

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 1521

6
7 H.P. 1152

House of Representatives, April 26, 1983

8 Submitted by the Maine State Housing Authority pursuant to Joint Rule
9 24.

10 Referred to the Committee on State Government. Sent up for concurrence
and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative Diamond of Bangor.

11 Cosponsors: Representative Clark of Millinocket, Senator Kany of
Kennebec and Representative Paradis of Augusta.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-THREE
16

17 AN ACT to Provide for the 1983 Amendments
18 to the Maine Housing Authorities Act.
19

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

22 Sec. 1. 30 MRSA §4552, sub-§11, as amended by PL
23 1981, c. 620, §2, is further amended to read:

24 11. Persons of low income. "Persons of low
25 income" shall mean persons or families, elderly or
26 otherwise, who lack the amount of income which is
27 necessary, as determined by an authority, to enable
28 them, without financial assistance, to live in or
29 purchase decent, safe and sanitary dwellings, without
30 overcrowding. Financial assistance shall include, but
31 shall not be limited to, the following kinds of
32 assistance: Mortgage insurance, interest subsidies,
33 rent subsidies, public assistance payment or ser-
34 vices, or such other assistance as may be provided by

1 the state authority through the sale of bonds. When
2 this term is used in connection with loans made to
3 improve or rehabilitate, for the purpose of energy
4 conservation, owner-occupied one-family to 4-family
5 residential housing in the State, including section
6 4651, subsection 13 and section 4712, it shall not
7 include families whose adjusted income exceeds 150%
8 of the median family income for the State, as devel-
9 oped by the United States Bureau of the Census for
10 the United States Department of Health and Human Ser-
11 vices, or by any successor agency, for use in estab-
12 lishing eligibility for social services funded under
13 the United States Social Security Act, Title XX or
14 for any other use.

15 Sec. 2. 30 MRSA §4553, as amended by PL 1975, c.
16 625, §§5 and 6, is repealed and the following enacted
17 in its place:

18 §4553. Declaration of necessity

19 It is declared that there exists in urban and
20 rural areas in the State unsuitable, unsafe and over-
21 crowded dwelling accommodations; that in these urban
22 and rural areas within the State there is a shortage
23 of suitable dwelling accommodations available at
24 rents, prices or financing terms which many residents
25 of the State can afford or accept and that the short-
26 age forces some residents of the State to occupy
27 unsuitable, unsafe and overcrowded dwelling accommo-
28 dations; that these conditions, and the existence of
29 areas in need of revitalization and redevelopment,
30 impair economic values and tax revenues; that these
31 conditions contribute to the poor health of the resi-
32 dents of these areas, cause an increase in and spread
33 of crime and constitute a menace to the health,
34 safety and welfare of the residents of the State;
35 that these conditions necessitate excessive and dis-
36 proportionate expenditures of public funds for crime
37 prevention and punishment, public health and safety,
38 fire and accident protection and other public ser-
39 vices and facilities; that these areas in the State
40 cannot be cleared, nor can the shortage of suitable
41 dwellings available at acceptable rents, prices or
42 financing terms be relieved solely through the opera-
43 tion of private enterprise, and that the construc-
44 tion, rehabilitation or improvement of dwelling ac-

1 commodations would therefore not be competitive with
2 private enterprise; that the construction, rehabili-
3 tation or improvement of dwelling accommodations
4 would make housing available for veterans who are
5 unable to provide themselves with decent housing on
6 the basis of the benefits made available to them
7 through certain government guarantees of loans to
8 veterans for the purchase of residential property;
9 that the clearance, planning and preparation for
10 rebuilding of these areas, the prevention or the
11 reduction of the underutilization and abandonment of
12 established commercial areas and existing dwelling
13 accommodations within the State, and the providing of
14 affordable, safe and suitable dwelling accommodations
15 for residents of the State are public uses and pur-
16 poses for which public money may be spent and private
17 property acquired and are governmental functions of
18 state concern; that residential construction activity
19 is closely correlated with general economic activity
20 and that the undertakings authorized by this subchap-
21 ter to aid the production of better housing and more
22 desirable neighborhood and community development at
23 lower costs will make possible a more stable and
24 larger volume of residential construction which will
25 assist materially in achieving and maintaining full
26 employment; that federal programs to assist housing
27 have repeatedly changed; that, in the early 1980's,
28 the Federal Government substantially reduced its
29 housing programs and other forms of housing assis-
30 tance; that, by providing housing assistance to per-
31 sons other than persons of low income, provision of
32 housing assistance to persons of low income will be
33 facilitated; and that it is in the public interest
34 that advance preparations for these activities and
35 for facilitating mortgage lending on acceptable terms
36 be made now, and that the necessity in the public
37 interest for the provisions enacted is declared as a
38 matter of legislative determination.

