

(1975 Volume and 1975 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Sections 12-402(a) and 12-404(c) of Article - Commercial Law, of the Annotated Code of Maryland (1975 Volume and 1975 Supplement) be and they are hereby repealed and reenacted, with amendments, to read as follows:

Article - Commercial Law

12-402.

(a) A person may NOT make [loans] A LOAN under this subtitle [in the regular course of business only if] UNLESS he is licensed under or exempt from the licensing requirements of the Maryland Secondary Mortgage Loan Law—Licensing Provisions.

REVISOR'S NOTE: This subsection is amended to delete the phrase "in the regular course of business" so as to conform to the like change made by Chapter 574, Acts of 1975, in Article 66, §41.

12-404.

(c) A loan shall be amortized in equal or substantially equal monthly installments without a balloon payment at maturity, except that:

(1) Payment on the loan may be reduced or suspended until all prior liens or encumbrances are wholly or partially satisfied; and

(2) [A balloon payment at maturity may be required if the loan is transacted solely for the purpose of acquiring or carrying on a business or commercial investment and is more than \$5,000.

(3) ] A person who takes back a deferred purchase money secondary mortgage to aid in the sale of his own residence [shall be permitted to] MAY create a balloon payment at maturity of the deferred purchase money mortgage, if [such] THE balloon payment is:

(i) Expressly disclosed to the borrower[, ]; and

(ii) Agreed to by both the borrower and the lender/seller in writing.

REVISOR'S NOTE: Chapter 574, Acts of 1975, amended present item (2) of this subsection to continue to permit a balloon payment on a loan for a