

"SECONDARY MORTGAGE LOAN LAW," BE AND IT IS HEREBY REPEALED AND RE-ENACTED, WITH AMENDMENTS, TO READ AS FOLLOWS:

7.

Notwithstanding the other provisions of this article, it shall be lawful to charge, contract for, and receive any rate or amount of interest on any loan to any business or commercial organization or to a person or persons owning or desiring to acquire a business as a sole proprietor or joint venture, if the loan is transacted solely for the purpose of carrying on or acquiring a business or commercial investment, provided that the principal of said loan is in excess of \$5,000. *Any loan transacted according to the provisions of this section may contain what is commonly referred to as a balloon payment at maturity.*

61.

(A) A LENDER MAY MAKE A SECONDARY MORTGAGE LOAN IN SUCH AN AMOUNT THAT THE NET PROCEEDS THEREOF SHALL EQUAL A PREDETERMINED SUM, AND MAY TAKE INTEREST IN ADVANCE UPON THE FULL AMOUNT OF SUCH LOAN FOR THE PERIOD FROM THE MAKING OF THE LOAN TO THE DATE OF MATURITY OF THE FINAL INSTALLMENT. THE TOTAL INTEREST, HOWEVER, SHALL NOT EXCEED THE AMOUNT THAT WOULD ACCRUE THROUGHOUT THE TERM OF THE LOAN, IF CHARGED AT THE RATE OF TWELVE PERCENT PER ANNUM AT THE END OF EACH INSTALLMENT PERIOD UPON THE DESCENDING BALANCE. THE SECONDARY MORTGAGE LOAN BETWEEN THE BORROWER AND LENDER SHALL BE AMORTIZED IN EQUAL OR SUBSTANTIALLY EQUAL MONTHLY INSTALLMENTS WITHOUT A BALLOON PAYMENT AT MATURITY, EXCEPT THAT PAYMENT ON SUCH A LOAN MAY BE REDUCED OR SUSPENDED UNTIL THE FIRST LIEN OR ENCUMBRANCE IS WHOLLY OR PARTIALLY SATISFIED, AND EXCEPT THAT A BALLOON PAYMENT AT MATURITY MAY BE CHARGED IF THE LOAN IS TRANSACTED SOLELY FOR THE PURPOSE OF CARRYING ON OR ACQUIRING A BUSINESS OR COMMERCIAL INVESTMENT.

(B) A LENDER MAY COLLECT FROM THE BORROWER A DELINQUENT OR LATE CHARGE OF TWO DOLLARS (\$2.00) OR ONE-TWENTIETH (1/20) OF THE AMOUNT OF ANY PERIODICAL INSTALLMENT WHICHEVER IS GREATER; PROVIDED, HOWEVER, THAT SUCH DELINQUENT OR LATE CHARGE SHALL NOT BE IMPOSED MORE THAN ONCE FROM THE SAME DELINQUENCY AND PROVIDED THAT SAID DELINQUENCY SHALL HAVE CONTINUED FOR AT LEAST TEN DAYS. SUCH DELINQUENCY CHARGE SHALL BE DEDUCTED FROM THE NEXT PAYMENT MADE BY THE BORROWER TO THE LENDER.

SEC. 2. *And be it further enacted,* That this Act shall take effect July 1, 1972.

Approved May 26, 1972.