39 It is further declared that there are serious
40 problems relating to the occupants of existing sub-
41 standard housing in this State in both urban and
42 rural areas. Much of the existing housing in this
43 State is in immediate need of major repair or re-
44 placement; and this subchapter is intended to encour-
45 age all existing local, state and federal agencies,
46 public and private agencies, to recognize the needs

1 for rehabilitation and new housing and to adopt such
2 action and practices as to promote a concerted effort
3 to upgrade housing conditions and standards within
4 this State. It is further declared that this subchap-
5 ter is intended to relieve those conditions which now
6 exist and it is the policy of the State to assist in
7 planning, coordinating and carrying out all existing
8 programs that will encourage further participation by
9 private investment, private enterprise and individual
10 effort.

11 It is further declared that in private banking
12 channels there have been recurrent, cyclical short-
13 ages of funds available for loans to finance dwelling
14 accommodations on terms acceptable to residents of
15 the State. These shortages have been exacerbated
16 more recently by changes in the business of financial
17 institutions, by the high cost of funds needed for
18 loans for dwelling accommodations and by the related
19 lack of liquidity of existing and new loans for
20 dwelling accommodations. These shortages have con-
21 tributed to the reduction of construction of new
22 dwelling accommodations and have hampered the reha-
23 bilitation, improvement and purchase and sale of
24 existing dwelling accommodations. These shortages
25 can be expected to recur from time to time in varying
26 degrees of severity with the adverse consequences de-
27 scribed in this section. It is further declared that
28 the powers and duties set forth in this subchapter
29 are to be carried out in order to assist in
30 redressing these shortages.

31 It is further declared that it is the policy of
32 this State to assist its residents in securing equal
33 opportunity for the full enjoyment of the following
34 objectives:

35 1. Decent housing. To reside in or purchase
36 housing which is decent, safe, independently se-
37 lected, designed and located with reference to their
38 particular needs and available at costs which they
39 can afford;

40 2. Wide choice of housing. To have available to
41 them a wide range of privately planned, constructed
42 and operated housing;

1 3. Needed public housing. To have available to
2 them such additional publicly planned, constructed
3 and operated housing as is needed to achieve the pur-
4 poses of subsection 1;

5 4. Additional resources. To have available from
6 financial institutions, in addition to their usually
7 loanable resources for home construction, mortgages
8 and notes, additional resources and assistance as may
9 be provided by the state authority; and

10 5. Information, educational and demonstration
11 programs. To have available information and educa-
12 tional programs, and to conduct demonstrations of
13 housing programs and techniques.

14 Sec. 3. 30 MRSA §4557, sub-§1, ¶B, as enacted by
15 PL 1977, c. 256, §1, is repealed and the following
16 enacted in its place:

17 B. Any written or recorded financial statement,
18 as determined by an authority, of an individual
19 submitted to an authority or a member, officer,
20 employee or agent thereof, in connection with an
21 application for a mortgage or mortgage insurance.

22 Sec. 4. 30 MRSA §4557, sub-§2, as enacted by PL
23 1977 c. 256, §1, is amended to read:

24 2. Wrongful disclosure prohibited. No member,
25 officer, employee or agent of an authority shall may
26 knowingly divulge or disclose information declared
27 confidential by this section. Notwithstanding the
28 foregoing, an authority may make such full and com-
29 plete reports concerning its administration of fed-
30 eral housing programs as may be required by the Fed-
31 eral Government or any agency or department thereof.
32 An authority may also publish statistics or other
33 information of a general nature drawn from informa-
34 tion declared confidential by this section, so long
35 as such publication is accomplished in a manner which
36 preserves such confidentiality. An authority may
37 also comply with a subpoena, request for production
38 of documents, warrant or court order which appears on
39 its face to have been issued or made upon lawful
40 authority. In any litigation or proceeding in which
41 an authority is a party, the authority may introduce

1 evidence based on any information which is deemed
2 confidential and which is within the control or cus-
3 tody of the authority.

