PART OF THE UNPAID PRINCIPAL BALANCE THAT IS MORE THAN $1,000;

(II) FOR ANY LOAN WITH AN ORIGINAL PRINCIPAL BALANCE OF MORE THAN $2,000, THE MAXIMUM RATE OF INTEREST IS 2 PERCENT PER MONTH ON THE UNPAID PRINCIPAL BALANCE OF THE LOAN.

(7) A LOAN MAY BE MADE PURSUANT TO SUBSECTION (6) PROVIDED THAT:

(I) IF THE LOAN IS A RENEWAL OR REFINANCING OF A LOAN MADE PRIOR TO JULY 1, 1982, THE LENDER COMPLIES WITH SECTION 12-116 OF THIS TITLE;

(II) IF THE LOAN INCLUDES A PROVISION FOR A RATE OF INTEREST WHICH MAY BE ADJUSTED BY THE LENDER DURING THE TERM OF THE LOAN, THE LENDER COMPLIES WITH SECTION 12-118 OF THIS TITLE;

(III) UPON THE BORROWER'S DEFAULT, IF THE LOAN IS SECURED BY PERSONAL PROPERTY, THE LENDER COMPLIES WITH SECTION 12-115 OF THIS TITLE CONCERNING REPOSSESSION AND REDEMPTION OF THE GOODS SECURING THE LOAN; AND

(IV) THE LOAN DOES NOT INCLUDE A BALLOON PAYMENT, UNLESS PAYMENT IN FULL IS DUE ON DEMAND OR IN 1 YEAR OR LESS.

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