

Article - Commercial Law

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§12-308.

(a) (1) At the time a loan is made, the lender shall deliver to the borrower a statement in the English language which:

(i) Quotes §§ 12-306, 12-307, 12-312, and 12-313 of this subtitle, in their entireties; and

(ii) Complies with § 12-106(b) of this title.

(2) If there are two or more borrowers, the lender:

(i) May deliver the statement to any one of the borrowers; and

(ii) At the request of any other borrower, shall deliver a copy of the statement to that borrower within 10 days after the request.

(b) (1) Except as provided in paragraphs (2), (3), and (4) of this subsection, at the time a lender receives a payment on account of a loan, the lender shall deliver to the person making the payment a receipt which specifies:

(i) The amount applied to principal;

(ii) The amount applied to interest and other charges; and

(iii) The unpaid principal balance of the loan.

(2) The lender may deliver an unitemized receipt at the time of payment if he delivers the required itemized receipt within 10 days after the payment.

(3) The lender is not required to issue a receipt if, before the due date of each payment, he regularly delivers to the borrower a billing statement which specifies:

(i) The previous unpaid principal balance of the loan;

(ii) The amount and date of each payment made during the billing period;

(iii) The amount of each of these payments applied to interest;

(iv) The amount of each of these payments applied to principal;

(v) The current unpaid principal balance; and

(vi) The amount and due date of the next maturing installment.

(4) The lender is not required to issue a receipt if the lender issues to the borrower a payment book or coupon book and payment is made by check or money order.

(c) (1) A lender shall permit a borrower to prepay a loan in full or in part at any time, without penalty.

(2) Each partial prepayment shall be applied:

(i) First, to any interest accrued on the unpaid principal balance to the date of the payment; and

(ii) Then, to the unpaid principal balance.

(d) After full repayment of a loan, the lender shall:

(1) (i) Indelibly mark with the word “paid” or “canceled” and return each note, contract, or other evidence of obligation of the borrower in the possession of the lender; or

(ii) Furnish the borrower with a written statement that identifies the loan transaction and states that the loan has been paid in full;

(2) Release any mortgage, security agreement, or other form of security instrument which no longer secures any indebtedness to the lender; and

(3) Restore any pledge or certificate of title.

(e) At the request of the borrower, the lender shall furnish the borrower with a written statement of the account. However, the lender is not required to do so more than once in any 30-day period.

(f) A lender making or offering to make a loan secured by residential real property shall comply with § 12-125 of this title, as applicable.

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