4 Sec. 5. 30 MRSA §4601-A, sub-§1, ¶B, as amended
5 by PL 1975, c. 625, §8, is further amended to read:

6 B. Develop plans, finance, conduct and encourage
7 in cooperation with other public and private
8 national, state level, regional and local agen-
9 cies, research and demonstration of model housing
10 programs, ~~whether or not such models or demon-~~
11 ~~strations are or will be occupied by persons or~~
12 ~~families of low income, provided that moneys used~~
13 ~~to finance model or demonstration housing not~~
14 ~~planned for immediate occupancy by persons of low~~
15 ~~income shall not be drawn from the proceeds of~~
16 ~~bonds sold for the purpose of financing housing~~
17 ~~for persons of low income, dealing with, but not~~
18 ~~limited to, planning, styles of land use, types~~
19 ~~of building design, techniques of construction,~~
20 finance techniques, municipal regulations and
21 management procedures;

22 Sec. 6. 30 MRSA §4601-A, sub-§1, ¶I, as repealed
23 and replaced by PL 1975, c. 625, §11, is repealed and
24 the following enacted in its place:

25 I. Purchase, sell, service, pledge, invest in,
26 hold, trade, accept as collateral or otherwise
27 deal in, acquire or transfer, on such terms and
28 conditions as the state authority may specify,
29 any mortgage loan, any mortgage pass-through cer-
30 tificate, any pledge including any pledge or
31 mortgage revenue, any mortgage participation cer-
32 tificate or any other mortgage-backed or
33 mortgage-related security. In connection with
34 the purchase or sale of a mortgage loan or of a
35 beneficial interest or participation in a mort-
36 gage loan, the state authority may enter into one
37 or more agreements providing for the custody,
38 control and administration of the mortgage loan.
39 Any such agreement may provide that the state
40 authority or a financial institution shall act as
41 trustor, trustee or custodian under the agree-
42 ment. Any such agreement may provide that, with
43 respect to mortgage loans governed by the agree-

1 ment, title to a mortgage loan, or to a benefi-
2 cial interest or participation in a mortgage
3 loan, shall be deemed to have been transferred on
4 terms and to the extent specified in that agree-
5 ment and that the effect of a sale of a benefi-
6 cial interest or participation in a mortgage loan
7 is the same as a sale of a mortgage loan;

8 Sec. 7. 30 MRSA §4601-A, sub-§1, ¶J, as enacted
9 by PL 1969, c. 470, §7, is amended to read:

10 J. Adopt bylaws for the regulation of its
11 affairs and the conduct of its business. The
12 bylaws may contain any provision which is not
13 inconsistent with law, including, without limita-
14 tion, authorization for the conduct of any meet-
15 ing of the commissioners of the state authority
16 by electronic media and specification of the
17 grounds and process for removal of members of the
18 advisory board of the state authority;

19 Sec. 8. 30 MRSA §4601-A, sub-§1, ¶L, as enacted
20 by PL 1971, §467, is repealed and the following
21 enacted in its place:

22 L. Loan or make commitments to loan money,
23 repayment of which is secured by note, mortgage
24 or otherwise, on such terms and conditions as may
25 be agreed upon by the state authority from time
26 to time, including, but not limited to, prepay-
27 ment, interest rate, rentals and project design
28 and planning, after consideration of the compara-
29 tive need for housing in the area and contempo-
30 rary mortgage lending market conditions; provided
31 that any such mortgage loan shall not pledge the
32 faith and credit of the State and that any bonds
33 issued by the state authority for this purpose
34 shall be subject to the limitations of section
35 4762 and, except with respect to bonds issued
36 pursuant to paragraph N, to the requirements of
37 section 4760;

38 Sec. 9. 30 MRSA §4601-A, sub-§1, ¶N, as enacted
39 by PL 1981, c. 620, §5, is amended to read:

40 N. With respect to any bonds which the state
41 authority is authorized to issue in accordance

1 with the limitations and restrictions of this
2 subchapter, covenant and consent that the inter-
3 est on the bonds shall be includable, under the
4 United States Internal Revenue Code of 1954 or
5 any subsequent corresponding internal revenue law
6 of the United States, in the gross income of the
7 holders of the bonds to the same extent and in
8 the same manner that the interest on bills,
9 bonds, notes or other obligations of the United
10 States is includable in the gross income of the
11 holders under the United States Internal Revenue
12 Code or any subsequent law. The powers conferred
13 by this paragraph shall not be subject to any
14 limitations or restrictions of any law which may
15 limit the state authority's power to so covenant
16 and consent. Notwithstanding any other provision
17 of this subchapter, proceeds of bonds issued pur-
18 suant to this subsection may be used for persons
19 other than persons of low income;

