

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

## FIRST REGULAR SESSION - 1989

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No. 1089

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H.P. 777

House of Representatives, April 10, 1989

Reported by Representative JOSEPH from the Committee on State and Local Government pursuant to H.P. 738 and printed under Joint Rule 2.

A handwritten signature in cursive script, reading "Ed Pert".

EDWIN H. PERT, Clerk

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STATE OF MAINE

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

---

An Act to Incorporate Certain Bond Statutes into the Recodification of  
County and Municipal Laws.

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(EMERGENCY)



1       **Emergency preamble.** Whereas, Acts of the Legislature do not  
2 become effective until 90 days after adjournment unless enacted  
3 as emergencies; and

5       **Whereas,** certain laws amending the statutory provisions  
6 governing the Maine State Housing Authority and the Maine  
7 Municipal Bond Bank were enacted last year; and

9       **Whereas,** these laws were inadvertently omitted from the  
10 recodification of the county and municipal laws which took effect  
11 on February 28, 1989; and

13       **Whereas,** the reenactment of these laws is urgently needed to  
14 preserve the ability of these institutions to issue bonds to  
15 finance vital projects within the State; and

17       **Whereas,** in the judgment of the Legislature, these facts  
18 create an emergency within the meaning of the Constitution of  
19 Maine and require the following legislation as immediately  
20 necessary for the preservation of the public peace, health and  
21 safety; now, therefore,

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

25       **Sec. 1. 30-A MRSA §4702, sub-§8,** as enacted by PL 1987, c.  
26 737, Pt. A, §2 and Pt. C, §106, and as amended by PL 1989, c.c. 6  
27 and 9, is further amended to read:

29       8. Home improvement note. "Home improvement note" means an  
30 interest bearing obligation, secured in whole or in part by a  
31 mortgage, insurance or otherwise as may be agreed upon by the  
32 Maine State Housing Authority from time to time, made to improve  
33 or rehabilitate single-family or multi-unit residential housing  
34 in the State, including, without limitation, the replacement,  
35 removal or rehabilitation of malfunctioning waste water treatment  
36 systems.

37       **Sec. 2. 30-A MRSA §4722, sub-§1, ¶L,** as enacted by PL 1987, c.  
38 737, Pt. A, §2 and Pt. C, §106, and as amended by PL 1989, c.c. 6  
39 and 9, is further amended to read:

41       L. Contract with any financial institution to make mortgage  
42 loans on behalf of the Maine State Housing Authority. The  
43 mortgage loans shall be made under one or more mortgage loan  
44 programs governed by standards established in accordance  
45 with the Maine Administrative Procedure Act, Title 5,  
46 chapter 375. The Maine State Housing Authority may, without  
47 contracting with a financial institution, make mortgage  
48 loans only with respect to the following:

51       (1) To protect the security or likelihood of repayment  
of any mortgage loan held by the Maine State Housing

1 Authority when such a loan is not made within 10  
3 business days of application through the originating  
5 financial institution on terms and conditions  
comparable to terms and conditions available from the  
Maine State Housing Authority; or

7 (2) In one or more areas of the State, to the extent  
9 that no financial institution, after both initial and  
such successive reasonable opportunities as the Maine  
11 State Housing Authority may provide, has contracted  
with the Maine State Housing Authority to participate  
in a mortgage loan program.

13 The Maine State Housing Authority may make mortgage loans,  
15 construction loans, grants, noninterest-bearing loans,  
17 deferred payment loans, unsecured loans and other similar  
19 types of loans to state public bodies or other public  
instrumentalities and private nonprofit corporations without  
21 contracting with a financial institution. Any mortgage loan  
made under this paragraph does not pledge the faith and  
23 credit of the State. Any bonds issued by the Maine State  
Housing Authority to finance mortgage loans authorized by  
25 this paragraph are subject to the limitations of sections  
4905 and 4907;

27 **Sec. 3. 30-A MRSA c. 201, sub-c. III-A is enacted to read:**

29 **SUBCHAPTER III-A**

31 **AFFORDABLE HOUSING PROGRAM**

33 **§4751. Purpose**

35 The State is experiencing severe shortages of affordable  
housing in various parts of the State. The affordable housing  
37 shortage is also contributing to an increasing class of working  
poor people and creating severe hardships for a significant  
39 number of the State's citizens. Municipalities feel the impact  
of the affordable housing shortage and find it difficult to deal  
41 with the problem with their inadequate resources. By working  
together, sharing resources and using more comprehensive  
43 measures, the State and its municipalities can more effectively  
address the shortage of affordable housing and the many other  
45 problems stemming from this housing shortage.

