

**SAVINGS AND LOAN ACT OF 1980 (EXCERPT)**  
**Act 307 of 1980**

**491.736 Liability for defect in real property.**

Sec. 736. An association or federal association which makes a loan the proceeds of which are used or may be used by the borrower to finance the purchase, design, manufacture, construction, repair, modification, or improvement of real property shall not be liable for any defect in the real property so purchased, designed, manufactured, constructed, repaired, modified, or improved or for any loss or damage resulting from the failure of the borrower or any agent or other person employed by the borrower to use due care in the examination, design, manufacture, construction, repair, modification, or improvement of the real property, except that this section shall not apply where the association or federal association is acting other than solely as a lender, where the association or federal association has been a party to misrepresentation with respect to the property, or where the officers or directors of the association or federal association have acted in collusion or complicity with another party responsible for the defect, loss, or damage. If the association, or an agent of the association is involved in the decision making process with regard to purchase, design, manufacture, construction, repair, modification, or improvement of real property it shall become as liable as the first party involved in the process.

**History:** 1980, Act 307, Eff. Jan. 1, 1981.