

SHARED CREDIT RATING ACT (EXCERPT)
Act 227 of 1985

141.1065 Pledge of revenues or other money; lien of pledge; payment assigned or pledged to authority to be held in trust for payment of principal and interest; payment subject to lien; nature of lien; filing or recordation not required.

Sec. 15. (1) A pledge of revenues or other money made by the authority is valid and binding from the time when the pledge is made. The revenues or other money so pledged and thereafter received by the authority shall immediately be subject to the lien of the pledge without physical delivery of the revenues or money or further act. The lien of such a pledge is valid and binding against a party having a claim of any kind in tort, contract, or otherwise against the authority, irrespective of whether that party has notice of the pledge. Neither the resolution, trust indenture, nor any other instrument by which a pledge is created is required to be filed or recorded in order to establish and perfect a lien or security interest in the property so pledged.

(2) The state treasurer or a trustee shall hold the payment under this act that is assigned or pledged to the authority in trust for the payment of principal and interest on the obligation incurred with the authority in a separate account for each municipality. The payment under this act that is assigned or pledged to the authority and held by the state treasurer or a trustee shall be subject to a lien in favor of the authority. That lien shall be a statutory lien, paramount and superior to all other liens for the sole purpose of paying the principal of, and interest on, the obligation incurred with the authority. The payment under this act that is assigned or pledged to the authority under this act shall be exempt from being levied upon, taken, sequestered, or applied toward paying the debts or liabilities of the governmental unit other than for payment of the obligation incurred with the authority. The lien granted under this act to the authority shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise, against the governmental unit irrespective of whether the parties have notice. Neither the assignment, the pledge, nor any other instrument by which an assignment, lien, or pledge is created is required to be filed or recorded.

History: 1985, Act 227, Eff. Mar. 31, 1986;—Am. 1988, Act 316, Eff. Sept. 1, 1988.