

FOR the purpose of making certain provisions governing the amount of interest and other charges that may be charged for certain loans secured by residential real property applicable to certain refinancing loans under certain conditions; providing exemptions for certain loans, certain lenders and credit grantors; deleting obsolete provisions; and generally relating to the amount of interest and other charges that may be received on loans secured by a first mortgage or first deed of trust or any interest in residential real property.

BY repealing and reenacting, with amendments,

Article - Commercial Law
Section 12-103(b)
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

12-103.

(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;
AND

[(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.

(2) For purposes of paragraph (1)(vi) of this subsection: