

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FOURTH LEGISLATURE

Legislative Document

No. 1572

S. P. 488

In Senate, June 4, 1969

Reported by Senator Wyman of Washington from Committee on State Government. Printed under Joint Rules No. 18.

JERROLD B. SPEERS, Secretary

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-NINE

AN ACT to Create a State Housing Authority.

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

Sec. 1. R. S., T. 30, § 4552, sub-§ I amended. Subsection I of section 4552 of Title 30 of the Revised Statutes is amended by adding at the end thereof the following:

The area of operation of the Maine Housing Authority is the entire State. The Housing Authority shall not operate in any area in which an authority of a city or a town already established is operating without the consent by resolution of the authority operating therein.

Sec. 2. R. S., T. 30, § 4552, sub-§ 4-A, additional. Section 4552 of Title 30 of the Revised Statutes is amended by adding a new subsection 4-A, to read as follows:

4-A. Elderly. "Elderly" shall mean a person or family as defined in section 2 (2) of the United States Housing Act of 1937, as amended.

Sec. 3. R. S., T. 30, § 4552, sub-§ 5, amended. Subsection 5 of section 4552 of Title 30 of the Revised Statutes is amended to read as follows:

5. Federal Government. "Federal Government" shall include the United States of America ~~the Public Housing Administration~~ or any other agency or instrumentality, corporate or otherwise, of the United States of America.

Sec. 4. R. S., T. 30, § 4552, sub-§ 11, amended. Subsection 11 of section 4552 of Title 30 of the Revised Statutes is amended to read as follows:

11. **Persons of low income.** "Persons of low income" shall mean persons or families, **elderly or otherwise**, who lack the amount of income which is necessary, as determined by the authority ~~undertaking a project~~, to enable them, without financial assistance, to live in decent, safe and sanitary dwellings, without overcrowding.

Sec. 5. R. S., T. 30, § 4552, sub-§ 12, ¶ B, amended. Paragraph B of subsection 12 of section 4552 of Title 30 of the Revised Statutes is amended to read as follows:

B. To provide decent, safe and sanitary dwellings, apartments or other living accommodations for persons of low income **and accommodations for elderly persons of low income**; such work or undertaking may include buildings, land, equipment, facilities and other real or personal property for necessary, convenient or desirable appurtenances, streets, sewers, water service, utilities, parks, site preparation, landscaping, administrative, community, health, recreational, welfare or other purposes; or

Sec. 6. R. S., T. 30, § 4553, amended. Section 4553 of Title 30 of the Revised Statutes is amended to read as follows:

§ 4553. Declaration of necessity

It is declared that there exists in urban and rural areas in the State insanitary, unsafe and overcrowded dwelling accommodations; that in such urban and rural areas within the State there is a shortage of safe or sanitary dwelling accommodations available at rents or prices which persons, particularly veterans, of low income can afford and that such shortage forces such persons to occupy insanitary, unsafe and overcrowded dwelling accommodation; that such conditions, and the existence of blighted areas, impair economic values and tax revenues; that these conditions cause an increase in and spread of disease and crime and constitute a menace to the health, safety, morals and welfare of the residents of the State; that these conditions necessitate excessive and disproportionate expenditures of public funds for crime prevention and punishment, public health and safety, fire and accident protection and other public services and facilities; that these areas in the State cannot be cleared, nor can the shortage of safe and sanitary dwellings for persons of low income be relieved through the operation of private enterprise, and that the construction of housing projects for persons of low income would therefore not be competitive with private enterprise; that the construction of such projects would make housing available for returning veterans of low income who are unable to provide themselves with decent housing on the basis of the benefits heretofore made available to them through certain government guarantees of loans to veterans for the purchase of residential property; that the clearance, replanning and preparation for rebuilding of these areas, the prevention or the reduction of blight and its causes, and the providing of safe and sanitary dwelling accommodations for persons of low income are public uses and purposes for which public money may be spent and private property acquired and are governmental functions of state concern; that residential construction activity is closely correlated with general economic activity and that the undertakings authorized by this sub-

chapter to aid the production of better housing and more desirable neighborhood and community development at lower costs will make possible a more stable and larger volume of residential construction which will assist materially in achieving and maintaining full employment; and that it is in the public interest that advance preparations for such projects and activities **and for the purchasing and guaranteeing of mortgages** be made now, and that the necessity in the public interest for the provisions hereinafter enacted is declared as a matter of legislative determination.

