 3% may be charged on all mortgage loans originated by the association.

(b) *Reclassification charges on existing mortgage loans.* A reclassification charge not in excess of 2% may be charged on mortgage loans where the interest is adjusted.

(c) *Interest rates on mortgage loans.*

1. The interest rates on mortgage loans shall be not less than 3.5% per annum and shall not exceed 7.2% per annum.

2. The directors may in their discretion elect to charge interest on mortgage loans either as the funds are disbursed or from the date that the initial loan disbursement is made.

3. The interest charges to be computed in accordance with the method prescribed in the loan note or refinancing agreement.

(d) *Interest rate on share loans.* The interest rate on share loans shall not exceed the rate of 1½% per annum in excess of the current dividend rate on the shares pledged. This provision shall not apply to savings and loan associations, the majority of whose share capital is owned by the employees of a public utility, street and interurban railway companies and their associated companies.

(e) *Service charges on mortgage loans assumed by purchasers of real estate.* Upon proper presentation of evidence of change of title, a service charge not to exceed 1% of the original amount of the mortgage may be charged on any mortgage loan assumed by a purchaser of real estate. In the event the purchaser fails to pay the service charge, then the said service charge may be added to the unpaid balance of the mortgage loan.

(f) *Interest rates on unsecured loans.*

1. The interest rates on unsecured loans shall be not less than 3.5% per annum and shall not exceed 7.2% per annum.

2. The directors in their discretion may elect to charge interest either:

a. On a discount gross charge method, or

b. On diminishing unpaid loan balances.

(2) The consent and approval of the commissioner of savings and loan associations to rates and charges described herein are all inclusive, and, if the association's by-laws so require, the rates and charges contained above must be adopted by resolution of the board of directors and so indicated in their minutes.