20 Sec. 10. 30 MRSA §4601-A, sub-§1, ¶¶O to R are
21 enacted to read:

22 O. Issue or cause to be issued certificates or
23 other instruments evidencing the holder's frac-
24 tional undivided interest in a pool of mortgage
25 loans. Whether or not the certificates or
26 instruments are of such form or character as to
27 be negotiable instruments under Title 11, Article
28 8, the certificates or instruments shall be and
29 are made negotiable instruments within the mean-
30 ing of and for all the purposes of Title 11,
31 Article 8, subject only to such registration re-
32 quirements as the state authority may establish;

33 P. In accordance with the limitations and re-
34 strictions of this subchapter, cause any of its
35 powers or duties to be carried out by one or more
36 nonprofit corporations organized and operated
37 under Title 13-B;

38 Q. Waive compliance with the requirements of
39 sections 4757 and 4758; and

40 R. Guarantee or assure the timely payment in
41 whole or part of principal on, premium on or
42 interest of any bond or of any instrument or
43 security identified in paragraph I or O.

1 Sec. 11. 30 MRSA §4602, sub-§2, ¶A, as amended
2 by PL 1975, c. 625, §12, is further amended to read:

3 A. The state authority shall have a ~~15-person~~
4 21-person advisory board, appointed by the Govern-
5 nor representing the several aspects of the hous-
6 ing industry. The advisory board at all times
7 shall have members who represent each of the fol-
8 lowing: Municipal officials, ~~financiers~~ financial
9 institutions, builders, architects, labor, spon-
10 sors of housing programs, administrators of local
11 public and local private housing corporations,
12 elderly residents of housing projects, low income
13 residents of housing projects ~~who are not other-~~
14 wise in the employ of the State of Maine and li-
15 icensed real estate brokers. There shall be 3
16 representatives of municipal officials.

17 The members shall elect a president and vice-
18 president of the advisory board from among the
19 advisory board members. The advisory board of the
20 state authority shall advise and counsel the
21 director and commissioners of the state authority
22 on the policies concerning any and all of the
23 powers and duties of the state authority. ~~Five~~
24 Seven advisory board members of the state author-
25 ity shall constitute a quorum for the purpose of
26 conducting business of the board and exercising
27 its powers, notwithstanding the existence of any
28 vacancies. Action may be taken by the advisory
29 board upon a vote of a majority of the members
30 present, unless in any case its bylaws shall re-
31 quire a larger number.

32 The president of the advisory board may call such
33 meetings of the board as he shall deem necessary.
34 The president of the advisory board shall call at
35 least one meeting of the board each year at a
36 time which will allow the board to meet jointly
37 with the commissioners of the state authority.

38 Sec. 12. 30 MRSA §4651, sub-§11, as amended by
39 PL 1981, c. 620, §6, is further amended to read:

40 11. Mortgage credits. Pursuant to the purposes
41 of this Act to provide housing for persons of low
42 income, the The state authority shall have the power

1 to acquire from banks, life insurance companies,
2 savings and loan associations, pension or retirement
3 funds, any fiduciaries, the Federal Government and
4 other financial institutions, persons or governmental
5 or business entities mortgage loans and notes any-
6 where in the State of Maine consistent with section
7 4760, the restriction as to the area of operation in
8 section 4552 notwithstanding, and to sell mortgages
9 and notes to insurance companies, other financial
10 institutions, persons or governmental or business
11 entities and the agencies of the United States of
12 America or any fiduciaries or pension or retirement
13 funds; and

14 Sec. 13. 30 MRSA §4651, sub-§13, as enacted by
15 PL 1979, c. 712, §4, is repealed.

16 Sec. 14. 30 MRSA §4712, first ¶, as enacted by
17 PL 1975, c. 625, §18, is amended to read:

18 The state authority may make loans to financial
19 institutions ~~in the State~~ for the purpose of provid-
20 ing mortgage funds for the financing of housing units
21 or housing projects for persons or families of low
22 income, which loans shall be called in this Article
23 "institutional loans." Financial institutions receiv-
24 ing or to receive such loans shall be called in this
25 Article "participating financial institutions." A
26 participating financial institution which does not
27 maintain a regular place of business in the State
28 shall contract for origination of mortgage loans with
29 a financial institution with a regular place of busi-
30 ness in the State.

