

**LAWS**  
*OF THE*  
**STATE OF DELAWARE**

*ONE HUNDRED AND THIRTY FIRST*

*GENERAL ASSEMBLY*

*FIRST SESSION COMMENCED AND HELD AT DOVER*

**On Tuesday, January 13, A.D.**  
**1981**

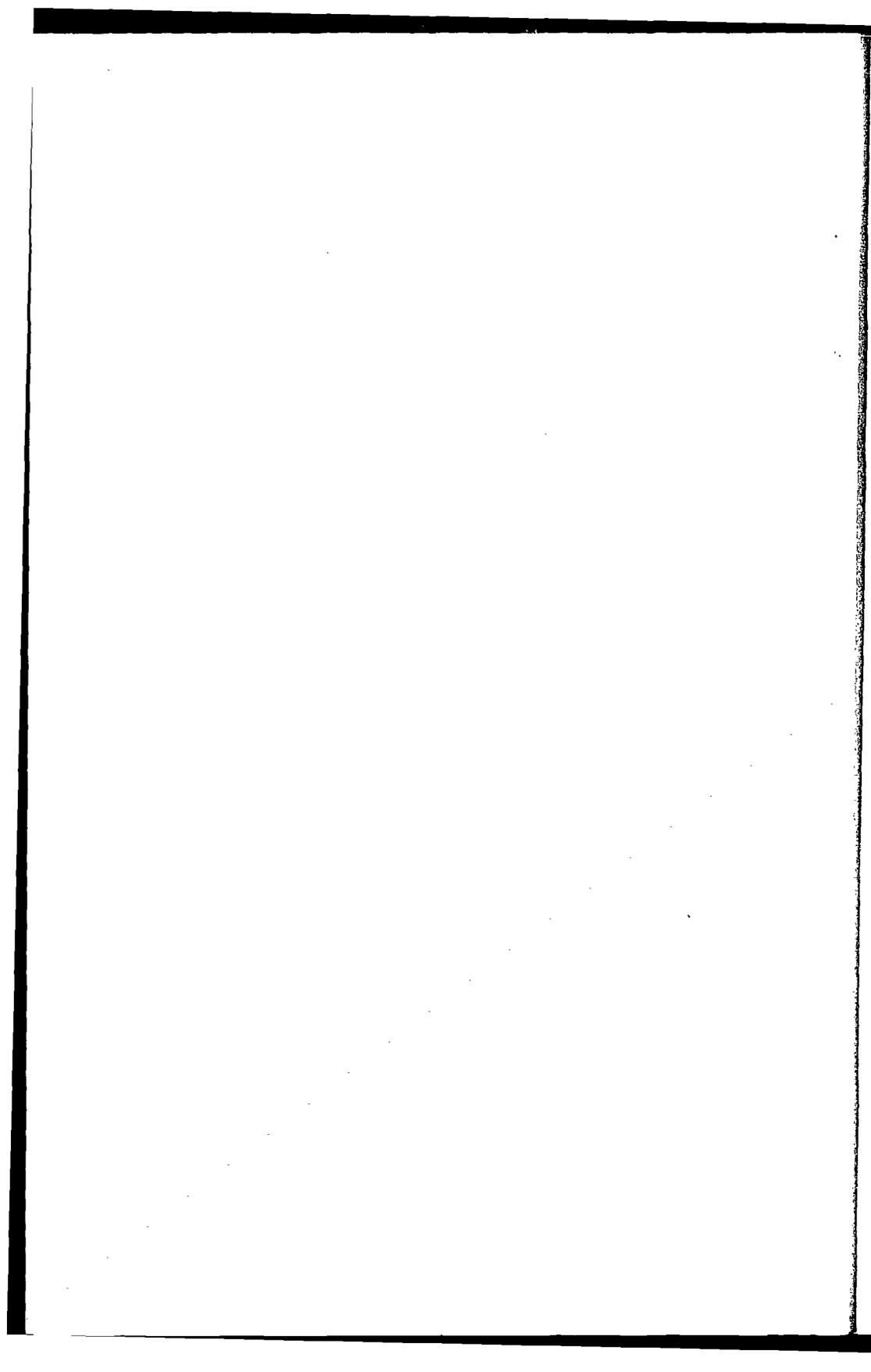
*SECOND SESSION COMMENCED AND HELD AT DOVER*

**On Tuesday, January 12, A.D.**  
**1982**

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**VOLUME LXIII**

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CHAPTER 1

FORMERLY

SENATE BILL NO. 46  
AS AMENDED BY SENATE AMENDMENT NO. 1

AN ACT TO AMEND CHAPTER 58A, TITLE 29 OF THE DELAWARE CODE RELATING TO LAWS REGULATING THE CONDUCT OF OFFICERS AND EMPLOYEES OF THE STATE TO PROVIDE FOR HANDLING OF MEDICAID FUNDS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend 29, Del. C. §5854 by redesignating paragraph (g) as paragraph (h) and substituting a new paragraph (g) as follows:

