

§4902. Lenders certification

A mortgage loan is not eligible for purchase or commitment to purchase by an authority under this subchapter unless at or before the time of transfer of the loan to the authority, the originating bank, life insurance company, savings and loan association, other financial institution or the Federal Government certifies that: [PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

1. Loan a prudent investment. In its judgment the mortgage loan would in all respects be a prudent investment for its own account; and [PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

2. Reinvestment of sale proceeds. When the mortgage loan so sold is secured by land and improvements constituting a one-family to 4-family housing unit or has been held by the originator for more than one year since the completion of the construction of the securing structure, the proceeds of sale or its equivalent will be reinvested in residential mortgages or notes within the State, or invested in short term obligations pending the purchase of such residential mortgages or notes. For purposes of this section and section 4903, the term "residential mortgages or notes" includes, but is not limited to, mortgage loans.

[PL 1987, c. 737, Pt. A, §2 (NEW); PL 1987, c. 737, Pt. C, §106 (NEW); PL 1989, c. 6 (AMD); PL 1989, c. 9, §2 (AMD); PL 1989, c. 104, Pt. C, §§8, 10 (AMD).]

SECTION HISTORY

PL 1987, c. 737, §§A2,C106 (NEW). PL 1989, c. 6 (AMD). PL 1989, c. 9, §2 (AMD). PL 1989, c. 104, §§C8,10 (AMD).

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