

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1983.

Approved May 10, 1983.

CHAPTER 106

(Senate Bill 198)

AN ACT concerning

Secondary Mortgages - Balloon Payments

FOR the purpose of providing that a seller or lender may create a balloon payment at the maturity of a secondary residential mortgage bridge loan; and eliminating a certain condition for a balloon payment at the maturity of a secondary residential mortgage bridge loan or a deferred purchase money secondary mortgage loan on the sale or purchase of residential real property if the loan is to be paid in full within a certain period of time; and relating generally to balloon payments on secondary mortgages; and providing for borrowers to postpone balloon payments under certain conditions.

BY repealing and reenacting, with amendments,

Article - Commercial Law
Section 12-404(c)
Annotated Code of Maryland
(1975 Volume and 1982 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Commercial Law

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 seller or lender may make a deferred purchase money secondary mortgage on the sale or purchase of residential~~