It is further declared that there are serious problems relating to the occupants of existing substandard housing in this State in both urban and rural areas. Much of the existing housing in this State is in immediate need of major repair or replacement; and this subchapter is intended to encourage all existing local, state and federal agencies, public and private agencies, to recognize the needs for rehabilitation and new housing and to adopt such action and practices as to promote a concerted effort to upgrade housing conditions and standards within this State. It is further declared that this subchapter is intended to relieve those conditions which now exist and it is the policy of the State to assist in planning, coordinating and carrying out all existing programs that will encourage further participation by private investment, private enterprise and individual effort.

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

1. To reside in housing which is decent, safe, independently selected, designed and located with reference to their particular needs and available at costs which they can afford.
2. To have available to them a wide range of privately planned, constructed and operated housing.
3. To have available to them such additional publicly planned, constructed and operated housing as is needed to achieve the purposes of subsection 1.
4. To have available from financial institutions in addition to their usually loanable resources for home construction, mortgages and notes, additional resources from the sale of mortgages to the state authority.
5. To have available information and educational programs, and to conduct demonstrations of housing programs and techniques.

Sec. 7. R. S., T. 30, § 460I-A, additional. Title 30 of the Revised Statutes is amended by adding a new section 460I-A, to read as follows:

§ 460I-A. Title

The Maine State Housing Authority is created. It is referred to in this subchapter as the "state authority." It is a public body corporate and politic and an instrumentality of the State.

1. Powers and duties. In addition to the powers granted by section 465I, the state authority shall have the powers and duties to:

- A.** Serve as a clearinghouse for information related to housing and gather statistics on housing, utilizing existing sources of data to the fullest extent possible;
- B.** Develop plans, conduct and encourage in cooperation with other public and private national, state level, regional and local agencies, research and demonstration of model housing programs dealing with but not limited to planning, styles of land use, types of building design, techniques of construction, municipal regulations and management procedures;
- C.** Provide or coordinate technical assistance and consultation about housing by contractual arrangements to municipalities, private industry, municipal housing authorities, nonprofit housing corporations, other organizations and individuals;
- D.** Prepare, publish and disseminate educational materials dealing with but not limited to the topics enumerated in paragraph B above;
- E.** Encourage and coordinate effective use of existing and new resources and available services for housing;
- F.** Act as the public agency of the State of Maine for the purpose of accepting federal funds or other assistance in relation to housing activity in those areas and for those projects duly authorized under section 4552, subsection 1 and other relevant provisions of this statute;
- G.** Carry out housing projects and all other powers and duties of an authority in accordance with Article 3;
- H.** Sell revenue bonds and mortgages or notes;
- I.** Purchase first mortgages or notes;
- J.** Adopt bylaws for the regulation of its affairs and the conduct of its business;
- K.** Perform other functions necessary to the powers and duties expressly stated in this chapter.

Sec. 8. R. S., T. 30, § 4602, amended. Section 4602 of Title 30 of the Revised Statutes, as amended, is further amended to read as follows:

§ 4602. Appointment, qualifications, tenure and meetings of advisory board members, commissioners and directors

1. In the case of a municipality:

A. Each authority shall have 5 commissioners appointed. In the case of a city having a mayor-council form of government, appointment shall be by the mayor with the advice and consent of the council; in the case of a city having a manager-council form of government, appointment shall be by the council; in the case of a town, appointment shall be by the selectmen. No commissioner shall be appointed until the authority is authorized to function as provided in section 4601. The commissioners who are first appointed pursuant to this section shall be designated to serve for terms

of 1, 2, 3, 4 and 5 years, respectively, from the date of their appointment, and thereafter said commissioners shall be appointed as aforesaid for a term of 5 years, except that all vacancies shall be filled for the unexpired term. All such appointments shall be made in the same manner as the original appointment. Those commissioners who were not appointed to terms of 1, 2, 3, 4 and 5 years, but were instead all appointed to terms of 5 years under then existing law shall serve out their terms, and succeeding appointments shall be for terms of 1, 2, 3, 4 and 5 years, respectively, and thereafter said commissioners shall be appointed as aforesaid for a term of office of 5 years, except that all vacancies shall be filled for the unexpired term, all such appointments to be made in the same manner as the original appointment.