47 **§4752. Housing component of comprehensive plans**

49 Any comprehensive plan developed under chapter 187,  
subchapter II, shall provide for the development of affordable  
51 housing for low-income and moderate-income households. A  
municipality may cooperate with neighboring municipalities to  
develop a regional comprehensive plan in lieu of a municipal

1 plan. Any comprehensive plan developed under chapter 187,  
3 subchapter II, shall include municipal or regional strategies to  
5 effectively reduce the cost of housing or provide for the  
7 construction of affordable housing, including zoning measures,  
9 use of municipally owned land and other similar measures.

11 1. Provide technical assistance and information. The Maine  
13 State Housing Authority and any municipal housing authority shall  
15 provide technical assistance and information to municipalities  
17 requesting assistance in the development of affordable housing  
19 provisions for comprehensive plans to include the formulation of  
21 measures to effectively address the shortage of affordable  
23 housing for low-income and moderate-income households.

25 2. Land and buildings of political subdivisions. Each  
27 municipality shall report to the Bureau of Public Improvements  
29 any municipally owned land or buildings and any land or buildings  
31 within the jurisdiction of any other political subdivisions,  
33 except school administrative districts, that may be suitable for  
35 the construction, reconstruction or rehabilitation of affordable  
37 housing for low-income and moderate-income households.

39 A. School administrative districts shall report to the  
41 Bureau of Public Improvements any land and buildings owned  
43 by or within the jurisdiction of the district that may be  
45 suitable for the construction, reconstruction or  
47 rehabilitation of affordable housing for low-income and  
49 moderate-income households.

51 B. The Maine State Housing Authority shall adopt rules  
53 under the Maine Administrative Procedure Act, Title 5,  
55 chapter 375, which establish standards by which land and  
57 buildings are deemed suitable for the construction,  
59 reconstruction or rehabilitation of affordable housing for  
61 low-income and moderate-income households to be used by  
63 municipalities and school administrative districts under  
65 this section.

#### 39 §4753. Coordination of resources and programs

41 The Maine State Housing Authority, municipal housing  
43 authorities, municipalities and the Department of Economic and  
45 Community Development shall cooperate in the coordination of  
47 resources and programs and the development of housing for  
49 low-income and moderate-income households.

51 1. Matching of resources. The Maine State Housing  
53 Authority may match the resources provided by municipalities  
55 according to ratios established by the Maine State Housing  
57 Authority by rule in accordance with the Maine Administrative  
59 Procedure Act, Title 5, chapter 375.

1       A. Municipal resources may consist of land, buildings,  
3       equipment, personnel, zoning provisions, money and any other  
5       resources considered by the Maine State Housing Authority to  
      effectively help to provide affordable housing to low-income  
      and moderate-income households.

7       B. Any municipality and the Maine State Housing Authority  
9       may use resources provided by the private sector, any  
11       private nonprofit organization or any other public sector  
      organization for the purpose established in this subchapter.

13       **§4754. Purchase and acquire property; construct housing**

15       The Maine State Housing Authority or any municipal housing  
17       authority may purchase or acquire property to preserve or provide  
      affordable housing to low-income and moderate-income people and  
      provide for the management and maintenance of this property.

19       1. Construction. The Maine State Housing Authority or any  
21       municipal housing authority may construct or reconstruct housing  
      for low-income and moderate-income households.

23       2. Rehabilitation. The Maine State Housing Authority or  
25       any municipal housing authority may rehabilitate buildings as a  
      means of providing affordable housing to low-income and  
27       moderate-income households.

29       3. State-owned property. The Maine State Housing Authority  
31       may use surplus state-owned property pursuant to this subchapter  
      and subchapter XI and Title 5, section 1742, subsection 23, to  
      achieve the purpose of this article.

33       4. Property. For the purpose of this subchapter, property  
35       includes land, buildings, structures and equipment.

37       **§4755. Provide property**

39       The Maine State Housing Authority may provide surplus state  
41       property below market value pursuant to this subchapter and  
43       subchapter XI and Title 5, section 1742, subsection 23, to any  
45       person, firm or organization that agrees to construct,  
      reconstruct or rehabilitate affordable housing for low-income and  
      moderate-income households and maintain this property for this  
      purpose in a written contract with the Maine State Housing  
      Authority.

47       **§4756. Rules**

49       The Maine State Housing Authority shall adopt rules in  
51       accordance with the Maine Administrative Procedure Act, Title 5,  
      chapter 375, to implement this subchapter, including eligibility  
      standards for financing under this subchapter.

