

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 196

H.P. 144

House of Representatives, February 15, 1989

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

A handwritten signature in cursive script that reads "Ed Pert".

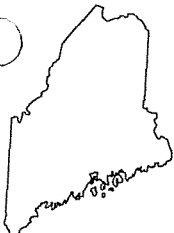
EDWIN H. PERT, Clerk

Presented by Representative ROLDE of York.

STATE OF MAINE

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

An Act to Establish the Maine Elderly Tax Assistance Program.



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

3 Sec. 1. 30-A MRSA §4933, sub-§6 is enacted to read:

5 6. Elderly Homeowner Equity Loan Guarantee Fund. The
7 "Elderly Homeowner Equity Loan Guarantee Fund" means any fund
9 established by the Maine State Housing Authority to insure,
11 guarantee, purchase or make disbursements on reverse annuity
13 mortgage loans, home equity loans or other similar types of loans
15 made to low-income elderly residents of the State either directly
17 through the Maine State Housing Authority or a financial
19 institution or indirectly through property or other tax deferral
21 granted to a low-income elderly homeowner by a state, county,
23 municipal entity or other taxing authority.

15 Sec. 2. 30-A MRSA §4934, sub-§3, as enacted by PL 1987, c.
17 737, Pt. A, §2 and Pt. C, §106, is amended to read:

19 3. Limitation. Notwithstanding this section, the Maine
21 State Housing Authority shall ~~may~~ not make any contract or
23 commitment of Indian housing mortgage insurance without the
approval of a majority of the Indian Housing Mortgage Insurance
Committee.

25 Sec. 3. 30-A MRSA §§4937 to 4937-D are enacted to read:

27 §4937. Elderly Homeowner Equity Loan Guarantee Fund

29 1. Creation. The Elderly Homeowner Equity Loan Guarantee
31 Fund is created and established under the jurisdiction and
33 control of the Maine State Housing Authority. As used in this
section, the term "fund" means the Elderly Homeowner Equity Loan
Guarantee Fund.

35 2. Sources of fund. Sources of the fund shall be as
37 follows:

39 A. All money appropriated for inclusion in the fund;

41 B. Subject to any pledge, contract or other obligation, any
43 money which the Maine State Housing Authority receives in
45 repayment of advances from the fund;

47 C. Subject to any pledge, contract or other obligation, all
49 interest, dividends and pecuniary gains from investment of
51 money of the fund; and

53 D. Any other money available to the state authority and
directed by the Maine State Housing Authority to be paid
into the fund.

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

1
3 A. Money in the fund may be used by the Maine State Housing
5 Authority to insure, guarantee, purchase or make
7 disbursements on loans made to or for the benefit of
9 low-income elderly residents of the State who use the equity
11 value of their primary residence as the collateral for such
13 loans. Loans shall be secured by a mortgage on the
15 residence, subject to such encumbrances, including, without
17 limitation, prior mortgage loans, as are acceptable to the
19 Maine State Housing Authority or such other security as
21 determined by the Maine State Housing Authority.

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

33 C. Interest, dividends and pecuniary gains from investment
35 of money of the fund may be used by the Maine State Housing
37 Authority to pay for the administrative expenses of the fund
39 and its operation.

41 4. Accounts within the fund. The Maine State Housing
43 Authority may divide the fund into separate accounts determined
45 necessary or convenient to accomplish the purposes of this
47 section.

49 5. Revolving fund. The fund shall be a nonlapsing,
51 revolving fund. All money in the fund shall be continuously
53 applied by the Maine State Housing Authority to carry out this
55 section.

57 §4937-A. Limitations

59 The following limitations apply to the Elderly Homeowner
61 Equity Loan Guarantee Fund Program under section 4937.

63 1. Priority. Priority shall be given to low-income elderly
65 households.

67 2. Participation. Participation shall be limited to
69 applicants who are 70 years of age or older.

71 3. Equity. The Maine State Housing Authority shall not
73 insure, guarantee, purchase or make disbursements on loans for
75 which the loan-to-value ratio exceeds 80%.

77 4. Use of funds. Loans provided to eligible recipients
79 shall be used only for urgent matters as determined by the Maine
81 State Housing Authority to include payment of property taxes,
83 property maintenance, home care and similar matters.

1
3 §4937-B. Adoption of rules

5 Under the Maine Administrative Procedure Act, Title 5,
7 chapter 375, subchapter II, the Maine State Housing Authority may
adopt rules necessary to implement the Elderly Homeowner Equity
Loan Guarantee Fund Program.

9 1. Asset limitations. The Maine State Housing Authority
11 may adopt rules with respect to asset limitations. At a minimum,
13 the Maine State Housing Authority shall adopt rules restricting
15 real property assets to the principal residence of the
applicant. Nothing in this section may preclude from eligibility
the permanent residence and land contiguous to that residence,
such as a family farm or similar situation.

17 2. Counseling of applicants. The Maine State Housing
19 Authority shall, by rule, provide for the counseling of
21 applicants to ensure that the applicants are aware of the
advantages, disadvantages, potential risks and other aspects of
the program.

23 3. Purpose; minimize risk. In adopting rules, the Maine
25 State Housing Authority shall seek to protect the interests of
all parties and to minimize the risks to each.

27 4. Federal projects. The Maine State Housing Authority, by
29 rule, may allow for federal pilot projects which may have
31 criteria inconsistent with the criteria in the Elderly Homeowner
Equity Loan Guarantee Fund Program.

33 §4937-C. Report to Legislature

35 The Maine State Housing Authority shall report annually by
37 the 3rd Wednesday in January to the joint standing committee of
39 the Legislature having jurisdiction over housing matters with
41 respect to the results of the program. This report shall contain
the number of households participating in the program, the
average income of the participants, the average household equity
of the participants and the number of years remaining in each
loan before the equity is depleted.

43 §4937-D. Advisory committee

45 The Maine State Housing Authority shall establish a 5-member
47 Elderly Homeowner Equity Loan Guarantee Fund Advisory Committee
49 to assist the Maine State Housing Authority in the development of
51 rules for the program. Members shall include representatives of
the Bureau of Maine's Elderly, area agencies on aging and the
Maine Committee on Aging. At least 3 of the 5 members shall be
70 years of age or older.

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

1989-90

5 **MAINE STATE HOUSING AUTHORITY**

7 All Other \$1,000,000

9 Funds constitute the initial payment into
11 the Elderly Homeowner Equity Loan Guarantee
13 Fund established in this Act.

15 **STATEMENT OF FACT**

17 The purpose of this bill is to create the Elderly Homeowner
19 Equity Guarantee Fund.

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

27 Elderly homeowners, particularly those with low incomes,
face continuing difficulty in paying property taxes on their
principal residences.

29 Under this bill, elderly homeowners will be able to use the
31 equity in their homes to help generate money to pay property
33 taxes, while at the same time enabling them to remain in their
homes for as long as they may wish. To accomplish this, the bill
35 establishes the Elderly Homeowner Equity Loan Guarantee Fund to
be administered by the Maine State Housing Authority.