B. Each authority shall elect a chairman and vice-chairman from among the commissioners. An authority may employ a secretary, who shall be executive director, and technical experts and such other officers, agents and employees as it may require, and shall determine their qualifications, duties and compensation. An authority may employ its own counsel and legal staff. It may delegate to its agents or employees such powers or duties as it may deem proper.

C. A commissioner shall receive no compensation for his services but shall be entitled to the necessary expenses, including traveling expenses, incurred in the discharge of his duties. Each commissioner shall hold office until his successor has been appointed and has qualified. A certificate of the appointment or reappointment of any commissioner shall be filed with the authority and such certificate shall be conclusive evidence of the due and proper appointment of such commissioner.

D. The powers of an authority shall be vested in the commissioners thereof in office from time to time. Three commissioners of an authority shall constitute a quorum of such authority for the purpose of conducting its business and exercising its powers and for all other purposes, notwithstanding the existence of any vacancies. Action may be taken by the authority upon a vote of a majority of the commissioners present, unless in any case its bylaws shall require a larger number. Meetings of the commissioners of an authority may be held anywhere within the perimeter boundaries of the area of operation of the authority or within any additional area where the authority is authorized to undertake a project. Appointments may be made of any persons as commissioners of the authority who reside within its boundaries or area, and who are otherwise eligible for such appointments under this subchapter.

2. In the case of the State :

A. The state authority shall have a 15 person advisory board, appointed by the Governor representing the several aspects of the housing industry. The advisory board at all times shall have members who represent each of the following : municipal officials, financiers, builders, architects, laborers, sponsors of housing programs, administrators of local public and local private housing corporations, elderly residents of housing, low income resi-

dents of housing, and the director of the state housing authority; and who are not otherwise in the employ of the State of Maine, except the director of the state housing authority.

The state authority shall elect a president and vice-president of the advisory board from among the advisory board members. The advisory board of the state authority shall advise and counsel the director and commissioners of the authority on the policies concerning any and all of the powers and duties of the state authority. Eight advisory board members of the state authority shall constitute a quorum for the purpose of conducting business of the board and exercising its powers, notwithstanding the existence of any vacancies. Action may be taken by the advisory board upon a vote of a majority of the members present, unless in any case its bylaws shall require a larger number.

B. The state authority shall have 5 commissioners appointed by the Governor with the advice and consent of the Executive Council. Said 5 commissioners shall include, but not be limited to representatives of bankers and of low income or elderly people. One member of said 5 commissioners shall be the director of the state authority serving ex officio and he shall be chairman of the commissioners.

The commissioners shall elect a vice-chairman of the commissioners from among their number. The commissioners of the state authority shall have the power and duty to establish and revise from time to time policies of the authority relative to the following particular matters.

- (1) Standards of issuing, servicing and redeeming bonds;
- (2) Purchase, sale, or commitment to purchase mortgages or notes;
- (3) Initiating project construction and accepting properly completed facilities;
- (4) Setting and establishing selection and evaluation standards, criteria and procedures under which it will purchase, sell, or agree to purchase loans, notes or obligations, having regard among other things to property values, local economic conditions and expectancy, credit and employment, and to local housing conditions and needs and the availability of credit resources to meet the same relative to similar or competing conditions and needs in other localities in the State;
- (5) Setting and establishing procedures for the servicing of loans, notes and obligations acquired by it, including the allowance of servicing fees to participating lenders to whom the state authority may entrust such servicing;
- (6) Setting and establishing procedures for the collection of moneys due from persons liable for the payment of the same, as to any loan, note or obligation held by the state authority, by subrogation or otherwise, and to initiate and maintain any action at law or in equity, including foreclosure proceedings, to enforce such payment;

(7) Setting and establishing procedures for the orderly liquidation and disposition of any property acquired by the state authority through foreclosure or otherwise in full or partial satisfaction of any debt of obligation held by it;

(8) Establishing and maintaining out of income or otherwise such reserves as the state authority from time to time determines to be necessary and prudent in addition to those specifically required.

Following reasonable notice to each commissioner, 3 commissioners of the state authority shall constitute a quorum for the purpose of conducting its business and exercising its powers and for all other purposes, notwithstanding the existence of any vacancies. Action may be taken by the commissioners upon a vote of a majority of the commissioners present, unless its bylaws shall require a larger number.