1                   **Sec. 4. 30-A MRSA §4832, sub-§1,** as enacted by PL 1987, c.  
3 737, Pt. A, §2 and Pt. C, §106, and as amended by PL 1989, c.c. 6  
5 and 9, is further amended to read:

7                   **1. Participation requirements.** The Except as provided in  
9 paragraph A, the Maine State Housing Authority may not  
11 participate in the making of construction loans unless a  
13 financial institution in the State agrees to participate in the  
15 loan at least to the extent of 15% of the principal amount of the  
17 loan. Notwithstanding any other provisions of law, financial  
19 institutions in the State may act as required by this subchapter.

21                   A. The Maine State Housing Authority may make construction  
23 loans to state public bodies or other public  
25 instrumentalities and private nonprofit corporations without  
27 the participation of a financial institution.

29                   **Sec. 5. 30-A MRSA §4852, sub-§2,** as enacted by PL 1987, c.  
31 737, Pt. A, §2 and Pt. C, §106, and as amended by PL 1989, c.c. 6  
33 and 9, is repealed and the following enacted in its place:

35                   **2. Use of money.** Money in the fund may be used as provided  
37 in this subsection.

39                   A. Money in the Housing Opportunities for Maine Fund may be  
41 applied to:

43                   (1) Reduce the rate of interest on or the principal  
45 amount of such mortgage loans as the Maine State  
47 Housing Authority determines;

49                   (2) Reduce payments by persons of low-income for the  
51 rental of single-family or multi-unit residential  
53 housing;

55                   (3) Make mortgage loans and such other types of loans  
57 or grants as the Maine State Housing Authority  
59 determines;

61                   (4) Fund reserve funds for, pay capitalized interest  
63 on, pay costs of issuance of or otherwise secure and  
65 facilitate the sale of the Maine State Housing  
67 Authority's bonds issued under this subchapter;

69                   (5) Pay the administrative costs of state public  
71 bodies or other public instrumentalities and private,  
73 nonprofit corporations directly associated with housing  
75 projects; and

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

1                   B. Notwithstanding the requirements of section 4702,  
3                   subsection 10, mortgage loans made or assisted with money  
5                   from the fund may be secured by a mortgage which does not  
                  constitute a first lien.

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

23                  D. Money in the fund may be provided to 3rd parties to  
25                  provide reasonable administrative support and planning funds  
27                  for the development or specific creation of new housing  
                  units or the rehabilitation of dilapidated or substandard  
                  existing housing units.

29                  **Sec. 6. 30-A MRSA §4907, sub-§1,** as enacted by PL 1987, c.  
31                  737, Pt. A, §2 and Pt. C, §106, and as amended by PL 1989, c.c. 6  
                  and 9, is further amended to read:

33                  1. Limitations on amount of outstanding principal. The  
35                  Maine State Housing Authority may not at any time have an  
37                  aggregate principal amount outstanding, in excess of \$635,000,000  
39                  \$885,000,000 of mortgage purchase bonds secured by the Housing  
41                  Reserve Fund or a Capital Reserve Fund to which section 4906,  
43                  subsection 3, paragraph A applies. Mortgage purchase bonds of  
45                  the Maine State Housing Authority secured by capital reserve  
                  funds to which section 4906, subsection 3, paragraph A does not  
                  apply, bond or mortgage insurance, direct or indirect contract  
                  with the United States, purchase or repurchase agreement of  
                  guaranty with a banking or other financial organization or other  
                  credit arrangements securing the bonds may be issued up to  
                  \$100,000,000 per calendar year in an aggregate principal amount  
                  not to exceed \$300,000,000.

47                  **Sec. 7. 30-A MRSA c. 201, sub-c. IX-B** is enacted to read:  
49

51                                   SUBCHAPTER IX-B

OVERBOARD DISCHARGE ASSISTANCE PROGRAM



1       **§4926. Overboard Discharge Assistance Fund**

3               **1. Creation.** The Overboard Discharge Assistance Fund is  
5       established under the jurisdiction of the Maine State Housing  
7       Authority. For the purposes of this subchapter, "authority"  
      means the Maine State Housing Authority.

9               **2. Sources of fund.** The following shall be paid into the  
11       fund:

13              **A.** All money appropriated for inclusion in the fund;

15              **B.** Subject to any pledge, contract or other obligation, any  
      money which the authority receives in repayment of loans or  
      advances from the fund;

17              **C.** Subject to any pledge, contract or other obligation, all  
19       interest, dividends or other income from investment of the  
      fund; and

21              **D.** Any other money, including federal money, deposited in  
23       the fund to implement this subchapter.

