

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 1805

H. P. 1389

House of Representatives, April 7, 1975

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

EDWIN H. PERT, Clerk

Presented by Mr. Farnham of Hampden.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

AN ACT Consolidating the Statutes of the Maine Guarantee Authority.

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

Sec. 1. 10 MRSA § 702, 2nd sentence, as last amended by PL 1967, c. 525, § 1, is further amended to read:

It is further declared that there is a need to stimulate a larger flow of private investment funds from banks, investment houses, insurance companies and other financial institutions, including pension and retirement funds, to help finance expansion of industrial, manufacturing, fishing, ~~and~~ agricultural and recreational enterprises.

Sec. 2. 10 MRSA § 703, sub-§ 3, ¶ B-1 is enacted to read:

B-1. Any building or other real estate improvement and, if a part thereof, the land upon which it may be located or any interest in land, by lease or otherwise, or any machinery or equipment used or useable in connection with public recreational facilities, consisting of a combination of such improvements as approach roads, parking facilities, marinas, swimming pools, golf courses, campgrounds, picnic areas, hotels, motels, lodges, ski resorts, arenas or similar recreational development furthering the stated purposes of this chapter and for which a comprehensive plan has been prepared.

Sec. 3. 10 MRSA § 703, sub-§ 4, as amended by PL 1967, c. 525, § 3, is further amended to read:

4. Local development corporation. "Local development corporation" shall mean any organization, incorporated under Title 13, chapter 81, for the

purposes of fostering, encouraging and assisting the physical location, settlement and resettlement of industrial, manufacturing, fishing, agricultural, **recreational** and other business enterprises within the state and to whose members no profit shall enure.

Sec. 4. 10 MRSA § 703, sub-§ 7 is amended to read:

7. **Mortgagee.** "Mortgagee" shall mean the original lender under a mortgage, and his successors and assigns approved by the authority and may include all insurance companies, trust companies, banks, investment companies, savings banks, **savings and loan associations**, executors, trustees and other fiduciaries, including pension and retirement funds.

Sec. 5. 10 MRSA § 751, first sentence, as repealed and replaced by PL 1973, c. 633, § 2, is amended to read:

The Maine Guarantee Authority, hereinafter in this chapter called the "authority", is established as a body corporate and politic and a public instrumentality of the state, and the exercise by the authority of the powers conferred by this chapter, chapter ~~701~~ 102 and Title 30, chapter 242, shall be deemed and held to be the performance of essential governmental functions.

Sec. 6. 10 MRSA § 751, last ¶, as repealed and replaced by PL 1973, c. 633, § 2, is repealed and the following enacted in place thereof:

The Maine Guarantee Authority shall administer and exercise the authority granted to it by chapters 102 and 103 and Title 30, chapter 242.

Sec. 7. 10 MRSA § 752, sub-§ 9, as repealed and replaced by PL 1967, c. 525, § 7, is amended to read:

9. **Advisability of eligible project.** In connection with the insuring of payments of any mortgage of industrial or agricultural or **recreational** real estate, to require for its guidance a finding of the planning board of the municipality, or if there is no planning board, a finding of the municipal officers of the municipality, in which the eligible project is proposed to be located, or of the regional planning board of which such municipality is a member, as to the expediency and advisability of such project:

Sec. 8. 10 MRSA § 752, sub-§ 11 is enacted to read:

11. **Criteria for projects.** To require, before issuance of any conditional mortgage agreement;

A. Evidence that the applicant project will serve the purposes of the chapter in increasing or retaining income and employment in the State;

B. Evidence of the economic feasibility of the project;

C. Evidence of financial capability of the applicant, including effective commitments for equity, interim financing and final mortgage financing for the project;

D. Evidence of management and planning capability of the applicant; and

E. Applicant to submit a comprehensive plan that demonstrates, to the satisfaction of the authority, that the project, with proper management, will be capable of achieving the revenue and employment goals set forth by the applicant.

Sec. 9. 10 MRSA § 753, as amended by PL 1967, c. 525, § 8, is further amended to read:

§ 753. Credit of State pledged

The Maine ~~Industrial Building~~ **Guarantee** Authority is authorized to insure the payment of mortgage loans, secured by eligible projects, and to this end the faith and credit of the State is pledged, consistent with the terms and limitations of the Constitution of the State of Maine, Article IX, ~~section~~ **sections 14-A and 14-B**, and such further limitations as may be provided by statute.

