

Annotated Code of Maryland
(1983 Replacement Volume and 1985 Supplement)

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

Article - Commercial Law

12-407.

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

~~{2}--"ACTUARIAL METHOD" MEANS THE METHOD OF ALLOCATING PAYMENTS MADE ON A LOAN BETWEEN THE OUTSTANDING PRINCIPAL BALANCE OF THE LOAN AND INTEREST, BY WHICH A PAYMENT IS APPLIED FIRST TO THE ACCUMULATED INTEREST, AND ANY REMAINDER IS SUBTRACTED FROM THE OUTSTANDING PRINCIPAL BALANCE OF THE LOAN.~~

~~{(2)}~~ {3} "Cost of the loan" means the total amount of:

(i) As nearly as the same can be determined, the charges payable by the borrower for the loan under §§ 12-405 (a) and (b) and 12-410; and

(ii) The interest which will be charged if the loan is carried to maturity.

~~{(3)}~~ {4} "Commissioner" has the meaning stated in § 12-301(b) of the Financial Institutions Article.

~~{5}--"PRECOMPUTED INTEREST CHARGE" MEANS INTEREST AS COMPUTED BY AN ADD-ON, DISCOUNT, OR OTHER SIMILAR METHOD.~~

(b) At the time a loan is made, the lender shall deliver to the borrower a statement in a form required by the Commissioner that complies with § 12-106(b) of this title.

(c) (1) Except as provided in paragraph (2) of this subsection, at the time a lender receives a payment on account of a loan, the lender shall give to the borrower a plain and complete receipt for the payment.

(2) If the payment is made by personal check, money order, cashier's check, or treasurer's check, the lender need give a receipt to the borrower only on the request of the borrower.

(d) (1) A lender shall permit a borrower to prepay a loan in full or in part at any time, without penalty.

(2) If a borrower prepays a loan in full, he shall receive a refund credit for the interest taken in advance. The