

# MAINE STATE LEGISLATURE

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FIRST SPECIAL SESSION

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ONE HUNDRED AND SIXTH LEGISLATURE

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**Legislative Document**

**No. 2303**

H. P. 1814

House of Representatives, January 7, 1974

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

E. LOUISE LINCOLN, Clerk

Presented by Mr. Dunleavy of Presque Isle.

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**STATE OF MAINE**

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-FOUR

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**AN ACT to Establish a Pilot Rural Housing Rehabilitation Program.**

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

**Sec. 1. R. S., T. 30, c. 239, sub-c. II, Article 8, additional.** Subchapter II of chapter 239 of Title 30 of the Revised Statutes is amended by adding a new Article 8 to read as follows:

**ARTICLE 8. MAINE HOUSING REHABILITATION ACT**

**§ 4791. Short title**

This Act shall be known and may be cited as the "Maine Housing Rehabilitation Act."

**§ 4792. Rehabilitation loans**

The State Housing Authority may make, guarantee and subsidize residential housing rehabilitation loans for a pilot project to be established in a selected rural area of the State to qualified individuals, said loans not to exceed \$4,500 at an interest rate at not less than 1% nor more than 9% per year, such rates to be based upon income schedules established by the authority, for a maximum repayment period of 30 years and upon such terms and conditions including, but not limited to, prepayment penalties as may be established by the authority from time to time, provided the authority may review income levels biannually for the purpose of altering the interest rate of outstanding loans.

### § 4793. Residential Rehabilitation Loan Fund

The Residential Rehabilitation Loan Fund is established to be used by the authority as a nonlapsing, revolving fund for carrying out the purposes of section 4792. To this fund shall be credited all appropriations, loan repayments, fees and all other amounts related to section 4792 and from this fund shall be charged any and all expenses of the authority related to section 4792, including administrative expenses, loan subsidies and other related charges.

Moneys in the fund not needed to meet current obligations of the authority in the exercise of its responsibilities under section 4792 shall be deposited with the Treasurer of State to the credit of the fund and invested in such a manner as provided by statutes or, at the discretion of the authority, deposited with a major bank trustee under the mortgage purchase program and managed and invested in a like manner as other moneys held by said trustees.

### § 4794. Administration

The State Housing Authority shall administer the program provided in section 4792 in accordance with the following.

1. **Agreements with financial institutions.** The State Housing Authority is authorized to enter into agreements with any financial institution to guarantee and subsidize loans to persons who qualify upon income schedules and upon such other reasonable terms and conditions as the State Housing Authority shall require by rule and regulation, including, but not limited to, audits, the type and condition of housing to be rehabilitated, and the nature of the rehabilitation to be done.

### § 4795. General provisions

1. **Limitation.** No individual or structure may receive more than one loan pursuant to this Act within a 7-year period.

2. **Rules and regulations required.** The State Housing Authority shall not make, guarantee or subsidize any loans pursuant to this Article until it has promulgated the rules and regulations required in section 4794 and those rules and regulations have been submitted to the Governor and Council for their review and have been approved by the Governor and Council.

3. **Payments suspended.** Whenever an individual who has procured a loan pursuant to this Act becomes unable to make the payments on that loan, the State Housing Authority may indefinitely suspend any obligation to pay thereon and shall assess no further interest or penalty charges on said loan.

**Sec. 2. Appropriation.** There is appropriated from the Unappropriated Surplus of the General Fund the sum of \$75,000 to carry out the purposes of this Act.

## STATEMENT OF FACT

There presently exists a severe shortage in available mortgage and home repair loan moneys. Available federal subsidies have not been nearly adequate

and have not helped the most needy and impoverished individuals. An alarmingly high percentage of existing rural housing is below Code standards and in a bad state of disrepair. With the high cost of building materials and the need to provide for more efficient heating due to the energy crisis, new sources of funding for home rehabilitation must be established. Therefore, this Act establishes a model for rural housing rehabilitation programs.