25              **3. Application of fund.** The authority may apply money in  
27       the fund for purposes authorized by this subchapter. Money in  
      the fund not needed currently for purposes of this subchapter may  
29       be deposited with the authority to the credit of the fund or may  
      be invested in such a manner as is provided by law.

31              **4. Accounts within fund.** The authority may divide the  
33       funds into such separate accounts as the authority determines  
      necessary or convenient for carrying out this subchapter.

35              **5. Revolving fund.** The fund shall be a nonlapsing  
37       revolving fund. All money in the fund shall be continuously  
      applied by the authority to carry out this subchapter.

39       **§4927. Maine Overboard Discharge Assistance Program**

41              The Maine Overboard Discharge Assistance Program shall  
43       provide assistance to homeowners whose homes are serviced by  
      substandard or malfunctioning waste water treatment systems,  
45       including straight pipe discharges, individual overboard  
      discharge systems, subsurface waste water disposal systems,  
47       septic tanks, leach fields and cesspools, which systems result in  
      direct discharges of domestic pollutants to the surface waters of  
      the State.

49              **1. Operation.** The authority shall administer the Maine  
51       Overboard Discharge Assistance Program which may be operated in  
      conjunction with other programs of the authority and in

1 cooperation with the Department of Environmental Protection.  
3 Other programs of the authority may be used to supplement or be  
5 used in conjunction with the Maine Overboard Discharge Assistance  
7 Program to achieve the purpose of this subchapter.

9 A. Money in the fund may be used as security for or be  
11 applied in payment of principal, interest, fees and other  
13 charges due on loans made or insured under this program.

15 B. Money in the fund may be used as grants to assist  
17 homeowners who qualify for grant assistance under this  
19 program.

21 2. Provisions governing use of money. The fund shall be  
23 administered subject to this section. Priority shall be given to  
25 homeowners who are or are likely to be in noncompliance with the  
27 state waste classification program, Title 38, chapter 3, article  
29 4-A and who do not have access to adequate capital or credit to  
31 remove, rehabilitate or replace the waste water treatment  
33 system. For purposes of this subchapter, homeowner includes the  
35 owner of a mobile home or manufactured housing unit and the owner  
37 of rental housing.

39 A. The authority, by rules adopted in accordance with the  
41 Maine Administrative Procedure Act, Title 5, chapter 375,  
43 shall establish priorities of assistance to homeowners.  
45 These priorities shall be based on:

47 (1) The assets of the homeowner;

49 (2) The availability of credit or assistance or income  
51 from other sources, including financial institutions,  
investments, trust funds and other similar sources;

(3) The degree of environmental or public health  
hazard;

(4) The immediacy of the need for assistance; and

(5) Any other variables considered important by the  
authority.

B. Grants, not to exceed \$5,000 per homeowner household,  
may be provided to a homeowner if:

(1) The grant is essential to providing housing to the  
homeowner; and

(2) The income of the homeowner is insufficient to  
repay any loan or portion of a loan.

C. Loans from the fund shall not exceed \$10,000 per

1 homeowner household at rates of interest not to exceed 8%  
2 per year.

3  
4 D. Loans from the fund may be made for periods of up to 30  
5 years. If a homeowner cannot repay a loan in full within  
6 the 30-year period, the authority may extend the repayment  
7 period if the authority determines that the loan can be  
8 repaid during the extension period. The authority may waive  
9 the payment of interest on any loan or portion of a loan for  
10 which the interest payment will be an undue hardship on a  
11 household.

12  
13 E. Money in the fund may be used to reduce interest rates  
14 on loans provided by financial institutions located in this  
15 State to homeowners who meet the eligibility requirements of  
16 this program.

17  
18 F. The program shall be directed primarily at households  
19 without access to adequate capital or credit and which meet  
20 the eligibility requirements of this program.

21  
22 G. The program shall be directed secondarily at eliminating  
23 overboard discharges into shellfish growing areas designated  
24 by the Department of Marine Resources.

25  
26 3. Loan insurance. The authority may insure payments due  
27 under a loan or lease and may pledge money in the fund as  
28 security for such loan or lease, which may be in addition to or  
29 in lieu of insurance provided under other provisions of this  
30 chapter. Loans or leases shall not constitute any debt or  
31 liability on the part of the authority or the State, except to  
32 the extent specifically provided by contract executed by the  
33 authority.

34  
35 4. Use of loans and grants. Loans and grants provided in  
36 this subchapter may be used for refinancing mortgages, or the  
37 payment of interest or a portion of the interest on loans.

