

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
106TH LEGISLATURE  
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT" A " to H.P. 1805, L.D. 2285, Bill, "AN ACT to Change the Evaluation of the Housing Reserve Fund and to Clarify the Right of the Maine State Housing Authority to Sell Refunding Bonds."

Amend said Bill by inserting before the enacting clause the following:

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

Whereas, the Maine Housing Authorities Act declares that unsanitary, unsafe and overcrowded dwellings contribute to blight, disease and crime and "constitute a menace to the health, safety, morals and welfare of the residents of the State;" and

Whereas, the Mortgage Purchase Program has been developed by the authority to carry out its mission to alleviate said conditions and will therefore help preserve the public peace, health and safety; and

Whereas, this legislation is necessary to settle current legal issues which have called into question the authority's ability to sell bonds to fund its Mortgage Purchase Program; and

Whereas, the authority is prepared to sell previously authorized bonds immediately upon passage of this Act; 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,'

*(Filing No. H-655)*

Further amend said Bill by inserting at the end before the Statement of Fact the following:

'Sec. 3. R. S., T. 30, §4767, additional.  
Title 30 of the Revised Statutes is amended by adding a new section 4767 to read as follows:

§4767. Operating expenses

All expenses incurred by the state authority to pay for operation and administration of any mortgage purchase program authorized pursuant to this Article shall be payable from any moneys available to the state authority from any source contemplated by this subchapter, including without limitation, the moneys authorized to be applied by section 4761, and in addition, moneys appropriated by the State; proceeds of the sales of bonds and notes; > contributions, grants and other financial assistance from the Federal Government or other sources; income, rents and revenues of projects financed with the proceeds of such bonds or notes; interest on any investments of the state authority; fees related to the mortgage purchase program; insurance premiums and proceeds of mortgages or other interest-bearing obligations purchased pursuant to section 4756.

No later than January 1st in each year, the state authority shall prepare and file in the office of the Bureau of the Budget a budget of its expenses of operation and administration for such program for the fiscal year then commencing. Such budget shall also set forth service fees relating to mortgages purchased. Such budget may be amended at any time, and such amended budget shall also be filed with the office of the Bureau of the Budget. Such budget and any amendments thereto shall be approved by the commissioners prior to being filed in the office of the Bureau of the Budget.

*(Filing No. A-655)*

The expenses of operation and administration set forth in each such budget shall not exceed the amount of moneys available and estimated to be available from the above sources, after deducting therefrom the aggregate amount of principal and interest accrued and to accrue during the fiscal year on all bonds outstanding issued to finance such program authorized by this Article, all as set forth in each such budget. The state authority shall not incur expenses of operation and administration for such program in excess of the amounts provided therefor in such budget.

No amount from the proceeds of the sale of bonds or income derived from bond proceeds in excess of 1/2 of 1% of the bond value outstanding each year may be used to pay for the expenses of operation and administration for the mortgage purchase program nor may such funds be used for other programs of the state authority. The cost of issuance of bonds, and fees paid to any financial institution by the state authority for the purpose of servicing mortgage loans shall not be considered expenses of operation and administration for such program. The state authority shall not use any bond proceeds or income derived from bond proceeds for the purpose stated in section 4601-A, subsection 1, paragraph L.

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

*(Filing No. H-655)*

Statement of Fact

This amendment clarifies the funds available to the state authority to pay for the operation and administration of the mortgage purchase program and provides that such program shall operate with a balanced budget. It sets the maximum amount to be spent on the operation and administration of the mortgage purchase program from bond proceeds to 1/2 of 1% of the bond value outstanding for such program and prohibits the state authority from using bond proceeds in a direct lending program. It also makes the bill an emergency measure.

Reported by the Committee on State Government.

Reproduced and distributed under the direction of the Clerk of the House.

1/25/74

(Filing No. H-655)