"(g) No (i) State employee who is directly responsible for the expenditure of funds under the state's plan for the administration of medicaid funds, or (ii) individual who formerly was such an employee, or (iii) (partner of such an employee or individual shall commit any act with respect to said State plan which would be prohibited by 18 U.S.C. §207 if committed with respect to any activity concerning the United States government."

Section 2. Amend 29 Del. C. §5855 by adding a new section to be designated as section (k):

"(k) No (i) state employee who is directly responsible for the expenditure of funds under the state plan for the administration of medicaid funds, or (ii) individual who formerly was such an employee, or (iii) partner of such an employee or individual, shall commit any act with respect to said State plan which would be prohibited by 18 U.S.C. §208 if committed with respect to activity concerning the United States government."

Approved February 11, 1981.

## CHAPTER 2

## FORMERLY

HOUSE BILL NO. 28  
AS AMENDED BY HOUSE AMENDMENT NOS. 1 AND 2

AN ACT TO AMEND TITLE 5 AND TITLE 6 OF THE DELAWARE CODE BY PROVIDING FOR THE ACQUISITION OF STOCK IN DELAWARE BANKS BY OUT-OF-STATE BANK HOLDING COMPANIES; BY PROVIDING FOR THE REGULATION OF BANK REVOLVING CREDIT AND CLOSED END CREDIT; BY PROVIDING RULES FOR THE TAXATION OF INCOME OF NON-UNITED STATES BRANCH OFFICES OF DELAWARE BANKS; BY ADOPTING NEW RATES FOR THE TAXATION OF NET INCOME OF BANKS IN EXCESS OF \$20 MILLION DOLLARS; BY ELIMINATING CEILINGS ON INTEREST RATES WHICH MAY BE CHARGED IN RESPECT OF SMALL LOANS, SECONDARY MORTGAGE LOANS, MOTOR VEHICLE LOANS AND RETAIL INSTALLMENT SALES; BY PROVIDING FOR REFUNDS OF PRECOMPUTED INTEREST CHARGES IN ACCORDANCE WITH THE ACTUARIAL METHOD; BY PROVIDING FOR THE ISSUANCE OF REGULATIONS BY THE BANK COMMISSIONER ESTABLISHING REASONABLE TIMES FOR THE OPENING OF A BRANCH OF A SAVINGS BANK; BY REGULATING THE MAKING OF LOANS DIRECTLY OR INDIRECTLY TO DIRECTORS AND EXECUTIVE OFFICERS OF BANKS; AND BY DELETING FROM THE CODE PREVIOUSLY REPEALED PROVISIONS RELATING TO THE COLLECTION, PAYMENT AND DISHONOR OF DEMAND ITEMS AND REVOCATION OF LETTERS OF CREDIT; AND TO AMEND TITLE 30 TO PROVIDE FOR THE TAXATION OF AFFILIATED FINANCE COMPANIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. This Act may be referred to as "The Financial Center Development Act".

Section 2. Amend Title 5, Delaware Code, by adding a new Chapter 8 as follows:

"CHAPTER 8. ACQUISITION OF STOCK IN BANKS LOCATED IN THE  
STATE OF DELAWARE BY OUT-OF-STATE BANK HOLDING COMPANIES.

§801. Definitions

As used in this chapter:

(a) 'Bank' means a bank or trust company created under this title or a national banking association created under the National Bank Act, 12, U.S.C. §521, et seq., after the effective date of this chapter.

(b) 'Out-of-state bank holding company' means a bank holding company as defined in the Bank Holding Company Act of 1956, as amended (12 U.S.C. §1481 et seq.), with banking subsidiaries whose operations are principally conducted in a state other than Delaware. For the purposes of this chapter, the state in which the operations of a bank holding company's bank subsidiaries are principally conducted is that state in which the total deposits of all such banking subsidiaries are greatest.

