

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 115

6
7 H.P. 95

House of Representatives, January 22, 1985

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

10 Reference to the Committee on Transportation suggested and ordered
11 printed.

EDWIN H. PERT, Clerk

Presented by Representative Soucy of Kittery.

12 Cosponsored by Representative Theriault of Fort Kent, Representative
13 Callahan of Mechanic Falls and Senator Erwin of Oxford.

14 STATE OF MAINE
15

16 IN THE YEAR OF OUR LORD
17 NINETEEN HUNDRED AND EIGHTY-FIVE

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

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

22 23 MRSA §153-B is enacted to read:

23 §153-B. Financing for displaced homeowners

24 When, in the judgment of the department, a dis-
25 placed person cannot obtain conventional financing on
26 replacement housing at a cost equal to or less than
27 existing financing on property taken by the depart-
28 ment for highway purposes, the department may provide
29 financing upon such terms and conditions as the de-
30 partment deems advisable to best achieve a comparable
31 monthly mortgage payment. Any such mortgage shall be
32 for displaced homeowners only and may not be as-
33 signed. Upon the sale of replacement housing by the
34 displaced homeowner, all unpaid principal and inter-
35 est shall be due and payable to the department and

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

3 STATEMENT OF FACT

4 By law, the department is required to assist dis-
5 placed persons in locating comparable housing to re-
6 place housing taken by the department for highway
7 purposes. Many of these displaced homeowners have
8 older mortgages at very low interest rates. Often
9 they could not obtain financing in today's market,
10 given their economic status. Locating replacement
11 housing at equivalent rates is virtually impossible.

12 Presently, the department can discount or buy
13 down the new mortgage so that the displaced homeowner
14 will pay the same monthly mortgage amount as he was
15 paying on the property taken by the department. This
16 method gives the homeowners a far greater equity than
17 they had previously, at great cost to the State.

18 This bill allows the department to arrange last
19 resort financing for displaced homeowners. It gives
20 the department greater flexibility to work out the
21 best financial arrangement for displaced homeowners
22 at the lowest cost to the State. When and if the
23 property were sold, all outstanding amounts would be
24 paid to the department and credited to the highway
25 project from whence the funds had come.

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