

MAINE STATE LEGISLATURE

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(After Deadline)
SECOND REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No. 2186

S.P. 841 In Senate, February 2, 1988
Approved for Introduction by a Majority of the Legislative
Council pursuant to Joint Rule 27.

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

JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator CLARK of Cumberland.

Cosponsored by Senator BLACK of Cumberland, Representative
ERWIN of Rumford, Representative STEVENS of Sabattus.

STATE OF MAINE

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

1 AN ACT Providing for the 1988 Amendments to the
2 Maine Housing Authorities Act.
3

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

6 Sec. 1. 30 MRSA §4601-A, sub-§1, ¶L, as
7 repealed and replaced by PL 1983, c. 414, §7, is
8 amended to read:

1 L. Contract with any financial institution to
2 make mortgage loans on behalf of the state
3 authority. The mortgage loans shall be made
4 pursuant to one or more mortgage loan programs
5 governed by standards established in accordance
6 with the Maine Administrative Procedure Act, Title
7 5, chapter 375. The state authority may, without
8 contracting with a financial institution, make
9 mortgage loans only with respect to the following:

10 (1) To protect the security or likelihood of
11 repayment of any mortgage loan held by the
12 state authority when such a loan is not made
13 within 10 business days of application
14 through the originating financial institution
15 on terms and conditions comparable to terms
16 and conditions available from the state
17 authority; or

18 (2) In one or more areas of the State, to
19 the extent that no financial institution,
20 after both initial and such successive
21 reasonable opportunities as the state
22 authority may provide, has contracted with
23 the state authority to participate in a
24 mortgage loan program.

25 The state authority may make mortgage loans,
26 construction loans, grants, noninterest-bearing
27 loans, deferred payment loans, unsecured loans and
28 other similar types of loans to state public
29 bodies or other public instrumentalities and
30 private nonprofit corporations without contracting
31 with a financial institution. Any mortgage loan
32 made pursuant to this paragraph shall not pledge
33 the faith and credit of the State. Any bonds
34 issued by the state authority to finance mortgage
35 loans authorized by this paragraph shall be
36 subject to the limitations of sections 4760 and
37 4762;

38 Sec. 2. 30 MRSA §4723, as enacted by PL 1975,
39 c. 522, §2, is amended to read:

40 §4723. Participation requirements

1 The state authority shall not participate in the
2 making of construction loans unless a financial
3 institution in the State shall agree to participate in
4 such loan at least to the extent of 15% of the
5 principal amount of the loan. Notwithstanding this
6 paragraph, the state authority may make construction
7 loans to state public bodies or other public
8 instrumentalities and private nonprofit corporations
9 without the participation of a financial institution.
10 Notwithstanding any other provisions of law to the
11 contrary, financial institutions in the State are
12 hereby authorized and empowered to act as required by
13 the provisions of this Article article.

14 **Sec. 3. 30 MRSA §4732, sub-§2, as enacted by PL**
15 **1981, c. 702, Pt. W, §1, is repealed and the following**
16 **enacted in its place:**

17 2. Use of money. Money in the fund may be used
18 as follows.

19 A. Money in the Housing Opportunities for Maine
20 Fund may be applied to:

21 (1) Reduce the rate of interest on or the
22 principal amount of such mortgage loans as
23 the state authority determines;

24 (2) Reduce payments by persons of low income
25 for rental of single family or multi-unit
26 residential housing;

27 (3) Make mortgage loans and such other types
28 of loans or grants as the state authority
29 determines;

30 (4) Fund reserve funds for, pay capitalized
31 interest on, pay costs of issuance of or
32 otherwise secure and facilitate the sale of
33 the state authority's bonds issued in
34 accordance with this subchapter;

35 (5) Pay the administrative costs of state
36 public bodies or other public

1 instrumentalities and private, nonprofit
2 corporations directly associated with housing
3 projects; and

4 (6) Otherwise make the costs of single
5 family or multi-unit residential housing
6 affordable by persons of low income.

7 B. Notwithstanding the requirements of section
8 4552, subsection 18, mortgage loans made or
9 assisted with money from the fund may be secured
10 by a mortgage which does not constitute a first
11 lien.

12 C. If any money in the Housing Opportunities for
13 Maine Fund is used in conjunction with or as part
14 of the issuance of any mortgage purchase bonds and
15 the proceeds of the bonds are allocated by the
16 state authority to assist in the acquisition of
17 housing, the state authority may require that the
18 purchaser of the housing make a minimum down
19 payment in an amount determined by the state
20 authority; except that any such requirement shall
21 not apply to mortgage loans insured or guaranteed
22 by the United States Veterans Administration, the
23 Federal Housing Administration or any other agency
24 of the Federal Government that allows for a lesser
25 down payment than that required by the state
26 authority. The state authority may not limit the
27 maximum down payment that may be required.

28 STATEMENT OF FACT

29 This bill makes changes to the Maine Housing
30 Authorities Act to enable the Maine State Housing
31 Authority to require less than a 5% down payment in
32 the Housing Opportunities for Maine Program, to make
33 direct loans to nonprofit housing corporations and
34 agencies and to assist these groups with the
35 administrative costs of providing housing programs to
36 the people of the State.

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