

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIFTH LEGISLATURE

Legislative Document

No. 995

H. P. 733

House of Representatives, February 19, 1971

Referred to Committee on Business Legislation. Sent up for concurrence and ordered printed.

BERTHA W. JOHNSON, Clerk

Presented by Mr. Clark of Jefferson.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-ONE

**AN ACT Authorizing Savings Banks to Issue Mortgage-backed Securities
Guaranteed by the United States.**

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

Sec. 1. R. S., T. 9, § 445, additional. Title 9 of the Revised Statutes is amended by adding a new section 445 to read as follows:

§ 445. Mortgage-backed securities guaranteed by the United States

A savings bank shall have power to issue or participate with other persons in the issuance of mortgage-backed securities which are guaranteed as to principal and interest by the United States or by an agency of the United States and are backed in whole or in part by mortgages held by the savings bank, and in connection therewith may enter into and perform such agreements relating to the custody and servicing of such mortgages and to other matters as may be required pursuant to applicable regulations of any such agency.

Sec. 2. R. S., T. 9, § 570, amended. Section 570 of Title 9 of the Revised Statutes, as enacted by section 18 of chapter 401 of the public laws of 1969, is amended by adding a new sentence at the end to read as follows:

In determining the aggregate of loans hereunder, there shall be excluded mortgage loans backing any security in the issuance of which such savings bank participates pursuant to section 445.

STATEMENT OF FACT

This bill will permit Maine savings banks to participate fully in new federal programs designed to increase the funds available for residential mort-

gage lending. For example, under the National Housing Act and the regulations of the Government National Mortgage Association (GNMA), the GNMA will pledge the full faith and credit of the United States to guarantee payment of the principal and interest on mortgage-backed securities issued by mortgage lenders. Under the regulations, the securities are issued in amounts of \$1,000,000 or more to be paid from the proceeds of designated pools of residential mortgages held by the issuer, or group of lenders participating in the issuance. The mortgages must be FHA or VA insured and acceptable to GNMA, and the issuers and their mortgage-servicing procedures must meet FHA and GNMA standards. The GNMA guaranty makes the securities marketable in competition with other forms of investment security, in effect creating a new secondary market for the residential mortgages.