

BASIS FOR REQUEST OF FINANCING INFORMATION: The Michigan Supreme Court has ordered that information about the financing of property sales must be gathered. The purpose is to determine whether favorable financing provided by the seller may have caused the sale price to increase. If so, any increase in price due to the favorable seller-provided financing must be removed before the sale is considered for property assessment study purposes.

EXPLANATION OF TYPES OF PURCHASE OR SALE

- Cash Purchaser pays total price in cash.
- Land Contract Agreement to transfer title to the property after terms of the contract have been fulfilled.
- Purchase Money Mortgage to Seller The buyer executes a mortgage to the seller. The title to the property is transferred to the buyer at the time of the sale.
- New Mortgage The buyer executes a new or original mortgage on the property for the amount borrowed, usually to a bank or savings and loan company.
- Mortgage Assumption Buyer is allowed to assume the balance and terms of the seller's existing mortgage.
- Second Mortgage The buyer executes a second mortgage to seller or third party for an amount over and above that of the first mortgage.

EXPLANATION OF TYPES OF MORTGAGES

- Conventional A mortgage loan at the current market interest rate and terms which is not insured by FHA or guaranteed by VA or FmHA.
- FHA Mortgage insured by the Federal Housing Administration.
- VA Mortgage guaranteed by the Veterans Administration.
- FmHA Farmers Home Administration, provides financing to farmers and other borrowers who are unable to secure loans elsewhere.
- MSHDA Michigan State Housing Development Authority, provides financing at lower than market rates to qualified borrowers.
- Wraparound or blended rate Refinancing technique involving the creation of a subordinate mortgage that includes the balance due on the existing mortgage plus the amount of a new secondary or junior lien (usually at a lower interest rate than the current market rate.)
- ARM or variable rate Mortgage that allows for a periodic adjustment of the interest rate.
- Buydown Payment advanced to a lender by an individual (usually builder, seller, etc.) to reduce the monthly mortgage payments for all or part of the term.

EXCERPTS FROM THE GENERAL PROPERTY TAX ACT DEFINING THE POWERS AND DUTIES OF THE LOCAL ASSESSOR AND COUNTY EQUALIZATION DEPARTMENT FROM SECTIONS 211.19, 211.21 AND 211.23 OF THE MICHIGAN COMPILED LAWS

- Sec. 19(3) If a supervisor, an assessing officer a county tax or equalization department provided for in section 34, or the state tax commission considers it necessary to require from any person a written statement of real property assessable to that person, it shall notify the person, and that person shall make and sign the statement.
- Sec. 19 A written statement described in section 19 shall be in such form prescribed by the state tax commission. A form required under section 19(2) shall be completed and delivered to the supervisor or assessor on or before February 20 of each year. A supervisor or assessor shall not require that a written statement described in section 19 be filed before February 20 of each year.
- Sec. 21 If a person, member of a firm, or officer of a corporation willfully neglects or refuses to make out and deliver a statement required under Section 18 or falsely answers or refuses to answer questions concerning his or her property or property under his or her control as required by this act, that person is guilty of a misdemeanor, punishable by imprisonment in the county jail for not less than 30 days or more than 6 months, or by a fine of not less than \$100.00 or more than \$1,000.00, or both. If a supervisor, assessing officer, or member of the state tax commission is satisfied that a person is liable under this section, he or she shall report the case to the prosecuting attorney of the county in which the property is located.
- Sec. 23 All the statements herein required to be made and received by the supervisor or assessor shall be filed by him, and shall be presented to the board of review hereinafter provided for, or provided for in any act incorporating any village or city, for the use of said board, and after the assessment is reviewed and completed by such board of review, all of the statements shall be deposited in the office of the township or city clerk, and shall be preserved until after the next assessment is made and completed, after which they may be destroyed upon the order of the township board or city or village council, but no such statement shall be used for any other purpose except the making of an assessment for taxes as herein provided, or for enforcing the provisions of this act, and any officer or person who shall make or allow to be made wilfully or knowingly, any other or unlawful use of any such statement, shall be liable to the person making such statement for all damages resulting from such unauthorized or unlawful use of such statement. All the statements received by the supervisor or assessor shall be made available to the county tax or equalization department mandatorily established under section 34 of this act and use of such statements by such county tax or equalization department shall be deemed a use for the purpose of enforcing the provisions of this act.