(c) 'Commissioner' means the State Bank Commissioner of the State of Delaware.

(d) 'Divest' means to transfer all interest, legal or equitable, to a person or other entity in which the transferor has no interest, direct or indirect, or which has no interest, direct or indirect, in the transferor.

(e) 'Located in this State' means, with respect to state-chartered banks, banks created under the law of this State and, with respect to national banking associations, banks whose organization certificate identifies an address in this State as the place at which its discount and deposit operations are to be carried out.

(f) 'Subsidiary' means, with respect to an out-of-state bank holding company, (1) any company 25% or more of whose voting shares is directly or indirectly owned or controlled by such bank holding company, or is held by it with power to vote; or (2) any company the election of a majority of whose directors is controlled in any manner by such bank holding company.

§802. Purpose

This chapter deals with conditions under which out-of-state bank holding companies or subsidiaries thereof may acquire and hold shares of voting stock in banks located in this State; it shall not be construed to limit the powers granted to any bank in this State to conduct its business.

**§803. Acquisitions**

Except as provided in §1842 of Title 12 of the United States Code and as provided herein, no out-of-state bank holding company or any subsidiary thereof may acquire or hold, directly or indirectly, more than 5% of any voting shares of, interest in, or all or substantially all of the assets of any bank located in this State. Notwithstanding the foregoing, an out-of-state bank holding company or any subsidiary thereof may acquire and hold all or substantially all of the voting shares of a single bank located in this State when and for so long as the following conditions are satisfied:

(a) The bank whose stock is to be acquired is a newly established bank that has or will have when chartered no more than a single office located in this State open to the public for the conduct of banking business;

(b) The bank whose stock is to be acquired has or will have on the date of commencement of banking business in this State a minimum capital stock and paid-in surplus of 10 million dollars and will have within one year of the date of its commencement of banking business in this State a minimum capital stock and paid-in surplus of 25 million dollars;

(c) The bank whose stock is to be acquired employs on the date of commencement of its banking business in this State or will employ within one year of such date not less than 100 persons in this State in its business;

(d) The bank whose stock is to be acquired is operated in a manner and at a location that is not likely to attract customers from the general public in this State to the substantial detriment of existing banking institutions located in this State; provided that such bank may be operated in a manner likely to attract and retain customers with whom that bank, the out-of-state holding company or such holding company's bank or non-banking subsidiaries have or have had business relations; and

(e) Such acquisition has received the prior approval of the Commissioner.

**§804. Approval by the Commissioner**

(a) Any out-of-state bank holding company or subsidiary thereof proposing an acquisition pursuant to §803 of this chapter shall file an application with the Commissioner for approval to make such acquisition. Such application shall contain such information as the Commissioner may by regulation require, and shall specifically acknowledge applicant's agreement to be bound by the conditions set forth in §803 of this chapter. In addition, such application shall designate a resident of this State as applicant's agent for the service of any paper, notice or legal process upon applicant in connection with matters arising out of this chapter and shall be accompanied by a filing fee in the amount of five thousand dollars for the use of the State.

(b) In determining whether to approve an acquisition by an out-of-state bank holding company or any subsidiary thereof of any voting stock of a bank located in this State, the Commissioner shall consider:

(1) The financial and managerial resources of the out-of-state bank holding company or its subsidiary;

(2) The future prospects of the out-of-state bank holding company and the bank whose assets or shares it will acquire or its subsidiary;

(3) The financial history of the out-of-state bank holding company or its subsidiary;

(4) Whether such acquisition or holding may result in undue concentration of resources or substantial lessening of competition in this State; and

(5) The convenience and needs of the public of this State.

**§805. Required Reports**

An out-of-state bank holding company that directly or indirectly through any subsidiary, acquires voting stock of a bank pursuant to this chapter shall file with the Commissioner copies of all regular and periodic reports which such bank holding company is required to file under §§13 or 15(d) of the Securities and Exchange Act of 1934, as amended, but excluding any portions not available to the public.

**§806. Rules, Regulations and Orders**

The Commissioner may adopt rules and regulations and issue Orders under this chapter for the following purposes:

(a) To prescribe information or forms required in connection with an application pursuant to §804(a);

(b) To establish procedures in connection with approvals pursuant to §804(b) and the filing of required reports pursuant to §805;

(c) To issue orders under §807 and establish procedures governing such issuances.

