

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1451

S. P. 476

In Senate, March 23, 1979

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

Presented by Senator Najarian of Cumberland.

Cosponsor: Senators Gill of Cumberland and Conley of Cumberland.

MAY M. ROSS, Secretary of the Senate

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

**AN ACT to Permit the Maine State Housing Authority to Issue Bonds Backed by
the Moral Obligation of the State.**

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

Sec. 1. 30 MRSA § 4552, sub-§ 19 is enacted to read:

19. Home improvement note. "Home improvement note" shall mean an interest bearing obligation, secured in whole or in part by a mortgage, insurance or otherwise as may be agreed upon by the state authority from time to time, made for purpose of providing for the improvement or rehabilitation, including, but not limited to, energy conservation measures, of residential housing or a housing project in the State.

Sec. 2. 30 MRSA § 4651, sub-§ 13, is enacted to read:

13. Home improvement notes. Pursuant to the purposes of this Act to provide housing for persons of low or moderate income, the state authority shall have the power to acquire from banks, life insurance companies, savings and loan associations, the Federal Government and other financial insitutions, home improvement notes anywhere in the State, the restriction as to the area of operation in section 4552, subsection 1, notwithstanding, and to sell home

improvement notes to insurance companies and other financial institutions and agencies of the United States and any fiduciaries or retirement funds.

Sec. 3. 30 MRSA § 4751, first ¶, as amended by PL 1969, c. 564, § 6, is further amended by adding at the end a new sentence to read:

These bonds may also be secured by one or more Capital Reserve Funds established as provided by section 4761 subject to the limitations specified in section 4762.

Sec. 4. 30 MRSA §4761, sub-§ 2, last ¶, first 2 sentences, as repealed and replaced by PL 1973, c. 623, § 1, are amended to read:

All moneys held in any Capital Reserve Fund shall be used only to retire those bonds of the state authority issued to purchase mortgage loans or notes or **home improvement notes** under the resolution establishing such Capital Reserve Fund, or to maintain such Capital Reserve Fund at an amount equal to the minimum reserve established by the state authority. Any proceeds beyond the amount necessary to this function may be used to replace matured mortgage loans or notes or **home improvement notes** or to purchase mortgage loans or notes or **home improvement notes** or to pay any and all expenses of the state authority up to ½ of 1% of the bond value outstanding each year under the resolution creating such Capital Reserve Fund.

Sec. 5. 30 MRSA § 4761, next to last ¶, first sentence, as amended by PL 1973, c. 623, § 3, is further amended to read:

In order to assure the maintenance of the required minimum reserve in the Housing Reserve Fund and in any Capital Reserve Fund, **to which, under the resolution establishing the Capital Reserve Fund, the paragraph is stated to apply**, there shall be annually appropriated and paid to the state authority for deposits in said funds, such sum, if any, as shall be certified by the director of the state authority to the Governor as necessary to restore any such fund to an amount equal to the required minimum reserve.

Sec. 6. 30 MRSA § 4761, as last amended by PL 1973, c. 649, § 1, is further amended by adding before the last paragraph a new sentence to read:

For any Capital Reserve Fund to which, under the resolution establishing the Capital Reserve Fund, this section is not stated to apply, there shall be no certification by the director to the Governor or appropriation and payment by the Legislature for deposit in the fund to restore the fund to an amount equal to its required minimum reserve.

Sec. 7. 30 MRSA § 4762, as last amended by PL 1977, c. 601, is further amended to read:

§ 4762. Limitations

The state authority shall not at any time have, in the aggregate principal amount thereof outstanding, ~~mortgage purchase~~ bonds in excess of ~~\$225,000,000~~ **\$275,000,000 secured by the Housing Reserve Fund or a Capital Reserve Fund to which section 4761 applies. Bonds of the state authority secured by a Capital Reserve Fund to which section 4761 does not apply may be issued without limitation as to amount.**

STATEMENT OF FACT

In response to a demonstrated need, the Maine State Housing Authority desires to implement a home improvement and rehabilitation program with an emphasis on energy conservation.

The authority is allowed to issue revenue bonds which explicitly would not be a moral obligation of the State and for which appropriations by the Legislature to maintain capital reserves would not be allowed. The bill also raises the current bonding limitation of the authority subject to moral obligation of the State by \$50 million.