

## Article - Commercial Law

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§12-1001.

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

(b) (1) “Balloon payment” means any scheduled payment on an installment loan that is more than 2 times the average of all other payments scheduled to repay the installment loan.

(2) “Balloon payment” does not include a down payment.

(c) “Borrower” means a corporation, partnership, association, government, or governmental subdivision or agency, trust, individual, or other entity receiving a loan or other extension of credit under this subtitle.

(d) “Closed end credit” means the extension of credit by a credit grantor to a borrower under an arrangement or agreement which is not a revolving credit plan as defined in Subtitle 9 of this title.

(e) “Commercial loan” and “extension of credit for a commercial purpose” mean an extension of credit made:

(1) Solely to acquire an interest in or to carry on a business or commercial enterprise; or

(2) To any business or commercial organization.

(f) “Consumer borrower” means an individual receiving a loan or other extension of credit under this subtitle for personal, household, or family purposes or an individual receiving a commercial loan or other extension of credit for any commercial purpose not in excess of \$75,000, secured by residential real property.

(g) (1) “Credit grantor” means any individual, corporation, business trust, statutory trust, estate, trust, partnership, association, two or more persons having a joint or common interest, or any other legal or commercial entity making a loan or other extension of credit under this subtitle which is incorporated, chartered, or licensed pursuant to State or federal law, the lending operations of which are subject to supervision, examination, and regulation by a State or federal agency or which is licensed under Title 12, Subtitle 4 of the Financial Institutions Article or is a retailer.

(2) “Credit grantor” includes:

(i) Any bank, trust company, depository institution, or savings bank having a branch in this State;

(ii) A person not required to be licensed under this subtitle, who is

exempt from the licensing provisions of Title 11, Subtitle 5 of the Financial Institutions Article, who makes a loan or extension of credit under this subtitle secured by a secondary mortgage on residential real property; and

(iii) Any person who acquires or obtains the assignment of an agreement for an extension of credit made under this subtitle.

(h) “Debt cancellation agreement” means an agreement between a credit grantor and a borrower which provides for cancellation of the remaining loan balance in the event of theft or total destruction of the collateral for the loan minus the proceeds of any insurance maintained on the collateral for the loan or, if the borrower does not have insurance, the actual cash value of the collateral at the time of loss, determined as provided in the agreement.

(i) “Installment loan” means a loan repayable in scheduled periodic payments of principal and interest.

(j) “Loan” means any single extension of closed end credit, whether repayable in installments, on demand, or otherwise and whether extended in one or more advances.

(k) “Mechanical repair contract” has the meaning stated in Title 15, Subtitle 3 of the Transportation Article.

(l) “Remaining loan balance”, when used in reference to a debt cancellation agreement, does not include:

(1) Any delinquent or deferred payments;

(2) Past due charges;

(3) Late payment charges;

(4) Unearned interest;

(5) Unearned rental payments;

(6) The portion of any financed taxes or charges, including charges for credit life insurance, credit health insurance, credit involuntary unemployment benefit insurance, and mechanical repair contracts, actually refunded to the borrower or credited as a reduction to the loan balance; or

(7) By agreement of the parties, the amount of any primary insurance deductible.

(m) “Residential real property” means owner-occupied real property having a dwelling on it designated principally as a residence with accommodations for not more than four families.

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