

CHAPTER 95

(Senate Bill 217)

AN ACT concerning

Secondary Mortgage Loans - Balloon Payment

FOR the purpose of allowing a lender under certain conditions to take back a deferred purchase money secondary mortgage on a borrower's present residence and to create a balloon payment thereof at maturity.

BY adding to

Article - Commercial Law
Section 12-404(c)(3)
Annotated Code of Maryland
(1975 Volume and 1978 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article - Commercial Law

12-404.

(c) (3) A LENDER WHO TAKES BACK A DEFERRED PURCHASE MONEY SECONDARY MORTGAGE ON A BORROWER'S PRESENT RESIDENCE TO AID THE BORROWER IN THE PURCHASE OF A NEW RESIDENCE MAY CREATE A BALLOON PAYMENT IF THE BALLOON PAYMENT IS:

- AND
- (I) EXPRESSLY DISCLOSED TO THE BORROWER;
 - (II) AGREED TO BY BOTH THE BORROWER AND LENDER IN WRITING.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1979.

Approved May 1, 1979.

CHAPTER 96

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