#### §807. Divestiture

(a) Upon his determination that any out-of-state bank holding company or subsidiary thereof is holding stock in a bank located in this State in violation of the conditions set forth in §803 or of its agreement pursuant to §804(a) of this chapter the Commissioner may order such out-of-state holding company or subsidiary thereof to take steps to remedy such violation by a date certain.

(b) The Commissioner shall have the authority to order an out-of-state bank holding company or subsidiary thereof to divest any shares of a bank that it has acquired under the provisions of this chapter upon his determination that such holding company or subsidiary continues to own shares of stock of a bank located in this State in violation of the conditions contained in §803 or of its agreement pursuant to §804(a) of this chapter after the date fixed for compliance by any Order issued under subparagraph (a) of this §807.

(c) An out-of-state bank holding company or subsidiary thereof shall divest any shares of a bank that it has acquired under the provisions of this chapter within two years of the date an Order issued under subparagraph (b) of this §807 becomes final and subject to no further judicial review; provided that the Commissioner may extend such two-year period for a further period or periods upon his determination that such an extension would not be detrimental to the public interest.

(d) The Court of Chancery of the State of Delaware will have exclusive original jurisdiction of any judicial review of an Order issued under subsection (b) of this section, any other provision of law notwithstanding. Such review may be sought by the out-of-state bank holding company or subsidiary thereof that is the subject of such divestiture order at any time within one year of the date of such Order. Review of a divestiture order shall be *de novo* and such order will be specifically enforced by the Court of Chancery upon a final determination that at the time of its issuance, the divestiture order was valid in all respects. An Order issued under subsection (a) of this section shall not be subject to judicial review.

#### §808. Severability

If any provision of this chapter is held invalid, such invalidity shall not affect any other provisions or applications of this chapter which can be given effect without the invalid provision, except that if any two provisions of §803 are for any reason held invalid as conditions of the statutory grant contemplated by this chapter and unenforceable as terms of an agreement under §804(a) of this chapter, in final orders subject to no further judicial review, entered by Courts of competent jurisdiction of this State or of the United States, no out-of-state bank holding company or any subsidiary thereof may thereafter acquire shares of a bank located in this State pursuant to this chapter."

Section 3. Amend Title 5, Delaware Code, by redesignating the existing Chapter 9 as Subchapter I of Chapter 9 entitled "General Provisions".

Section 4. Amend Title 5, Delaware Code, by adding to Chapter 9 a new Subchapter II as follows:

#### "Subchapter II. Bank Revolving Credit

##### §941. Definitions

As used in this subchapter:

(a) 'Bank' means any bank or bank and trust company organized under this Code or any other law or laws of this State and any such depository institution organized under the authority of the United States and having its principal place of business in this State.

(b) 'Borrower' means any corporation, partnership, association, government or governmental subdivision or agency, trust, individual or other entity.

(c) 'Individual borrower' means a borrower who is a natural person borrowing for personal, household or family purposes.

(d) 'Revolving credit plan' or 'plan' means a plan contemplating the extension of credit under an account governed by an agreement between a bank and a borrower pursuant to which;

(1) The bank permits the borrower and, if the agreement governing the plan so provides, persons acting on behalf of or with authorization from the borrower, from time to time to make purchases and/or to obtain loans by use of a credit device;

(2) The amounts of such purchases and loans are charged to the borrower's account under the revolving credit plan;

(3) The borrower is required to pay the bank the amounts of all purchases and loans charged to such borrower's account under the plan but has the privilege of paying such amounts outstanding from time to time in full or in installments; and

(4) Interest may be charged and collected by the bank from time to time on the outstanding unpaid indebtedness under such plan.

(e) 'Purchases' mean payments for property of whatever nature, real or personal, tangible or intangible, and payments for services, licenses, taxes, official fees, fines, private or governmental obligations, or any other thing of value.

(f) 'Loans' mean cash advances or loans to be paid to or for the account of the borrower.

(g) 'Credit device' means any card, check, identification code or other means of identification contemplated by the agreement governing the plan.

