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§12-903.

(a) (1) A credit grantor may charge and collect interest or finance charges under the plan on the outstanding unpaid indebtedness in the borrower's account under the plan at any daily, weekly, monthly, annual, or other periodic percentage rate as the agreement governing the plan provides, if the effective rate of simple interest does not exceed 24 percent per year. The rate of interest chargeable on a plan must be expressed in the agreement as a simple interest rate or rates.

(2) The repayment terms for a plan extended to a consumer borrower may not include a provision under which the consumer borrower may be required to pay a balloon payment at maturity. However, the adjustment of payment amounts, due to fluctuations in unpaid balance or rate of interest, may not be deemed to result in a balloon payment.

(3) If the plan is secured by a lien on residential real property, the credit grantor may, in addition to the periodic percentage rate charge authorized under subsection (a)(1) of this section, charge and collect at the time the plan is entered into by the borrower points, loan origination fees, loan discount fees, and similar fees, provided that:

(i) All such fees, when combined with any finder's fee imposed by a mortgage broker under § 12-804 of this title, may not exceed 10 percent of the maximum amount of credit made available to the borrower under the plan;

(ii) The documents evidencing the plan specifically enumerate any such fees;

(iii) The borrower agrees in writing to pay those fees; and

(iv) The fees are disclosed to the borrower in accordance with the federal Truth in Lending Act.

(b) With respect to a revolving credit plan of a consumer borrower, interest may be calculated on an amount not in excess of the average of the outstanding unpaid indebtedness for the applicable billing period, determined by dividing the total of the amounts of outstanding unpaid indebtedness for each day in the applicable billing period by the number of days in the billing period, or on an amount calculated by another balance computation method specified in the agreement.

(c) If the applicable periodic percentage rate under the agreement governing the plan is monthly, a billing period shall be deemed to be monthly if the last day of each billing period is on the same day of each month or does not vary by more than 4 days.

(d) (1) Notwithstanding subsections (a) and (b) of this section:

(i) If the outstanding balance of purchase obligations under an open-end credit plan is paid in full within 25 days after the end of a prior billing period, a finance charge or interest may not be imposed on a consumer borrower with respect to such balance for the period from the end of the prior billing period to the date of the payment in full; and

(ii) If there is no purchase balance at the beginning of a current billing period or if full payment of an outstanding balance from a prior billing period is made under subparagraph (i) of this paragraph within 25 days after the end of the prior billing period, a finance charge or interest may not be imposed on a consumer borrower with respect to any purchase obligation added to the account during the current billing period from the date of purchase to the end of the current billing period.

(2) Notwithstanding paragraph (1) of this subsection, if the agreement governing a plan so provides, a finance charge or interest may be imposed from the date of purchase, if the agreement does not provide any charge permitted by § 12-905(a) of this subtitle.

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