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§12–306.

(a) (1) Except as provided in subsections (b) and (c) of this section, a lender may charge interest on a loan at a rate not more than the rates specified in this subsection.

(2) For any loan with an original principal balance of \$2,000 or less, the maximum interest rate is:

(i) 2.75 percent interest per month on that part of the unpaid principal balance not more than \$500;

(ii) 2 percent interest per month on that part of the unpaid principal balance that is more than \$500 but not more than \$700; and

(iii) 1.25 percent interest per month on that part of the unpaid principal balance that is more than \$700.

(3) For any loan with an original principal balance of more than \$2,000 and not more than \$3,500, the maximum interest rate is 1.75 percent interest per month on the unpaid principal balance of the loan.

(4) For any loan with an original principal balance of more than \$3,500 and not more than \$5,000, the maximum interest rate is 1.5 percent interest per month on the unpaid principal balance of the loan.

(5) For any loan with an original principal balance of more than \$5,000, the maximum interest rate is 1.35 percent interest per month on the unpaid principal balance of the loan.

(6) Notwithstanding the provisions of paragraphs (2) through (5) of this subsection on any loan made on or after July 1, 1982, a lender under this subtitle may charge interest not exceeding the following rates:

(i) For any loan with an original principal balance of \$2,000 or less, 2.75 percent interest per month on that part of the unpaid principal balance not more than \$1,000 and 2 percent interest per month on that part of the unpaid principal balance that is more than \$1,000;

(ii) For any loan with an original principal balance of more than \$2,000, the maximum rate of interest is 2 percent per month on the unpaid principal balance of the loan.

(7) A loan may be made pursuant to paragraph (6) of this subsection provided that:

(i) If the loan is a renewal or refinancing of a loan made prior to July 1, 1982, the lender complies with § 12-116 of this title;

(ii) If the loan includes a provision for a rate of interest which may be adjusted by the lender during the term of the loan, the lender complies with § 12-118 of this title;

(iii) Upon the borrower's default, if the loan is secured by personal property, the lender complies with § 12-115 of this title concerning repossession and redemption of the goods securing the loan; and

(iv) The loan does not include a balloon payment, unless payment in full is due on demand or in 1 year or less.

(b) If any principal balance remains unpaid 6 months after the loan matures as originally scheduled or deferred, the lender may not contract for, charge, or receive interest at a rate exceeding 6 percent simple interest per annum on the actual unpaid principal balances from time to time.

(c) If the lender refinances a loan in the ordinary course of business, he may not add to the principal balance or deduct from the proceeds of the new loan more than 60 days' interest then due.

(d) (1) The lender shall compute interest on the actual unpaid principal balances outstanding from time to time, and he may not contract for, charge, or receive interest in advance or compounded interest.

(2) For each day on which an unpaid principal balance is outstanding, the lender may charge on that unpaid balance 1/30th of the interest permitted under this subtitle to be charged for 1 month.

(3) For purposes of this section, each of the 12 calendar months in the year shall be treated as having 30 days, as follows:

(i) The last day of each month which has 31 days shall be omitted;
and

(ii) The necessary number of days shall be added at the end of February to make 30 days.

(e) The maximum term of any loan made under this subtitle may not exceed:

(1) For any loan with an original principal balance of \$700 or less, 30 months and 15 days;

(2) For any loan with an original principal balance of more than \$700 but less than \$2,000, 36 months and 15 days; and

(3) For any loan with an original principal balance of \$2,000 or more, 72 months and 15 days.

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