§ 2429-a. Payment of insurance and development corporation credit support. 1. The agency shall establish procedures to be followed by a mortgagee in the event of a default under the terms of any mortgage insured by the agency. The agency may require that prior to submitting a claim to the agency for payment of insurance the mortgagee shall take such actions with respect to the property securing the defaulted mortgage as may be specified by the agency to be satisfactory evidence of a continuing default, including but not limited to the following: (i) becoming lawfully the mortgagee in possession thereof; (ii) causing a receiver to be appointed of such property; (iii) obtaining voluntary conveyance of the mortgagor's right and title to such property; or (iv) obtaining by foreclosure clear and unencumbered title to such property, all in such manner as the agency may require. Following submission of a valid claim the agency shall pay an amount which shall not exceed the lesser of (1) the then outstanding insured principal amount of the mortgage multiplied by the per centum of such outstanding amount insured by the agency and a per centum of the mortgagee's cost arising from the default, inclusive of public liens and delinquent and unpaid interest, all as the agency may from time to time allow, which per centum shall not exceed the per centum of the outstanding principal indebtedness insured by the agency or (2) the insured amount of the mortgage at the date of execution of the insurance contract or its latest amendment, if any, except that the agency shall pay the greater of the two amounts on claims by a public employee pension fund, or by a public benefit corporation derived from the sale of notes or bonds issued by said corporation, provided that no more than the actual loss suffered by such public employee pension fund or public benefit corporation shall be paid. Such payment may be made by the agency in a lump sum, or in partial payments made within such period of time as may be agreed to between the agency and the mortgagee, all in accordance with procedures to be established by the agency.

2. The agency shall establish, by contract or otherwise, procedures to be followed with respect to development corporation credit support for which the development corporation credit support account has been determined by the agency to be a source or potential source of payment.