

# MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION  
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE  
4

5 Legislative Document

No. 1011

7 H.P. 782

House of Representatives, March 3, 1983

8 Submitted by the Department of Transportation pursuant to Joint Rule  
9 24.

10 On Motion of Representative Carroll of Limerick referred to the Commit-  
tee on Transportation. Sent up for concurrence and ordered printed.

Presented by Representative Theriault of Fort Kent. EDWIN H. PERT, Clerk

11 Cosponsors: Representative Reeves of Pittston, Representative Foster of  
Ellsworth and Senator Twitchell of Oxford.

12 STATE OF MAINE  
13

14 IN THE YEAR OF OUR LORD  
15 NINETEEN HUNDRED AND EIGHTY-THREE  
16

17 AN ACT to Provide for Alternate Financing  
18 for Displaced Homeowners.  
19

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

22 23 MRSA §153-A, sub-§5 is enacted to read:

23 5. Financing for displaced homeowners. When, in  
24 the judgment of the department, a displaced person  
25 cannot obtain financing on replacement housing at a  
26 cost equal to or less than existing financing on  
27 property taken by the department for highway pur-  
28 poses, the department may provide financing upon such  
29 terms and conditions as the department may deem  
30 advisable to best achieve a comparable monthly mort-  
31 gage payment. Any such mortgage shall be for dis-  
32 placed homeowners only and may not be assigned. Upon  
33 the sale of replacement housing by the displaced  
34 homeowners, all unpaid principal and interest shall

1 be due and payable to the department and shall be  
2 credited to the project funds from which the purchase  
3 and mortgage expenditures were made.

4 STATEMENT OF FACT

5 By law, the Department of Transportation is re-  
6 quired to assist displaced persons in finding compa-  
7 rable alternative housing to replace that taken by  
8 the department for highway purposes. Many of these  
9 displaced property owners have older mortgages at  
10 very low interest rates. Finding new housing for  
11 them at equivalent rates is virtually impossible.  
12 One of the methods utilized by the department to meet  
13 these replacement housing requirements is to discount  
14 the new mortgage so that the property owner is paying  
15 the same monthly amount as he was for the property  
16 taken by the State. This immediately places such  
17 owners in a much better position than they had been  
18 before the department took their property, because it  
19 gives them a greater equity in the property than they  
20 previously had.

21 This bill allows the department to arrange less  
22 expensive financing and requires that outstanding  
23 amounts be paid back to the department when and if  
24 the property is sold. The same repayment provisions,  
25 upon sale, are now generally required in private  
26 transactions.

27 To the best of the department's knowledge, no  
28 other state or the Federal Highway Administration has  
29 a comparable system of financing. This legislation  
30 would be used in the relatively rare occurrences when  
31 the department takes housing and cannot arrange  
32 alternative low-cost financing.

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