Sec. 10. 10 MRSA § 754, as repealed and replaced by PL 1967, c. 525, § 9, is repealed and the following enacted in place thereof:

§ 754. Expenses

The authority may, in its discretion, expend out of the funds under this subchapter, such moneys as may be necessary for any expenses of the authority, including administrative, legal, actuarial and other services. All such expenses incurred by the authority under this subchapter shall be paid by the authority and shall be charged to the appropriate fund. Upon the issuance of mortgage insurance for any such project or projects, any expenses by the authority charged thereto may be reimbursed to the authority by the mortgagee from the proceeds of the mortgage. The authority may, in its discretion, require payments to it, in advance, in anticipation of expenses, investigation and development to be incurred in connection with a proposed project. All proceeds received by the authority from the disposal, by sale or in some other manner, of property it may have acquired in accordance with section 806 shall be credited to the appropriate fund.

Sec. 11. 10 MRSA § 801, sub-§ 1 is repealed and the following enacted in place thereof:

1. Amount of funds; items charged. An Industrial Building Mortgage Insurance Fund, as heretofore established, in the initial amount of \$500,000, and a Recreational Project Mortgage Insurance Fund, as heretofore established in the initial amount of \$50,000, shall be used by the authority as non-lapsing, revolving funds for carrying out this chapter. All expenses of the authority, including interest and principal payments required by loan defaults and to the sum shall be credited all income of the authority, including mortgage insurance premiums and sale, disposal, lease or rental proceeds, shall be charged or credited to the appropriate fund.

Sec. 12. 10 MRSA § 802 is amended to read:

§ 802. —additions to

If from time to time in the opinion of the authority, the addition of moneys to the **Industrial Building Mortgage Insurance Fund or the Recreational Proj-**

ect Mortgage Insurance Fund may be required to meet obligations, the authority shall in writing request the Governor and Council to provide moneys in such amounts as may be necessary for the purpose. The Governor and Council shall transfer to said fund sufficient moneys for said purpose from the State Contingent Account or from the proceeds of bonds to be issued as provided in this section. If bonds are to be issued, the Governor and Council shall order the Treasurer of State to issue bonds in the amount requested, but not exceeding in the aggregate at any one time outstanding the amount set forth in the Constitution of Maine, Article IX, Section 14-A or 14-B, whichever is applicable, as it may be from time to time amended, **except that bonds issued in relation to industrial, manufacturing, fishing and agricultural enterprises shall not exceed in the aggregate at any one time outstanding the amount of \$40,000,000. Such bonds shall ~~to~~ mature serially or made to run for such periods as the Governor and Council may determine, but none of them shall run for a longer period than 20 years, and at such rates of interest and on such terms and conditions as the Governor and Council shall determine. The bonds so issued shall be deemed a pledge of the faith and credit of the State.**

Sec. 13. 10 MRSA § 803, first sentence, as last amended by PL 1973, c. 633, § 4, is further amended to read:

The authority is authorized to insure a percentage of the mortgage payments required by a first mortgage on any eligible project upon receipt of application from the proposed mortgagee, at least 60 days prior thereto, such percentage as determined by the authority shall not be greater than 95% nor less than 75% of the first mortgage, such percentage to be determined as to require the uninsured portion of a first mortgage to be a material amount, otherwise, the first mortgage to be insured upon such additional terms and conditions as the authority may prescribe, provided the aggregate amount of the principal obligations of all mortgages so insured outstanding at any one time shall not exceed ~~the amount set forth in the Constitution of Maine, Article IX, section 14-A, as it may be from time to time amended~~ **the amount of authorized and uninsured bonds for this purpose.**

Sec. 14. 10 MRSA § 803, sub-§ 2, as last amended by PL 1973, c. 788, § 41, is repealed and the following enacted in place thereof:

2. Principal obligation; limit; exception.

A. For industrial, manufacturing, fishing or agricultural projects, involve a principal obligation not to exceed \$2,500,000 for any one project and not to exceed 90% of the cost of project related to real estate, except 80% of the cost of project in the case of real estate in the form of documented fishing vessels, and 75% of the cost of project related to machinery and equipment.