(h) 'Outstanding unpaid indebtedness' means on any day an amount not in excess of the total amount of purchases and loans charged to the borrower's account under the plan which is outstanding and unpaid at the end of the day, after adding the aggregate amount of any new purchases and loans charged to the account as of that day and deducting the aggregate amount of any payments and credits applied to that indebtedness as of that day and, if the agreement governing the plan so provides, may include the amount of any interest and additional charges, including late or delinquency charges, which have accrued in the account and which are unpaid at the end of the day.

#### **S942. Extension of Credit under Revolving Credit Plan**

Any bank may, subject to any limitations on lending authority contained in its charter or otherwise imposed by law and subject to the other provisions of this subchapter, offer and extend credit under a revolving credit plan to a borrower and in connection therewith may charge and collect the interest and other charges permitted by this subchapter and may take such security as collateral in connection therewith as may be acceptable to the bank. Without limitation of the foregoing, credit may be extended under a revolving credit plan by a bank's acquisition of obligations arising out of the honoring by a merchant, a bank or other financial institution (whether chartered or organized under the laws of this or any other state, the District of Columbia, the United States or any district, territory or possession of the United States, or any foreign country), or a government or governmental subdivision or agency of a credit device made available to a borrower under a plan, whether directly or indirectly by means of telephone, point of sale terminal, automated teller machine or other electronic or similar device or through the mails.

#### **S943. Interest**

A bank may charge and collect interest under a revolving credit plan on outstanding unpaid indebtedness in the borrower's account under the plan at such daily, weekly, monthly, annual or other periodic percentage rate or rates as the agreement governing the plan provides or as established in the manner provided in the agreement governing the plan. If the applicable periodic percentage rate under the agreement governing the plan is other than daily, interest may be calculated on an amount not in excess of the average of outstanding unpaid indebtedness for the applicable billing period, determined by dividing the total of the amounts of outstanding unpaid indebtedness for each day in the applicable billing period by the number of days in the billing period. If the applicable periodic percentage rate under the agreement governing the plan is monthly, a billing period shall be deemed to be a month or monthly if the last day of each billing period is on the same day of each month or does not vary by more than four days therefrom.

#### **S944. Variable Rates**

If the agreement governing the revolving credit plan so provides, the periodic percentage rate or rates of interest under such plan may vary in accordance with a schedule or formula. Such periodic percentage rate or rates may vary from time to time as the rate determined in accordance with such schedule or formula varies and such periodic percentage rate or rates, as so varied, may be made applicable to all outstanding unpaid indebtedness under the plan on or after the effective date of such variation including any such indebtedness arising out of purchases made or loans obtained prior to such variation in the periodic percentage rate or rates.

**§945. Additional Charges**

In addition to or in lieu of interest at a periodic percentage rate or rates as provided in §§943 and 944 of this subchapter, a bank may, if the agreement governing the revolving credit plan so provides, charge and collect one or more of the following:

- (1) A daily, weekly, monthly, annual or other periodic charge in such amount or amounts as the agreement may provide for the privileges made available to the borrower under the plan;
- (2) A transaction charge or charges in such amount or amounts as the agreement may provide for each separate purchase or loan under the plan; and
- (3) A minimum charge for each daily, weekly, monthly, annual or other scheduled billing period under the plan during any portion of which there is an outstanding unpaid indebtedness under the plan.

**§946. Purchases and Loans - Differing Terms**

A bank may, if the agreement governing a revolving credit plan so provides, impose different terms (including, without limitation, the terms governing the periodic percentage rate or rates used to calculate interest, the method of computing the outstanding unpaid indebtedness to which such rate or rates are applied, the amounts of other charges and the applicable installment repayment schedule) in respect of indebtedness arising out of purchases and indebtedness arising out of loans made under the plan.

**§947. Overdraft Accounts**

If credit under a revolving credit plan is offered and extended in connection with a demand deposit account or other transaction account maintained by the borrower with the bank pursuant to an agreement or arrangement whereby the bank agrees to honor checks, drafts or other debits to such account, which if paid would create or increase a negative balance in such account, by making extensions of credit to such borrower under such revolving credit plan, any charges customarily imposed by the bank under the terms governing such demand deposit or other transaction account in the absence of any associated revolving credit plan (including, without limitation, check charges, monthly maintenance charges, checkbook charges, charges for checks drawn on funds in excess of an available line of credit and other similar charges) may continue to be imposed on such account without specific reference thereto or incorporation thereof by reference in the agreement governing the revolving credit plan and the amount of any such charge, to the extent the balance in such demand deposit or other transaction account is insufficient to pay such a charge, may be charged to the borrower's account under the plan as a loan thereunder and may be included in outstanding unpaid indebtedness in accordance with the terms of the agreement governing such revolving credit plan.