C. The state authority shall have a director, who shall be a person qualified by training and experience to perform the duties of his office, and who shall be appointed by the Governor with the advice and consent of the Executive Council. The powers and duties of the state authority, except those enumerated in subsection I, paragraph B, shall be vested solely in the director of the state authority. The director of the state authority shall serve on a full-time basis for a 4-year term of office, and until his successor has been appointed and qualified. The director of the state authority shall have the power to act in all personnel matters and may employ technical or legal experts and such other officers, agents, and employees as he may require, and shall determine their qualifications, duties, and compensation. The director may delegate to his employees and agents such powers and duties as he deems proper. The rate and amount of compensation of the director shall be established by the Governor with the advice and consent of the Executive Council. The director of the state authority or his representative shall attend any and all meetings of the advisory board or of the commissioners.

D. Advisory board members and commissioners shall serve 4-year terms. Members of the advisory board and commissioners who are first appointed pursuant to this section shall be designated to serve terms of 1, 2, 3 and 4 years respectively, from the date of their appointment, and thereafter said advisory board members and commissioners shall be appointed as aforesaid for a term of 4 years, except that all vacancies shall be filled for the unexpired term, all such appointments to be made in the same manner as the original appointment. No advisory board members or commissioners shall be appointed until the authority is authorized to function as provided in section 4601-A. Appointment may be made of any persons as advisory board members or commissioners of the authority who reside within its boundaries or area, or who are otherwise eligible for such appointments under this subchapter.

An advisory board member or commissioner, except the director of the state authority, shall receive no compensation for his services but shall be entitled to the necessary expenses, including traveling expenses, incurred

in the discharge of his duties. Each advisory board member or commissioner shall hold office until his successor has been appointed and has qualified. A certificate of the appointment or reappointment of any advisory board member or commissioner shall be filed with the authority and such certificate shall be conclusive evidence of the due and proper appointment of such advisory board member or commissioner.

Sec. 9. R. S., T. 30, § 4603, repealed and replaced. Section 4603 of Title 30 of the Revised Statutes is repealed and the following enacted in place thereof:

§ 4603. Conflict of interest

During his tenure and for one year thereafter, neither the executive director nor any employee of any authority shall voluntarily acquire any interest, direct or indirect, in any project or in any property included or planned to be included in any project, of that housing authority, or in any contract or proposed contract relating to any such project, nor shall any commissioner knowingly acquire any interest in any real estate connected with any housing construction project. No member or commissioner of any authority shall participate in any decision on any contract or project entered into by the authority if he has any interest, direct or indirect, in any firm, partnership, corporation, or association which may be party to such contract or financially involved in any such project. Any violation of this section shall constitute misconduct in office. This section shall not be applicable to the acquisition of any interest in notes or bonds of the authority issued in connection with any project, or to the execution of agreements by banking institutions for the deposit or handling of funds in connection with a project or to act as trustee under any trust indenture, or to utility services, the rates for which are fixed or controlled by a governmental agency.

Sec. 10. R. S., T. 30, § 4604, amended. Section 4604 of Title 30 of the Revised Statutes is amended to read as follows:

§ 4604. Removal of commissioners or director

For inefficiency or neglect of duty or misconduct in office, a commissioner or director may be removed after a hearing by the governing body of the city or the selectmen of the town, or by the Governor in the case of the state authority as the case may be, provided he shall have been given a copy of the charges at least 10 days prior to the hearing and had an opportunity to be heard in person or by counsel. In the event of the removal of a commissioner, or director, a record of the proceedings, together with the charges and findings thereon, shall be filed in the office of the clerk, or in the case of the state authority, in the office of the Secretary of State.

Sec. 11. R. S., T. 30, § 4651, sub-§ 10, amended. Subsection 10 of section 4651 of Title 30 of the Revised Statutes, as enacted by chapter 351 of the public laws of 1967, is amended to read as follows:

10. Coordination with governing body. The commissioners of a city, town authority or the director of the state authority shall establish procedures

by which the governing body of the city or the regular, special or duly constituted meeting of the town, as the case may be, may review proposed projects and plans for financing same.

Sec. 12. R. S., T. 30, § 4651, sub-§ 11, additional. Section 4651 of Title 30 of the Revised Statutes is amended by adding a new subsection 11 to read as follows:

11. Mortgage credits. The state authority shall have the power to acquire from banks, life insurance companies, savings and loan associations, the Federal Government and other financial institutions, first mortgage loans and notes anywhere in the State of Maine, the restriction as to the area of operation in section 4552 notwithstanding, and to sell mortgages and notes to insurance companies, other financial institutions and the agencies of the United States of America.

