

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No. 472

S.P. 168

In Senate, February 20, 1987

Reference to the Committee on Economic Development suggested and ordered printed.

JOY J. O'BRIEN, Secretary of the Senate  
Presented by Senator THERIAULT of Aroostook.

Cosponsored by Representative CLARK of Millinocket,  
Representative LISNIK of Presque Isle, Speaker MARTIN of Eagle Lake.

STATE OF MAINE

IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND EIGHTY-SEVEN

1 AN ACT to Provide Disaster Assistance for  
2 Home Mortgagors.  
3

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

6 Sec. 1. 30 MRSA c. 239, sub-c. II, Art. 4-D is  
7 enacted to read:

8 ARTICLE 4-D

9 EMERGENCY HOME RETENTION PROGRAM

10 §4741. Emergency Home Retention Program

11 1. Creation of program. The Emergency Home Re-  
12 tenion Program is created within the Maine State  
13 Housing Authority. This program may be operated in

1 conjunction with or as part of one or more other pro-  
2 grams of the state authority. The program shall be  
3 funded through General Fund appropriations to the  
4 Emergency Home Retention Fund, established in section  
5 4742.

6 §4742. Fund created

7 1. Creation. The Emergency Home Retention Pro-  
8 gram Fund is created. Any money appropriated under  
9 section 4741 shall be deposited in this fund.

10 A. As used in this article, the term "fund"  
11 means the Emergency Home Retention Program Fund  
12 created by this subsection.

13 2. Use of money. Money in the fund shall be ap-  
14 plied to:

15 A. Make arrearage mortgage payments and related  
16 lump sum payments to bring the mortgage loan cur-  
17 rent;

18 B. Reduce the rate of interest on or the princi-  
19 pal amount of the mortgage;

20 C. Otherwise reduce payments on mortgage loans  
21 used for the purchase of a principal residence on  
22 behalf of low-income persons who, as determined  
23 by the state authority, are in danger of losing  
24 their homes through foreclosure as a result of a  
25 delayed workers' compensation claim or depression  
26 or failure of industry or business and who have  
27 exhausted all other means of assistance; and

28 D. Pay the administrative costs associated with  
29 the operation of the program.

30 3. Nonlapsing fund. All money in the fund shall  
31 not lapse, but shall be carried forward from year to  
32 year to carry out the purposes of this article.

33 4. Application of fund on behalf of eligible  
34 persons. Pursuant to any contract with or on behalf  
35 of eligible persons, the state authority may, in  
36 whole or in part, apply money in the fund in accord-  
37 ance with this section.

1           5. Accounts within fund. The state authority  
2 may divide the fund into such separate accounts as it  
3 determines are necessary to accomplish the purposes  
4 of this article.

5           §4743. Sources of fund

6           There shall be paid into the fund:

7           1. Appropriations. All money appropriated from  
8 the General Fund for inclusion in the fund;

9           2. Repayment of advances. Subject to any  
10 pledge, contract or other obligation pursuant to sec-  
11 tion 4744, any money which the state authority re-  
12 ceives in repayment of advances from the fund;

13           3. Gains from investments. Subject to any  
14 pledge, contract or other obligation pursuant to this  
15 section, all interest, dividends and pecuniary gains  
16 from investment of money of the fund; and

17           4. Other money. Any other money available to  
18 the state authority and directed by the state author-  
19 ity to be paid into the fund.

20           §4744. Recovery of money applied from fund

21           To the extent permitted by law and to the extent  
22 it is economically and socially reasonable, the state  
23 authority may recover amounts from any person on  
24 whose behalf money from the fund has been applied to  
25 carry out this article.

26           1. Interest. The state authority may charge in-  
27 terest on those amounts at such rate as it may deter-  
28 mine.

29           2. Recovery deferred. The recovery may be de-  
30 ferred until sale or refinancing of the housing, un-  
31 til the end of the term of the mortgage loan or until  
32 such other time as the state authority shall deter-  
33 mine.

34           3. Recourse for recovery limited. Recourse for  
35 the recovery shall be limited to property subject to  
36 the mortgage, except in cases of fraud.

1           Sec. 2. Appropriation.    The following funds are  
2 appropriated from the General Fund to carry out the  
3 purposes of this Act.

	<u>1987-88</u>	<u>1988-89</u>
4		
5	<u>MAINE STATE HOUSING</u>	
6	<u>AUTHORITY</u>	
7		
8		
9		
	(1)	
	\$ 25,000	\$ 25,000
	2,475,000	2,475,000
10		
11	<u>Total</u>	<u>\$2,500,000</u> <u>\$2,500,000</u>

12           These funds repre-  
13 sent assistance to  
14 approximately 200  
15 families if the pro-  
16 gram is operated as  
17 a deferred loan pro-  
18 gram for arrearage  
19 payments and monthly  
20 mortgage payment as-  
21 sistance for a maxi-  
22 mum of 36 months.  
23 The funds include  
24 money for a full-  
25 time staff person  
26 and various expenses  
27 for paperwork and  
28 advertising.

1

STATEMENT OF FACT

2           Certain industries and businesses within the  
3 State are suffering depression or failure due to cli-  
4 matic conditions, foreign or domestic imports or oth-  
5 er economic influences. A significant number of the  
6 State's citizens are employed or have been employed  
7 by these industries or businesses and, as a result of  
8 loss of employment or reduced income from these in-  
9 dustries or businesses, these citizens are in danger  
10 of losing their homes through acts of foreclosure due  
11 to inability to make mortgage payments. Currently,  
12 there exists inadequate relief for these citizens  
13 through public assistance programs in either the pri-  
14 vate or public sector. Since displacement of these  
15 citizens from their homes will worsen the depressed  
16 economic condition which exists in areas where the  
17 depressed or failed industries and businesses are lo-  
18 cated, this bill attempts to lessen the adverse im-  
19 pact of the problems with financial assistance to  
20 these citizens provided by the State through the  
21 Maine State Housing Authority.

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