**§948. Omitted installments.**

A bank may at any time and from time to time unilaterally extend to a borrower under a revolving credit plan the option of omitting monthly installments.

**§949. Insurance.**

(a) A bank may request but not require an individual borrower to be insured in respect of a revolving credit plan under a life, health, accident, health and accident or other credit or other permissible insurance policy, whether group or individual, and in the event that an individual borrower's outstanding unpaid indebtedness under the plan is secured by an interest in real or personal property, a bank may require the borrower to obtain insurance, from an insurer acceptable to the bank, against loss of or damage to such property, or against the liability arising out of the ownership or use of the property and may finance the premiums for such insurance.

(b) In the case of a borrower borrowing under a revolving credit plan for other than personal, household or family purposes, a bank may require the borrower to obtain insurance, from an insurer acceptable to the bank, under a life, health, accident, health and accident or other credit or other permissible insurance policy, whether group or individual, and in the event that the borrower's outstanding unpaid indebtedness under the plan is secured by an interest in real or personal property, the bank may require the borrower to obtain insurance, from an insurer acceptable to the bank, against loss of or damage to such property, or against the liability arising out of the ownership or use of the property and may finance the premiums for such insurance.

(c) The offer and placement of insurance under this section shall be subject in all respects to the applicable provisions of Title 18 of this Code.

**§950. Delinquent installments.**

If the agreement governing a revolving credit plan so provides, a bank may, in the case of a

non-individual borrower, charge a higher periodic percentage rate or rates of interest on outstanding unpaid installment payments or portions thereof under the plan which are in default, and, in the case of any borrower, impose a late or delinquency charge upon such installment payments or portions thereof; provided, however, that no more than one such late or delinquency charge may be imposed in respect of any single such installment payment or portion thereof regardless of the period during which it remains in default and provided further, however, that for the purpose only of the preceding proviso all payments by the borrower shall be deemed to be applied to satisfaction of installment payments in the order in which they become due.

**§951. Attorney's fees; collection costs.**

In the event a borrower defaults under the terms of a plan and the bank refers the borrower's account to an attorney (not a regularly salaried employee of the bank) for collection, the bank may, if the agreement governing the revolving credit plan so provides, charge and collect from the borrower a reasonable attorney's fee and, in addition, if the agreement governing the revolving credit plan so provides, the bank may recover from the borrower all court or other collection costs actually incurred by the bank in connection with a collection proceeding.

**§952. Changes in terms.**

(a) A bank may, if the agreement governing a revolving credit plan so provides, at any time or from time to time amend the terms of such agreement (including, without limitation, the terms governing the periodic percentage rate or rates used to calculate interest, the method of computing the outstanding unpaid indebtedness to which such rate or rates are applied, the amounts of other charges and the applicable installment repayment schedule) in accordance with the further provisions of this section.

(b) The bank shall notify each affected borrower of the amendment in the manner set forth in the agreement governing the plan and in compliance with the requirements of the Truth-In-Lending Act [15 U.S.C. §1601 et seq.], and regulations promulgated thereunder, as in effect from time to time, if applicable; provided, however, that if such amendment has the effect of increasing the interest or other charges to be paid by the borrower, the bank shall mail or deliver to the borrower, at least 15 days before the effective date of the amendment, a clear and conspicuous written notice which shall describe the amendment and the existing term or terms of the agreement affected by the amendment and shall also set forth the effective date of the amendment and the pertinent information contemplated by the following provisions of this section. If the amendment has the effect of increasing the interest or other charges to be paid by the borrower, such amendment shall become effective only if the borrower uses the plan after a date specified in the notice which is at least 15 days after the giving of the notice (but which need not be the date the amendment becomes effective) by making a purchase or obtaining a loan, or if the borrower indicates to the bank in writing such borrower's express agreement to the amendment. Any such amendment may become effective as to a particular borrower as of the first day of the billing period during which such borrower so used such borrower's account or so indicated agreement to the amendment. Any borrower who fails to use such borrower's account or so to indicate agreement to an amendment shall be permitted to pay the outstanding unpaid indebtedness in such borrower's account under the plan in accordance with the terms of the agreement governing the plan without giving effect to the amendment.