Sec. 13. R. S., T. 30, § 4652, amended. The first paragraph of section 4652 of Title 30 of the Revised Statutes is amended to read as follows:

It is declared to be the policy of this State that each authority shall manage and operate its housing projects in an efficient manner so as to enable it to fix the rentals or payments for dwelling accommodations at low rates consistent with its providing decent, safe and sanitary dwelling accommodations for persons of low income, and that no authority shall construct or operate any housing project for profit, or as a source of revenue to the municipality or State. To this end, an authority shall fix the rentals or payments for dwellings in its projects at no higher rates than it shall find to be necessary in order to produce revenues which, together with all other available moneys, revenues, income and receipts of the authority from whatever sources derived, will be sufficient:

Sec. 14. R. S., T. 30, § 4701, amended. Section 4701 of Title 30 of the Revised Statutes, as amended, is further amended to read as follows:

§ 4701. Federal aid

In addition to the powers conferred upon an authority by other provisions of this subchapter, an authority is empowered to borrow money or accept contributions, grants or other financial assistance from the Federal Government for or in aid of any project within its area of operation, to take over or lease or manage any project or undertaking constructed or owned by the Federal Government, and to those ends, to comply with such conditions and enter into such mortgages, trust, indentures, leases or agreements as may be necessary, convenient or desirable. In any contract with the Federal Government for annual contributions to the authority, the authority may obligate itself, which obligation shall be specifically enforceable and shall not constitute a mortgage, notwithstanding any other laws, to convey to the Federal Government the project to which such contract relates, upon the occurrence of a substantial default, as defined in such contract, with respect to the covenants or conditions to which the authority is subject. Such contract may further provide that in case of such conveyance, the Federal Government may complete, operate, manage, lease, convey or otherwise deal with the project

in accordance with the terms of such contract, provided the contract requires that, as soon as practicable after the Federal Government is satisfied that all defaults with respect to the project have been cured and that the project will thereafter be operated in accordance with the terms of the contract, the Federal Government shall reconvey to the authority the project as then constituted. It is the purpose and intent of this subchapter to authorize every authority to do any and all things necessary or desirable to secure the financial aid or cooperation of the Federal Government in the undertaking, construction, maintenance or operation of any project by such authority and in the exercise by such authority of the other powers granted such authority in this subchapter. To accomplish this purpose an authority, notwithstanding any other law, may include in any contract for financial assistance with the Federal Government any conditions, which the Federal Government may attach to its financial aid of a project, not inconsistent with the purposes of this subchapter. No authority shall enter into any contract for loans, grants, contributions or other financial assistance with the Federal Government for any project unless or until the governing body of its the city, after referendum duly held thereon, and a majority of the voters voting, having voted in favor thereof where the project is to be located, or any regular, special or other duly constituted meeting of its the town where the project is to be located, as the case may be, shall, by resolution duly adopted, have approved its entering into such contract provided that no such referendum shall be required unless initiated as provided, where the authority is of a city whose population is in excess of 60,000. In any city whose population is in excess of 60,000 the voters may require that such a referendum be held by submitting a written petition therefor to the governing body of the city signed by a number of voters equal to at least 10% of the number of votes cast in the last gubernatorial election. The petition shall be presented within 30 calendar days after the initial approval by the governing body of the city of the entering into the contract. The governing body shall authorize and make the necessary provisions for the holding of said referendum, including phrasing of the referendum question, on a date not later than 60 calendar days from the date of receipt of the petition by the governing body. Nothing contained in this section shall require the holding of a referendum to authorize the housing authority of any city or town to enter into any contract for loans, grants, contributions or other financial assistance with the Federal Government for the rehabilitation, alteration or repairs of any housing project already existing and in operation on the date of such contract. To accomplish this purpose an authority, notwithstanding any other law, may include in any contract for financial assistance with the Federal Government any conditions, which the Federal Government may attach to its financial aid of a project, not inconsistent with the purposes of this subchapter.

