

MAINE STATE LEGISLATURE

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(EMERGENCY)

ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 604

H. P. 455

House of Representatives, February 1, 1973

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

E. LOUISE LINCOLN Clerk

Presented by Mr. Smith of Exeter.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-THREE

AN ACT to Establish a State Mortgage Assistance Program.

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

Whereas, the Federal Government has suspended below market interest rate programs which served interest assistance needs in Maine last year at a rate in excess of \$2,500,000 in new payments per year; and

Whereas, many Maine citizens have made plans and spent money in the belief that such interest reduction payments would be available; and

Whereas, the cut-off of federal funds will cause severe hardship to those people who have expended money in anticipation of federal assistance and to the housing industry in the State of Maine if it is not counteracted by state action; and

Whereas, the State of Maine acknowledges its responsibility to its low income people to provide decent, safe and sanitary housing; 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, § 4651, sub-§ 12, additional. Section 4651 of Title 30 of the Revised Statutes, as amended, is further amended by adding a new subsection 12 to read as follows:

12. **Mortgage assistance payments.** Mortgage assistance payments pursuant to the purposes of this Act to provide housing for persons of low income, the State Housing Authority shall have the power to make payments and binding commitments to continue said payments if necessary over the life of the mortgage to mortgagees on behalf of low income persons to reduce interest costs on market rate mortgages to as low as 1%. Mortgages assisted by this interest reduction payment must be placed on housing which is insured by the Farmer's Home Administration of the United States Government, the Department of Housing and Urban Development of the United States Government or other insuring agencies or bodies, public or corporate, which in the opinion of the State Housing Authority provide insurance programs similar to those currently provided by the 2 named agencies. Persons benefiting from these mortgage assistance payments shall, according to guidelines to be included in said mortgage agreements, be required to pay a larger interest payment as their ability to pay increases.

Sec. 2. Appropriation. There is appropriated from the Unappropriated Surplus of the General Fund to the State Housing Authority for the purposes of carrying out this Act, the sum of \$5,000,000.

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

STATEMENT OF FACT

This Act enables the Maine State Housing Authority to provide interest reduction payments which were previously made by Farmer's Home Administration or the Department of Housing and Urban Development.

The appropriation is designed to cover those commitments which must be made before the bonded flexible interest rate mortgage program is functioning and to continue to reach those persons whose income is too low to allow them to participate in the bonded program.