B. For recreational projects, involve a principal obligation, including initial service charges and appraisals, inspection and other fees approved by the authority, the guaranteed portion of which is not less than \$100,000 nor more than \$2,500,000 for any one project and not to exceed 75% of the cost of the project at the time the mortgage is executed, provided that the

above \$100,000 minimum shall not prevent the authority from increasing an existing guaranteed loan to an amount less than \$100,000.

In computing the allowable amount of any eligible project, the amount of mortgages insured for, or for the benefit of, any subsidiary or affiliate of the proposed lessee or tenant of the person seeking the mortgage insurance shall be included;

Sec. 15. 10 MRSA § 803, sub-§ 3, as last repealed and replaced by PL 1967, c. 525, § 11, is amended to read:

3. Maturity; limit. Have a maturity satisfactory to the authority but in no case later than 25 years from the date of the insurance on industrial, ~~and~~ agricultural ~~and~~ recreational real estate mortgages, 20 years from the date of insurance on securities for documented fishing vessels, ~~and~~ 10 years from the date of insurance on securities for ~~industrial and agricultural~~ machinery and equipment, and 25 years from the date of the insurance on securities for recreational machinery and equipment;

Sec. 16. 10 MRSA § 806, as amended by PL 1967, c. 525, § 12, is further amended to read:

§ 806. Acquisition and disposal of property

The authority may take assignments of insured mortgages and other forms of security and may take title by foreclosures or conveyance to any eligible project when an insured mortgage loan thereon is clearly in default and when in the opinion of the authority such acquisition is necessary to safeguard the **Industrial Building Mortgage Insurance Fund or the Recreational Project Mortgage Insurance Fund, as applicable**, and may sell, or on a temporary basis lease or rent, such eligible project for a use other than that specified in section 703, subsection 3.

Sec. 17. 10 MRSA § 809, as enacted by PL 1967, c. 407, is amended to read:

§ 809. Safeguarding the Mortgage Insurance Fund

When a loan insured under this chapter is clearly in default the authority may assent to the extension of time of payment of such insured loan beyond 25 years, may extend the insurance thereon accordingly and may waive mortgage insurance premiums thereon, when in the opinion of the authority any such action is necessary to safeguard the **Industrial Building Mortgage Insurance Fund or the Recreational Project Mortgage Insurance Fund**.

Sec. 18. 30 MRSA § 5327, as last repealed and replaced by PL 1973, c. 633, § 14, is repealed.

Sec. 19. 30 MRSA § 5328, first sentence, as last amended by PL 1973, c. 633, § 15, is repealed and the following enacted in place thereof:

The Maine Guarantee Authority, as created by Title 10, section 751, is authorized and empowered to:

Sec. 20. 30 MRSA § 5328, sub-§ 9, as last amended by PL 1973, c. 633, § 21, is repealed.

Sec. 21. 30 MRSA § 5329, as last amended by PL 1973, c. 633, § 21, is repealed.

Sec. 22. Validity of agreements. All mortgage insurance agreements or conditioned mortgage insurance agreements issued by the Maine Guarantee Authority or its predecessor agencies in effect on the effective date of this Act and all agreements, undertakings or contracts entered into by such authorities in connection with any such mortgage insurance agreement or conditional mortgage insurance agreement shall be effective and enforceable in accordance with their respective terms, provisions and conditions or in accordance with such modified terms, provisions and conditions, if any, as may be subsequently agreed upon by the Maine Guarantee Authority and the other parties to any such agreement subject to the limits prescribed by this Act.

STATEMENT OF FACT

This bill combines the mortgage insurance programs of the Maine Guarantee Authority into one Act and amends the Municipal Industrial and Recreational Obligations Act to reflect the Maine Guarantee Authority's current role in that Act. In combining the Maine Industrial Building Authority Act and the Maine Recreation Authority Act, the broadest language has been utilized in the few instances where the Acts were different. A provision is included in the bill providing that no existing mortgage insurance agreement would be impaired.