Sec. 15. R. S., T. 30, § 4751, amended. The first paragraph of section 4751 of Title 30 of the Revised Statutes is amended to read as follows:

An authority shall have power to issue bonds from time to time in its discretion for any of its corporate purposes. An authority shall have power to issue refunding bonds for the purpose of paying or retiring bonds previously issued by it. An authority may issue such types of bonds as it may deter-

mine, including, without limiting the generality of the foregoing, bonds on which the principal and interest are payable; exclusively from the income and revenues of the project financed with the proceeds of such bonds; exclusively from the income and revenues of certain designated projects whether or not they are financed in whole or in part with the proceeds of such bonds; or from its revenues generally or in the case of the state authority, exclusively from the proceeds of mortgages or notes held by the state authority. Any such bonds may be additionally secured by a pledge of any grant or contributions from the Federal Government or other source, or a pledge of any income or revenues of the authority or a mortgage of any project, projects or other property of the authority.

Sec. 16. R. S., T. 30, § 4751, amended. The last paragraph of section 4751 of Title 30 of the Revised Statutes is amended to read as follows:

In any civil action or proceedings involving the validity or enforceability of any bond of an authority or the security therefor, any such bond reciting in substance that it has been issued by the authority to aid in financing a ~~project~~ **the activities of the authority** shall be deemed to have been issued for such purpose, and such ~~project~~ **activities** shall be deemed to have been planned, located and carried out in accordance with the purposes and provisions of this subchapter.

Sec. 17. R. S., T. 30, § 4752, sub-§ 1, amended. Subsection 1 of section 4752 of Title 30 of the Revised Statutes is amended to read as follows:

1. **Pledge of assets.** To pledge all or any part of its gross or net rents, fees or revenues, including any grants or contributions from the Federal Government or other source, to which its right then exists or may thereafter come into existence, **except the proceeds described in sections 4760 and 4761, which shall be applied as described in said sections.**

Sec. 18. R. S., T. 30, c. 239, sub-c. II, article 6, additional. Subchapter II of chapter 239 of Title 30 of the Revised Statutes is amended by adding a new article 6, to read as follows:

ARTICLE 6. MORTGAGE CREDIT

§ 4756. Purchase and sale of mortgages

The state authority shall have the power to purchase or to make commitments to purchase from banks, life insurance companies, savings and loan associations, the Federal Government and other financial institutions lawfully doing business in the State of Maine, the interest bearing obligations secured by mortgages and notes which are a first lien on land and improvements in Maine constituting one family or multi-family units, except that an obligation shall not be eligible for purchase by the state housing authority if the date of said obligation is prior to the effective date of this subchapter. The state authority may also sell any of the above named mortgages or notes to any of the above named parties or to the Federal Government.

The state authority shall have the power to exercise all the rights and powers of a first mortgagee including the power to acquire, sell, convey or

otherwise dispose of any real or personal property acquired or owned by it. The state housing authority shall have the power to sell mortgages or notes to banks, life insurance companies, savings and loan associations, other financial institutions lawfully doing business in the State of Maine, and the United States and its agencies or instrumentalities.

§ 4757. Lenders certification

No obligation shall be eligible for purchase or commitment to purchase by the state authority hereunder unless at or before the time of transfer thereof to the authority, the originating bank, life insurance company, savings and loan association, other financial institution or the United States and its agencies or instrumentalities certifies:

1. That in its judgment the loan would in all respects be a prudent investments for its own account; and
2. That the proceeds of sale or its equivalent shall be reinvested in residential mortgages or notes within the State of Maine, or invested in short term obligations pending the purchase of such residential mortgages.

§ 4758. Authority not obligated

The state authority shall not purchase nor make commitment to purchase loans or obligations from a seller from which it has previously purchased loans or obligations unless said seller had either restored, or made commitments to fund first mortgages that will result in restoring to its portfolio of Maine residential mortgages an amount equal to or greater than the proceeds of prior sale or sales to the state authority. The state authority shall have the right at all times to decline to purchase or to decline to make commitments to purchase any loan or obligation offered or submitted to it.

§ 4759. Consideration for loans purchased

The state authority shall pay for each loan or obligation purchased an amount not in excess of the outstanding principal balance: Discount from the principal balance may be employed to effect a fair rate of return, as determined by the rate of return on comparable investment under market conditions existing at the time of purchase. In addition to the aforesaid payment of outstanding principal balance the state authority shall pay the accrued interest due thereon, on the date the loan or obligation is delivered to the state authority against payment therefore.

