

BALANCES FROM TIME TO TIME.

(3) IF THE LENDER REFINANCES A LOAN IN THE ORDINARY COURSE OF BUSINESS, HE MAY NOT ADD TO THE PRINCIPAL BALANCE OR DEDUCT FROM THE PROCEEDS OF THE NEW LOAN MORE THAN 60 DAYS' INTEREST THEN DUE.

(B) COMPUTATION OF INTEREST.

(1) THE LENDER SHALL COMPUTE INTEREST ON THE ACTUAL UNPAID PRINCIPAL BALANCES OUTSTANDING FROM TIME TO TIME, AND HE MAY NOT CONTRACT FOR, CHARGE, OR RECEIVE INTEREST IN ADVANCE OR COMPOUNDED INTEREST.

(2) FOR EACH DAY ON WHICH AN UNPAID PRINCIPAL BALANCE IS OUTSTANDING, THE LENDER MAY CHARGE ON THAT UNPAID BALANCE 1/360TH OF THE INTEREST PERMITTED UNDER THIS SUBTITLE TO BE CHARGED FOR ONE YEAR. FOR THIS PURPOSE, EACH OF THE 12 CALENDAR MONTHS IN THE YEAR SHALL BE TREATED AS HAVING 30 DAYS AS FOLLOWS:

(i) THE LAST DAY OF EACH MONTH WHICH HAS 31 DAYS SHALL BE OMITTED; AND

(ii) THE NECESSARY NUMBER OF DAYS SHALL BE ADDED AT THE END OF FEBRUARY TO MAKE 30 DAYS.

REVISOR'S NOTE: This section presently appears as Art. 58A, §16 (a) and (b).

Note that §12-201(b) provides that, for the purpose of this section, "lender" includes a licensed parent, subsidiary, or affiliate of a lender.

In subsection (a) of this section, references to loans "not exceeding \$500" are deleted as unnecessary in light of the provisions of §12-203(a) and the definition of "loan" in §12-201. Paragraph (3) has been revised to clarify the different methods by which interest on a refinanced loan might be charged; for similar language, see present Art. 58A, §18(c) - now §12-209(a)(4). This paragraph also substitutes the accepted U.C.C. terminology "ordinary course of business" for "due course of business."

In subsections (a)(1) and (b)(2) of this section, for purposes of uniformity, the word "charge" is substituted for the inconsistent phrases "charge, contract for and receive" and "charge and receive"; the right to charge obviously presupposes the right to contract