31 Sec. 15. 30 MRSA §4716, first ¶, as amended by
32 PL 1981, c. 620, §§7 and 8, is further amended to
33 read:

34 The state authority shall require that institu-
35 tional loans be secured as to payment of both prin-
36 cipal and interest by a pledge of and lien upon qual-
37 ified collateral security. ~~Qualified collateral~~
38 ~~security shall be limited to direct obligations of,~~
39 ~~or obligations guaranteed by, the United States of~~
40 ~~America, bonds, debentures, notes or other evidences~~
41 ~~of indebtedness, satisfactory to the state authority,~~
42 ~~issued by any of the following: Bank of Cooperatives,~~

1 Federal Financing Bank, Federal Intermediate Credit
2 Bank, Federal Home Loan Bank System, Export-Import
3 Bank of the United States, Tennessee Valley Author-
4 ity, Farmers Home Administration, Federal Land Banks,
5 the Federal National Mortgage Association or the Gov-
6 ernment National Mortgage Association, direct obli-
7 gations of or obligations guaranteed by the State,
8 bonds and other direct and general obligations of any
9 other state of the United States of America or of any
10 instrumentality or agency thereof, or bonds guaran-
11 teed by any such state or instrumentality rated in a
12 rating category of AA or Aa or their equivalents or
13 better by a nationally recognized rating agency and
14 as shall be approved by the trustee as having an
15 established national market, insurance, letter of
16 credit or other guarantee by a banking institution,
17 insurance company or other business or financial
18 organization the direct and general obligations of
19 which are rated in a rating category of AA or Aa or
20 their equivalents or better by a nationally recog-
21 nized rating agency, mortgages insured or guaranteed,
22 in any manner, in part or in full, by the United
23 States or any instrumentality thereof, or by this
24 State or any instrumentality thereof, privately
25 insured mortgages, conventional mortgages, certain
26 municipal obligations as determined by the state
27 authority, new housing authority bonds, preliminary
28 loan notes, projects notes, all fully secured by con-
29 tract with the United States, or proceeds of any of
30 the above:

31 Sec. 16. 30 MRSA §4722, as enacted by PL 1975,
32 c. 522, §2, is amended to read:

33 §4722. Construction loans

34 Notwithstanding the restrictions stated in sec-
35 tions 4601-A, subsection 1, paragraph E and 4767, the
36 The state authority may participate with financial
37 institutions in the State in the making of construc-
38 tion loans for the purpose of land development and
39 the construction of housing units or housing projects
40 for persons of low income, under such terms and con-
41 ditions as the state authority may by rules or regu-
42 lations establish.

43 Sec. 17. 30 MRSA §4732, sub-§3, as enacted by PL
44 1981, c. 702, Pt. W, §1, is amended to read:

1 3. Availability requirement. For a period of
2 not less than 3 months after the date on which any
3 appropriation is first available for expenditure, at
4 least 50% of the proceeds of mortgage purchase bonds
5 assisted pursuant to subsection 2 and allocated by
6 the state authority for purchase of home improvement
7 notes for owner-occupied residential housing shall be
8 made available for persons of low income whose ad-
9 justed income does not exceed 100% of the median
10 family income for the State, as developed by the
11 United States Bureau of the Census for the United
12 States Department of Health and Human Services, or by
13 any successor agency, for use in establishing eligi-
14 bility for social services funded under the United
15 States Social Security Act, Title XX, or for any
16 other use state authority from available data or
17 publications.

18 Sec. 18. 30 MRSA §4756, as amended by PL 1981,
19 c. 692, §3, is further amended to read:

20 §4756. Purchase and sale of mortgage loans

21 An authority may purchase or make commitments to
22 purchase mortgage loans from any financial institu-
23 tion, pension or retirement fund, any fiduciary or
24 any other person or governmental or business entity.
25 An authority may also sell or make commitments to
26 sell mortgage loans to any pension or retirement
27 fund, any fiduciary or any other person, governmental
28 or business entity or financial institution. An
29 authority may exercise all rights and powers of a
30 holder of any such mortgage loan.

31 Sec. 19. 30 MRSA §4762, first ¶, first sentence,
32 as amended by PL 1981, c. 370, is further amended to
33 read:

34 The state authority shall not at any time have,
35 in the aggregate principal amount thereof outstand-
36 ing, mortgage purchase bonds in excess of
37 \$355,000,000 \$435,000,000 secured by the Housing
38 Reserve Fund or a Capital Reserve Fund to which the
39 3rd paragraph from the end of section 4761 applies.

40 Sec. 20. 30 MRSA §4763, as enacted by PL 1969,
41 c. 470, §18, is repealed.

1 Section 19 increases the debt limitation applica-
2 ble to the state authority' largest mortgage program.

3 Section 20 eliminates a provision which discrimi-
4 nates against housing which is part of a farm.

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