

MICHIGAN FAMILY FARM DEVELOPMENT ACT (EXCERPT)
Act 220 of 1982

285.262 Purchasing mortgage or secured loans from mortgage lenders; commitment to purchase; requirements and conditions.

Sec. 12. (1) The authority may purchase and make advance commitments to purchase mortgage or secured loans from mortgage lenders at prices and upon terms and conditions the authority determines. However, the total purchase price for all mortgage or secured loans which the authority commits to purchase from a mortgage lender at any 1 time shall not exceed the total of the unpaid principal balances of the mortgage or secured loans purchased. Mortgage lenders are authorized to sell mortgage or secured loans to the authority in accordance with the provisions of this section and the rules promulgated by the authority.

(2) The authority shall require as a condition of purchase of mortgage or secured loans from mortgage lenders that the mortgage lenders certify that the mortgage or secured loans purchased are loans made to beginning farmers. Mortgage or secured loans to be made by mortgage lenders shall have terms and conditions as the authority prescribes by rule. The authority may make a commitment to purchase mortgage or secured loans from mortgage lenders in advance of the time the loans are made by mortgage lenders. The authority shall require as a condition of a commitment that mortgage lenders certify in writing that all mortgage or secured loans represented by the commitment will be made to beginning farmers and that the mortgage lender will comply with other authority specifications.

(3) The authority shall require a mortgage lender from which the authority has purchased loans to submit evidence satisfactory to the authority that the mortgage lender has made mortgage or secured loans to beginning farmers as required by this section. To assure compliance with this section, the authority may, through its members, employees, or agents, inspect the books and records of a mortgage lender. The authority may also require, as a condition of the purchase of mortgage or secured loans from a mortgage lender, agreement by the mortgage lender to the payment of penalties to the authority for violation by the mortgage lender of its agreement with the authority.

(4) The authority may require as a condition of purchase of a mortgage or secured loan from a mortgage lender that the mortgage lender make representations and warranties as required by the authority. A mortgage lender is liable to the authority for damages suffered by the authority by reason of a false representation or the breach of a warranty by the mortgage lender and, in the event that a representation proves to be false or a breach of warranty, the mortgage lender shall, at the option of the authority, repurchase the mortgage or secured loan for the original purchase price adjusted for amounts subsequently paid on it, as the authority determines.

(5) The authority shall require the recording with the appropriate register of deeds of any assignment of a mortgage loan purchased by it from a mortgage lender and is not required to notify the mortgagor of its purchase of the mortgage loan. The authority is not required to inspect or take possession of the mortgage documents if the mortgage lender from which the mortgage loan is purchased enters into a contract to service the mortgage loan and account to the authority for the mortgage loan.

History: 1982, Act 220, Imd. Eff. July 10, 1982.