

MAINE STATE LEGISLATURE

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(EMERGENCY)
FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1685

H. P. 1563

House of Representatives, June 13, 1979
EDWIN H. PERT, Clerk

Presented by Mr. Jalbert of Lewiston.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

**AN ACT Making an Appropriation from the General Fund and Amending the
Housing Mortgage Insurance Law.**

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, there is a present request from the Maine State Housing Authority to the Treasurer of State to sell bonds pursuant to the Maine Revised Statutes, Title 30, section 4788, in order to finance defaults in the Indian Housing Mortgage Insurance Program; and

Whereas, the Attorney General has given his opinion that the Treasurer of State has a ministerial duty to issue the requested bonds; and

Whereas, the issuance of the requested bonds may have an adverse effect upon the state's bond rating; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 1 MRSA § 2501, sub-§ 30 is enacted to read:

30. Title 30

A. Title 30, sections 4786, 4787, sub-§ 2-A, 4789 and 4799 shall be repealed on July 1, 1980.

Sec. 2. 30 MRSA § 4786, sub-§ 5, is enacted to read:

5. Indian Housing Mortgage Insurance Committee. "Indian Housing Mortgage Insurance Committee" means a committee consisting of the Treasurer of State, the Commissioner of Indian Affairs, the Director of the Maine State Housing Authority and the Commissioner of Finance and Administration or their respective designees.

Sec. 3. 30 MRSA § 4787, sub-§ 2-A is enacted to read:

2-A. Limitation. Notwithstanding sections 4786, 4789 and 4790 the Maine State Housing Authority shall not make any contract or commitment of mortgage insurance without the approval of a majority of the Indian Housing Mortgage Insurance Committee.

Sec. 4. 30 MRSA § 4789 is enacted to read:

§ 4789. Rulemaking

In order to implement and administer the Housing Mortgage Insurance Law, the Maine State Housing Authority is authorized to enact, amend or repeal rules and regulations pursuant to the Maine Administrative Procedure Act, Title 5, chapter 375.

Sec. 5. 30 MRSA § 4790 is enacted to read:

§ 4790. Transfer to Indian Housing Mortgage Insurance Fund

Pursuant to Title 22, section 4714, tribal funds may be expended by transfer to the Indian Housing Mortgage Insurance Fund subject to a designation that these tribal funds shall be used only for payment of insurance proceeds and administration of the Housing Mortgage Insurance Law with respect to loans made to members of the tribe whose funds have been so transferred.

Sec. 6. Appropriation. There is appropriated from the General Fund an amount up to, but not exceeding, \$58,000 to be credited to the Indian Housing Mortgage Insurance Fund and to be expended by the Maine State Housing Authority. These funds are to be expended solely to make reimbursement to the lender upon demand for any present outstanding loan which may be defaulted. These funds are not to be expended for any new loans or for expanding the present loan program.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

STATEMENT OF FACT

The purpose of this bill is to allow the Maine State Housing Authority to meet obligations incurred under the Indian Housing Mortgage Insurance Program without the necessity of issuing state bonds for this purpose. At the present time there is a total of approximately \$58,000 in outstanding insured loans which are in default or are overdue. Under current statutory provisions and an opinion of the Attorney General, the Treasurer of State must issue bonds to finance these actual and anticipated defaults upon request by the Maine State Housing Authority. Issuance of such bonds could have a serious detrimental effect upon the State's attempts to improve its bond rating.

This bill also creates a Indian Housing Mortgage Insurance Committee to review and approve future application for mortgage insurance and help prevent such defaults in the future.

This bill also contains authorization for expenditure of tribal trust funds to help augment the mortgage insurance program.

Section 6 and 7 of the bill provide a sunset requirement for section 1 through 4 and direct the Joint Standing Committee on Audit and Performance Review to review this program and report its findings to the Second Regular Session.