

(a) (1) Except as provided in subsections (b), (c), (d), (e), and (f) of this section, a lender may charge interest at an effective rate of simple interest not in excess of 8 percent per year on the unpaid principal balance of a loan if there is a written agreement signed by the borrower which sets forth the stated rate of interest charged by the lender.

(2) If a loan made under paragraph (1) of this subsection is secured by the pledge of collateral which is a certificate of deposit held by the borrower, the lender may charge interest at a rate not to exceed 2 percent in excess of the rate of interest payable on the certificate of deposit.

(3) If a loan made under paragraph (1) of this subsection is secured by the pledge of collateral which is other than a savings account or if such loan is unsecured, the lender may charge a rate of interest not in excess of 18 percent. However, on a loan made on or after July 1, 1982, [and before July 1, 1985,] a lender may charge an effective rate of simple interest not in excess of 24 percent per year on the unpaid principal balance, 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 subtitle;

(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 subtitle;

(iii) Upon the borrower's default, if the loan is secured by personal property, the lender complies with Section 12-115 of this subtitle concerning repossession and redemption of the goods securing the loan;

(iv) If the loan is for the purchase of consumer goods, the loan contract complies with Section 12-117 of this subtitle; and

(v) The loan does not include a balloon payment, unless payment in full is due on demand or in one year or less.

(b) (1) A lender may charge interest at any effective rate of simple interest on the unpaid principal balance of a loan if:

(i) There is a written agreement signed by the borrower which sets forth the stated rate of interest charged by the lender;

(ii) The loan is secured by a first mortgage or first deed of trust on any interest in residential real property;

(iii) There is no prepayment penalty in connection with the loan;