

CHAPTER 409

(House Bill 848)

AN ACT concerning

Mortgages and Deeds of Trust – Prepayment of Outstanding Unpaid Indebtedness

~~FOR the purpose of creating a right on the part of a borrower or obligor to prepay a loan that is secured by a mortgage or deed of trust when the loan contract contains no provision for prepayment of the outstanding unpaid indebtedness; providing for the~~

FOR the purpose of allowing a borrower to prepay all or part of outstanding unpaid indebtedness under certain ~~purchase money~~ loans at any time under certain circumstances; requiring that a borrower shall receive a refund credit for certain interest under certain circumstances; providing that the refund shall be calculated in a certain manner; providing for the application of this Act; making provisions of this Act severable; defining a certain term *certain terms*; and generally relating to the prepayment of outstanding unpaid indebtedness ~~in mortgages and deeds of trust~~ under certain loans secured by a first mortgage or deed of trust under certain circumstances.

BY adding to

Article – Commercial Law

Section 12-126, ~~12-922~~, and ~~12-1022~~

Annotated Code of Maryland

(1990 Replacement Volume and 1990 Supplement)

Preamble

~~WHEREAS, In Metropolitan Life Insurance Company v. Promenade Towers Mutual Housing Corp., 84 Md. App. 702, 581 A.2d 846 (1990), the Court of Special Appeals held that where a contract of indebtedness does not contain a provision permitting prepayment, that indebtedness may not be prepaid by the borrower without the consent of the lender unless a statute provides otherwise; and~~

~~WHEREAS, The General Assembly intends to address this issue and create a statutory right on the part of a borrower or obligor to prepay a loan that is secured by a first mortgage or deed of trust when the loan contract contains no provision for prepayment of the outstanding unpaid indebtedness; now, therefore,~~

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