

MAINE STATE LEGISLATURE

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(EMERGENCY)
FIRST SPECIAL SESSION

ONE HUNDRED AND FOURTH LEGISLATURE

Legislative Document

No. 1790

S. P. 612

In Senate, January 6, 1970

The Committee on State Government suggested.

HARRY N. STARBRANCH, Secretary

Presented by Senator Stuart of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
AND SEVENTY

AN ACT to Clarify and Amend the State Housing Authority Law.

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

Whereas, thousands of Maine citizens of low income occupy unsafe, unsanitary, and substandard dwellings; and

Whereas, the 104th Legislature recognized that such Maine housing conditions would be ameliorated through the purchase of mortgages by the State Housing Authority and empowered that authority to issue bonds to provide housing for these persons of low income as a public purpose; and

Whereas, the recent and continuing increase of unprecedented interest rates in the municipal bond market both prevent the sale of bonds within the 6% interest limit provided by Title 30, section 4751, paragraph 2 and necessitate an increase in that limit; and

Whereas, the housing authority has received requests to purchase several million dollars worth of mortgages and thereby alleviate the shortage of such mortgages to low income families; 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. R. S., T. 30, § 4601-A, sub-§ 1, ¶ H, repealed and replaced. Paragraph H of subsection 1 of section 4601-A of Title 30 of the Revised Statutes,

as enacted by section 7 of chapter 470 of the public laws of 1969, is repealed and the following enacted in place thereof:

H. Issue revenue bonds or notes to carry out the purposes set forth in this Act in order to provide housing for persons of low income;

Sec. 2. R. S., T. 30, § 4601-A, sub-§ 1, ¶ I, repealed and replaced. Paragraph I of subsection 1 of section 4601-A of Title 30 of the Revised Statutes, as enacted by section 7 of chapter 470 of the public laws of 1969, is repealed and the following enacted in place thereof:

I. Purchase and sell first mortgages or notes to carry out the purposes set forth in this Act in order to provide housing for persons of low income;

Sec. 3. R. S., T. 30, § 4602, sub-§ 2, ¶ D, amended. The last sentence of paragraph D of subsection 2 of section 4602 of Title 30 of the Revised Statutes, as enacted by section 8 of chapter 470 of the public laws of 1969, is amended to read as follows:

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~~ the State of Maine.

Sec. 4. R. S., T. 30, § 4603, amended. Section 4603 of Title 30 of the Revised Statutes, as repealed and replaced by section 9 of chapter 470 of the public laws of 1969, is amended by adding at the end the following sentence:

This section shall not be applicable to membership in a corporation organized under Title 13, chapter 81.

Sec. 5. R. S., T. 30, § 4651, sub-§ 11, amended. Subsection 11 of section 4651 of Title 30 of the Revised Statutes, as enacted by section 12 of chapter 470 of the public laws of 1969, is amended to read as follows:

11. Mortgage credits. ~~The Pursuant to the purposes of this Act to provide housing for persons of low income, 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 or any fiduciaries or retirement funds.~~

Sec. 6. R. S., T. 30, § 4751, amended. The first 2 paragraphs of section 4751 of Title 30 of the Revised Statutes, as amended by section 15 of chapter 470 of the public laws of 1969, are further 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 determine, 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; exclusive-

ly from the income and revenue 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, bonds, or notes or other securities held by the state authority or from moneys appropriated by the State or otherwise authorized herein to be applied for payment of principal, redemption price and interest on the bonds. 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.

Whether or not the bonds are of such form and character as to be negotiable instruments under article 8 of the Uniform Commercial Code, the bonds shall be and are hereby made negotiable instruments within the meaning of and for all the purposes of article 8 of the Uniform Commercial Code, subject only to the provisions of the bonds for registration.

Bonds of an authority shall be authorized by its resolution and may be issued in one or more series and shall bear such date or dates, mature at such time or times, bear interest at such rate or rates, not exceeding ~~6%~~ 8% per year, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in such medium of payment, at such place or places, and be subject to such terms of redemption with or without premium, as such resolution, its trust indenture or mortgage may provide.

Sec 7. R. S., T. 30, § 4752, sub-§ 8, additional. Section 4752 of Title 30 of the Revised Statutes, as amended by section 17 of chapter 470 of the public laws of 1969, is further amended by adding a new subsection 8 as follows:

8. Intent. It is the intention hereof that any pledge made by the state authority in respect of such bonds or notes shall be valid and binding from the time when the pledge is made; that the moneys or property so pledged and thereafter received by the state authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act; and that the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the state authority irrespective of whether such parties have notice thereof. Neither the resolution, trust indenture nor any other instrument by which a pledge is created need be recorded.

Sec. 8. R. S., T. 30, § 4756, amended. The last sentence of the 2nd paragraph of section 4756 of Title 30 of the Revised Statutes, as enacted by section 18 of chapter 470 of the public laws of 1969, is amended to read as follows:

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 or any fiduciaries or retirement funds.

Sec. 9. R. S., T. 30, § 4760, amended. The first paragraph of section 4760 of Title 30 of the Revised Statutes, as enacted by section 18 of chapter 470 of the public laws of 1969, is amended as follows :

The State authority may authorize the issuance of **revenue** bonds of the authority in the manner and as provided in section 4751 for **any of its authorized purposes including** the purchase of first mortgage home loans and notes from the financial institutions and other agencies specified in section 4756 and **except as otherwise specifically provided in section 4651, subsection 6 and section 4761, the Proceeds** proceeds from the sale of such bonds of the state authority shall be used ~~only~~ **for these purposes only :**

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