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§12–404.

(a) A lender may:

(1) Make a loan in such an amount that the net proceeds of the loan equal a predetermined sum; and

(2) Take interest in advance on the full amount of the loan for the period from the date the loan is made to the date of maturity of the final installment.

(b) A lender may charge interest at any effective rate of simple interest not to exceed 16 percent per annum on the principal balance of a loan, except as provided in subsection (d) of this section.

(c) A loan shall be amortized in equal or substantially equal monthly installments without a balloon payment at maturity, except that:

(1) Payment on the loan may be reduced or suspended until all prior liens or encumbrances are wholly or partially satisfied;

(2) A lender, including a seller who takes a mortgage or deed of trust to secure payment of all or a portion of the purchase price of a residence sold to a borrower, may make a loan for the purpose of aiding the borrower in the sale of the borrower's residence or the purchase of a new residence, and may create a balloon payment at maturity of this loan if the balloon payment is:

(i) Expressly disclosed to the borrower;

(ii) Agreed to by both the borrower and the lender/seller in writing; and

(iii) Required to be postponed one time, upon becoming due, at the borrower's request, for a period not to exceed 6 months, provided that the borrower continues to make the monthly installments provided for in the original loan agreement, and no new closing costs, processing fees or similar fees are imposed on the borrower as a result of the extension; and

(3) (i) A commercial loan of $75,000 or less made under this subtitle need not be amortized in equal or substantially equal payments and may contain a balloon payment at maturity if the borrower is authorized to postpone the maturity date one time and continue to make installment payments as provided in the original loan agreement and the postponed maturity date does not exceed:

1. 24 months if the original maturity date is more than 12 months after the loan is made; or

2. 6 months if the original maturity date is 12 months or less after the loan is made.

(ii) No new closing costs, processing fees, or similar fees may be imposed on a borrower who elects to postpone the maturity date in accordance with this subsection.

(d) Notwithstanding the provisions of subsections (a), (b), and (c) of this section, on any loan made on or after July 1, 1982, a lender under this subtitle may charge interest not exceeding 24 percent per annum simple interest on the loan provided that:

(1) The interest is computed on the unpaid principal balances outstanding from time to time;

(2) The lender does not contract for, charge, or receive any interest in advance or any compounded interest;

(3) 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;

(4) 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; and

(5) If the loan is for the purchase of consumer goods, the loan contract complies with § 12-117 of this title.

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