

Article - Commercial Law  
 Section 12-404(b) and 12-405  
 Annotated Code of Maryland  
 (1975 Volume and 1981 Supplement)

BY adding to

Article - Commercial Law  
 Section 12-404.1 and 12-404.2  
 Annotated Code of Maryland  
 (1975 Volume and 1981 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland read(s) as follows:

Article - Commercial Law

~~12-404.~~

~~(b) -- A lender may charge interest at any effective rate of simple interest not to exceed 16 percent per annum on the principal balance of a loan.~~

12-404.

(a) A lender may:

(1) Make a loan in such an amount that the net proceeds of the loan equal a predetermined sum; and

(2) Take interest in advance on the full amount of the loan for the period from the date the loan is made to the date of maturity of the final installment.

(b) A lender may charge interest at any effective rate of simple interest not to exceed 16 percent per annum on the principal balance of a loan, EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION.

(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 person who takes back a deferred purchase money secondary mortgage to aid in the sale of his own residence SELLER OR LENDER MAY MAKE A DEFERRED PURCHASE MONEY SECONDARY MORTGAGE ON THE SALE OR PURCHASE OF RESIDENTIAL REAL PROPERTY, AND may create a balloon payment