

MAINE STATE LEGISLATURE

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(After Deadline)
SECOND REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No. 2283

S.P. 880 In Senate, February 17, 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 KANY of Kennebec.

Cosponsored by Representative GWADOSKY of Fairfield,
Representative DIAMOND of Bangor, Representative JOSEPH of
Waterville.

STATE OF MAINE

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

AN ACT to Establish the Maine Elderly Tax
Assistance Program.

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

6 Sec. 1. 30 MRSA §4786, sub-§6 is enacted to
7 read:

8 6. Elderly Homeowner Equity Loan Guarantee Fund.

1 The Elderly Homeowner Equity Loan Guarantee Fund means
2 any fund established by the Maine State Housing
3 Authority for the purpose of insuring, guaranteeing,
4 purchasing or making disbursements on reverse annuity
5 mortgage loans, home equity loans or other similar
6 types of loans made to low-income elderly residents of
7 the State either directly through the state authority
8 or a financial institution, or indirectly through
9 property or other tax deferral granted to a low-income
10 elderly homeowner by a state, county or municipal
11 entity or other taxing authority.

12 **Sec. 2. 30 MRSA §4787, sub-§2-A, as repealed**
13 **and replaced by PL 1987, c. 402, Pt. A, §164, is**
14 **amended to read:**

15 **2-A. Limitation.** Notwithstanding this section,
16 the Maine State Housing Authority shall not make any
17 contract or commitment of Indian housing mortgage
18 insurance without the approval of a majority of the
19 Indian Housing Mortgage Insurance Committee.

20 **Sec. 3. 30 MRSA §4790 is enacted to read:**

21 §4790. Elderly Homeowner Equity Loan Guarantee Fund

22 1. **Creation.** There is created and established
23 under the jurisdiction and control of the Maine State
24 Housing Authority the Elderly Homeowner Equity Loan
25 Guarantee Fund.

26 A. As used in this section, the term "fund" means
27 the Elderly Homeowner Equity Loan Guarantee Fund.

28 2. **Sources of fund.** Sources of the fund shall be
29 as follows:

30 A. All money appropriated for inclusion in the
31 fund;

32 B. Subject to any pledge, contract or other
33 obligation, any money which the state authority
34 receives in repayment of advances from the fund;

35 C. Subject to any pledge, contract or other

1 obligation, all interest, dividends and pecuniary
2 gains from investment of money of the fund; and

3 D. Any other money available to the state
4 authority and directed by the state authority to
5 be paid into the fund.

6 3. Application of fund. Funds may be applied in
7 the following manner.

8 A. Money in the fund may be used by the Maine
9 State Housing Authority to insure, guarantee,
10 purchase or make disbursements on loans made to or
11 for the benefit of low-income elderly residents of
12 the State who use the equity value of their
13 primary residence as the collateral for such
14 loans. Loans shall be secured by a mortgage on
15 the residence, subject to such encumbrances,
16 including, without limitation, prior mortgage
17 loans, as are acceptable to the state authority or
18 such other security as determined by the Maine
19 State Housing Authority.

20 B. Money in the fund may be pledged or
21 transferred and deposited as security for and
22 applied in payment of principal of, interest on or
23 redemption premiums on bonds of the Maine State
24 Housing Authority issued to carry out the purposes
25 of this section.

26 C. Interest, dividends and pecuniary gains from
27 investment of money of the fund may be used by the
28 Maine State Housing Authority to pay for the
29 administrative expenses of the fund and its
30 operation.

31 D. The Maine State Housing Authority may, by
32 rulemaking pursuant to Title 5, chapter 375,
33 subchapter II, establish a minimum age for program
34 eligibility different than that imposed by Title
35 30, section 4552, subsection 4-A.

36 4. Accounts within the fund. The Maine State
37 Housing Authority may divide the fund into such
38 separate accounts as it determines are necessary or

1 convenient to accomplish the purposes of this section.

2 5. Revolving fund. The fund shall be a
3 nonlapsing, revolving fund. All money in the fund
4 shall be continuously applied by the Maine State
5 Housing Authority to carry out this section.

6 **Sec. 4. Appropriation.** The following funds are
7 appropriated from the General Fund to carry out the
8 purposes of this Act.

9 1988-89

10 MAINE STATE HOUSING AUTHORITY

11 All Other \$1,000,000

12 Funds constitute the
13 initial payment into
14 the Elderly Homeowner
15 Equity Loan Guarantee
16 Fund established in
17 this Act.

18 STATEMENT OF FACT

19 A high percentage of elderly state residents have
20 as their largest financial asset the equity in their
21 primary residences. The lack of liquidity of this
22 asset prevents its use to assist in addressing the
23 elderly homeowner's need for additional income.

24 Elderly homeowners, particularly those of low
25 income, face continuing difficulty in paying property
26 taxes on their principal residences.

27 Under this bill, elderly homeowners will be able
28 to use the equity in their homes to help generate
29 money to pay property taxes, while at the same time
30 not incurring the added liability of not being able to
31 remain in their homes for as long as they may wish.
32 To accomplish this, the bill establishes the Elderly
33 Homeowner Equity Loan Guarantee Fund to be

1 administered by the Maine State Housing Authority.

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