

Article - Commercial Law

[Previous][Next]

§12-116.

Any loan made before July 1, 1982, which is refinanced at a higher rate pursuant to § 12-103(a) and (c) of this subtitle or § 12-306 or § 12-404 of this title must comply with the following requirements:

(1) The lender must give the following disclosures in writing to the borrower prior to the execution by the borrower of the new loan agreement:

If you do agree to consolidate your existing loan, you will be paying an annual percentage rate of% on the existing net balance of \$. . . ., instead of the rate of% which you are now paying.

Schedule of Monthly Payments

Separate loan agreements

\$ per month for

the nextmonths

then

\$ per month for

. . . . months after that

Consolidated loan agreement

\$ per month for

the nextmonths

Total of Payments

Separate loan agreements

\$ total of payments

for your existing loan

. . . . for your new loan

total of payments

Consolidated loan agreement

\$ total of payments

for your consolidated

loan

(2) The lender must allow the borrower the choice of repaying his existing loan balance at the originally agreed upon rate and obtaining any additional extension of credit as a separate loan, notwithstanding any law which limits the lender's ability to make more than 1 loan to the same borrower;

(3) The lender must refund or credit to the borrower's account any unearned interest and any returned insurance premiums upon the cancellation of insurance sold in connection with the loan;

(4) Except in the case of a demand loan, a loan may be refinanced only upon the borrower's request;

(5) The lender must allow the borrower the right to cancel the consolidated loan agreement within 3 business days. The lender shall provide to the borrower conspicuous notice of the provisions of this subsection; and

(6) Nothing in this subsection shall prohibit the receipt of the loan proceeds by the borrower at the time the consolidated loan agreement is made. The borrower must return any loan proceeds received pursuant to the consolidated loan agreement if he elects to cancel the consolidated loan agreement pursuant to subsection (5) of this section. The borrower may retain the loan proceeds if he elects the separate loan option pursuant to subsection (2) of this section.

[Previous][Next]