

MAINE STATE LEGISLATURE

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1960
February 8, 1958-

Carlton G. Lane, Chairman
Maine Industrial Building Authority
400 Congress Street
Portland, Maine

Dear Mr. Lane:

I have your letter of January 11, 1960, regarding approval of mortgage insurance for two corporations with inadequate credit standing, but with a parent corporation to guarantee the lease payment.

Chapter 38-B provides that the Authority may insure mortgages within the limits as expressed therein. In my opinion, you may insure the mortgage payments of a subsidiary or wholly owned corporation when the parent corporation assumes or guarantees the obligations. The charter of the parent corporation should expressly provide the corporation with authority to underwrite or guarantee the obligations of a corporation in which the principal corporation has an interest. A corporation which attempted to guarantee any debts or obligation would be acting as an insurance company and could not be chartered under our general business corporation law, Chapter 34.

Very truly yours,

George A. Nathan
Assistant Attorney General

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cc: R. O'Connor, Manager, MIRA

Sec. 8 of C. 34-B