(c) If the terms of the agreement governing the plan, as originally drawn or as amended pursuant to this section, so provide, any amendment may, on and after the date upon which it becomes effective as to a particular borrower, apply to all then outstanding unpaid indebtedness in the borrower's account under the plan, including any such indebtedness which shall have arisen out of purchases made or loans obtained prior to the effective date of the amendment.

(d) For the purposes of this section, a decrease in the required amount of periodic installment payments shall not be deemed an amendment which has the effect of increasing the interest to be paid by the borrower.

(e) The procedures for amendment by a bank of the terms of a plan to which a borrower other than an individual borrower is a party may, in lieu of the foregoing provisions of this §952, be as the agreement governing the plan may otherwise provide.

**§953. Application of other statutes.**

The provisions of any other law of this State limiting the rate or amount of interest, discount, points, finance charges, service charges, or other charges which may be charged, taken, collected, received, or reserved shall not apply to extensions of credit under a revolving credit plan operated in accordance with this subchapter.

**§954. Non-exclusivity; severability; captions.**

(a) The provisions of this subchapter are not exclusive and a bank may at its option elect to

extend credit either pursuant to this subchapter or as otherwise permitted by applicable law.

(b) If any provision of this subchapter is held invalid, such invalidity shall not affect any other provisions or applications of this subchapter which can be given effect without the invalid provision.

(c) Section headings and captions contained in this subchapter are inserted only as a matter of convenience and for reference and do not, and shall not be construed to, define, limit, extend or describe the scope of the provisions of this subchapter or the meaning or intent of any section hereof."

Section 5. Amend Title 5, Delaware Code, by adding to Chapter 9 a new Subchapter III as follows:

**"Subchapter III. Bank Closed End Credit.**

**§961. Definitions.**

As used in this subchapter:

(a) 'Bank', 'borrower' and 'individual borrower' have the meanings given in subchapter II of this chapter.

(b) 'Closed End Credit' means the extension of credit by a bank to a borrower pursuant to an arrangement or agreement which is not a revolving credit plan as defined in subchapter II of this chapter.

(c) 'Loan' means any single extension of closed end credit.

**§962. Extension of closed end credit.**

Any bank may, subject to any limitations on lending authority contained in its charter or otherwise imposed by law and subject to the other provisions of this subchapter, offer and extend closed end credit to a borrower and in connection therewith may charge and collect the interest and other charges permitted by this subchapter and may take such security as collateral in connection therewith as may be acceptable to the bank.

**§963. Interest.**

A bank may charge and collect interest in respect of a loan at such daily, weekly, monthly, annual or other periodic percentage rate or rates as the agreement governing, or the bond, note or other evidence of, the loan provides or as established in the manner provided in such agreement, bond, note or other evidence of the loan and may calculate such interest by way of simple interest or such other method as the agreement governing, or the bond, note or other evidence of, the loan provides. If the interest is precomputed it may be calculated on the assumption that all scheduled payments will be made when due. For purposes hereof, a year may but need not be a calendar year and may be such period of from 360 to 366 days, including or disregarding leap year, as the bank may determine.

**§964. Variable rates.**

If the agreement governing, or the bond, note or other evidence of, the loan so provides, the periodic percentage rate or rates of interest charged and collected in respect of the loan may, if the interest is not precomputed and taken in advance, vary in accordance with a schedule or formula. Such periodic percentage rate or rates may vary from time to time as the rate determined in accordance with such schedule or formula varies and such periodic percentage rate or rates, as so varied, may be made applicable to any or all outstanding and unpaid amounts of such loan on and after the effective date of such variation. This section shall not be construed to limit the authority of a bank to charge and collect interest in respect of a loan in the manner and at the rate or rates authorized in any other section of this subchapter.

**§965. Additional charges.**

In addition to or in lieu of interest at a periodic percentage rate or rates permitted by §§ 963 and 964 of this subchapter, a bank may charge and collect, in respect of a loan:

(1) Loan fees, points, finders fees and other front-end and periodic charges; provided, however, that in the case of a loan to an individual borrower, no such front-end or periodic charge may be charged and collected unless the agreement governing, or the bond, note or other evidence of, the loan so provides;

(2) Reasonable fees for services rendered or for reimbursement of expenses incurred in good faith by the bank or its agents in connection with such loan, including, without limitation,