§ 4760. Bonds; use of proceeds

The state authority may authorize the issuance of bonds of the authority in the manner and as provided in section 4751 for the purchase of first mortgage home loans and notes from the financial institutions and other agencies specified in section 4756. Proceeds from the sale of such bonds of the state authority shall be used only:

1. For the purchase of interest bearing obligations which are first mortgage home loans or notes under the authority conferred by this subchapter; or

2. To buy and hold stock in the Federal National Mortgage Association and its successors.

§ 4761. Application of receipts; special reserve fund

1. Housing Reserve Fund. The state authority shall establish and maintain a special fund called the "Housing Reserve Fund" which shall consist of:

- A. All moneys appropriated by the State for inclusion therein;
- B. All proceeds of the sale of bonds, required to be deposited therein by the terms of the resolution authorizing the sale of said bonds; and
- C. Any other moneys available to the state authority which it determines to utilize for this purpose.

All moneys held in the Housing Reserve Fund shall be used only to retire bonds of the state authority issued to purchase mortgage loans or notes, or to maintain the Housing Reserve Fund at an amount equal to the minimum reserve established by the state authority. Any proceeds beyond the amount necessary to this function may be used to replace matured mortgage loans or notes or to purchase mortgage loans or notes, or to pay any or all expenses of the state authority up to $\frac{1}{2}$ of 1% of the bond value outstanding each year. The minimum amount of this Housing Reserve Fund shall be the minimum amount of money sufficient to meet the maximum payment required in the succeeding calendar year for payment of principal and interest falling due on all other outstanding bonds and retiring all other bonds required by their terms to be retired, such amounts being hereafter referred to as the required "minimum reserve."

2. Required minimum reserve. Notwithstanding any other provision contained in this subchapter, no bonds shall be issued by the state authority unless there is in the fund the required minimum reserve for all bonds issued and to be issued, provided that nothing shall preclude the state authority from satisfying the foregoing requirement by depositing so much of the proceeds of the bonds being issued, upon their issuance, as is needed for the fund to achieve the required minimum reserve.

In order to assure the maintenance of the required minimum reserve in the Housing Reserve Fund, there shall be annually appropriated and paid to the state authority for deposits in said fund, such sum, if any, as shall be certified by the director of the state authority to the Governor as necessary to restore said fund to an amount equal to the required minimum reserve. The director shall annually, on or before December 1st, make and deliver to the Governor his certificate stating the sum, if any, required to restore said fund to the amount aforesaid, and the sum or sums so certified shall be appropriated and paid to the state authority during the then current state fiscal year.

For purposes of valuation of said fund, securities acquired as an investment for said fund shall be valued at par, actual cost to the state authority or market value, whichever value is less.

§ 4762. Limitations

The state authority shall not at any time have, in the aggregate principal amount thereof outstanding, obligations in excess of \$20,000,000.

§ 4762. Farm dwellings

A house and its appurtenant land not exceeding one acre constituting a dwelling as part of a farm shall be considered to be a dwelling house for all purposes within the meaning of this subchapter.

§ 4764. Records confidential

No member of the authority, agent or employee thereof shall divulge or disclose any information obtained from the records and files or by virtue of such person's office concerning the name of any tenant or information supplied by any tenant or mortgagee in support of an application for mortgage insurance. Annual returns filed with the authority by a mortgagee or tenant shall be privileged and confidential.

§ 4765. Mortgages eligible for investment

All bonds and obligations of the state authority are made legal investments for all insurance companies, trust companies, banks, investment companies, savings banks, savings and loan associations, executors, trustees and other fiduciaries, pension or retirement funds.

§ 4766. Annual report

The director of the state authority shall prepare and submit to the Governor and the Bank Commissioner annually a complete report and a complete financial report duly audited and certified by the auditor of accounts to be distributed in the same way as state departmental reports.

Sec. 19. Appropriation. There is appropriated from the General Fund to the Maine State Housing Authority the sum of \$104,300 to carry out the purposes of this Act. The breakdown shall be as follows:

	1969-70	1970-71
MAINE STATE HOUSING AUTHORITY		
Personal Services	(2) \$11,500	(2) \$26,000
All Other	5,200	9,000
Capital Expenditures	1,800	800
*Bond special reserve	50,000	
	<hr/>	<hr/>
	\$68,500	\$35,800

* The above starred account shall be non-lapsing and remain a continuing account