

(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;

(iv) The loan is made and the mortgage or deed of trust is executed after the effective date of this section;

(v) The loan is not a renewal of a loan which was made by the lender to the borrower before the effective date of this section and which was secured by a mortgage or deed of trust on the same property; [and]

(vi) The lender did not issue before the effective date of this section, a written commitment agreeing to make the loan at a rate of interest of 10 percent or less; AND

(VII) THE LENDER DOES NOT REQUIRE PAYMENT OF ANY INTEREST IN ADVANCE EXCEPT ANY POINTS PERMITTED UNDER THIS SUBTITLE.

12-109.

(a) (1) In this section the following words have the meanings indicated.

(3) "Escrow account" means an expense or escrow account which tends to protect the security of a loan by the accumulation of funds for the payment of taxes, insurance premiums, or other expenses.

12-109.2.

(A) IN THIS SECTION THE TERM "ESCROW ACCOUNT" HAS THE MEANING INDICATED IN § 12-109 OF THIS SUBTITLE.

(B) A LENDER, OR THE ASSIGNEE OF THE LENDER, MAY NOT IMPOSE A COLLECTION FEE OR SERVICE CHARGE ON THE MAINTENANCE OF AN ESCROW ACCOUNT ON A FIRST MORTGAGE OR FIRST DEED OF TRUST.

12-119.

(A) THIS SECTION APPLIES TO ANY APPLICATION FOR A LOAN TO BE SECURED BY A FIRST MORTGAGE OR FIRST DEED OF TRUST ON A BORROWER'S PRIMARY RESIDENCE.