38  
39 5. Procedures. The authority may adopt rules in accordance  
40 with the Maine Administrative Procedure Act, Title 5, chapter  
41 375, to implement the program.

42 **§4928. Bonds; issuance; separability of provisions**

43  
44 The authority may issue bonds from time to time to carry out  
45 the purposes of this subchapter. These bonds shall be secured in  
46 such manner as the authority may by resolution provide. The  
47 bonds shall be known as overboard discharge assistance bonds.  
48 The authority to issue the bonds under this subchapter  
49 constitutes a complete, additional and alternative method for the  
50 issuance of bonds from that authority provided in any other  
51 subchapter in this chapter. No limitation or restriction as to

1 use of proceeds or total authorized amount of obligations  
3 outstanding stated in this subchapter may apply to bonds issued  
5 under any other subchapter of this chapter, nor may restrictions  
7 or limitations recited in other subchapters apply to bonds issued  
9 under this subchapter. Sections 4901 to 4907 do not apply to  
11 bonds issued under this subchapter. All other provisions of this  
13 chapter apply to bonds issued under this subchapter.

15 The authority shall not have, in the aggregate principal  
17 amount outstanding, overboard discharge assistance bonds in  
19 excess of \$10,000,000. In computing the total amount of bonds of  
21 the authority which may at any time be outstanding, the amount of  
23 the outstanding bonds refunded or to be refunded from the  
25 proceeds of the sale of new bonds or by exchange of new bonds  
27 shall be excluded.

29 **Sec. 8. 30-A MRSA §4934, sub-§1-A is enacted to read:**

31 1-A. Application. The Housing Mortgage Insurance Program  
33 may be made available to persons who have not financed housing  
35 through a program of the Maine State Housing Authority.

37 **Sec. 9. 30-A MRSA §4934, sub-§4 is enacted to read:**

39 4. Surplus revenues. Any revenues in excess of the money  
41 required to insure housing mortgages under this subchapter shall  
43 first be used to repay any loans from the General Fund. After  
45 repayment to the General Fund, any surplus money may be allocated  
47 to the Housing Opportunities for Maine Program.

49 **Sec. 10. 30-A MRSA § 4951, sub-§1, as enacted by PL 1987, c.**  
51 **737, Pt. A, §2 and Pt. C, §106, and as amended by PL 1989, c.c. 6**  
53 **and 9, is further amended to read:**

55 1. Study of the inventory of state-owned land. The Maine  
57 State Housing Authority, following completion of the inventory of  
59 state-owned land pursuant to Title 5, section 1742, subsection  
61 23, shall determine sites that will be suitable for the  
63 construction of affordable housing to meet the needs of the  
65 State, particularly housing for low-income persons and  
67 middle-income households.

69 **Sec. 11. 30-A MRSA §4952 is enacted to read:**

71 **§4952. Surplus land in trust**

73 The Maine State Housing Authority and the Department of  
75 Administration shall develop a procedure by which state-owned  
77 land and structures determined to be surplus and useable or  
79 needed for the furtherance of the development of affordable  
81 housing for low-income and moderate-income households shall be  
83 held in trust for this purpose and may not be sold or used for

1 other purposes, except with the approval of the Commissioner of  
3 Administration and the Director of the Maine State Housing  
4 Authority.

5 1. Procedure. The procedure established under this section  
6 shall include provisions for the expeditious transfer of title to  
7 surplus land and structures to the Maine State Housing Authority  
8 to be used for affordable housing for low-income and  
9 moderate-income households. Transfer of title to specific  
10 parcels of land and structures shall occur after the Maine State  
11 Housing Authority prepares plans for housing projects for these  
12 specific parcels or structures.

13  
14 2. Transfer of surplus property. Any transfer to the trust  
15 of surplus land and buildings under this section must be approved  
16 by law.

17  
18 3. Surplus property removed from trust. Before removing  
19 any surplus property from the trust, the Maine State Housing  
20 Authority shall hold a hearing within the municipality in which  
21 the municipality in which the property is located. The hearing  
22 shall be conducted in accordance with the notice provisions of  
23 Title 5, section 8053.

24  
25 4. Report to Legislature. The Maine State Housing  
26 Authority shall report to the joint standing committee of the  
27 Legislature having jurisdiction over housing matters by the 3rd  
28 Wednesday in January of each First Regular Session with respect  
29 to the implementation and impact of this section.

30  
31 Sec. 12. 30-A MRSA c. 201, sub-c. XII is enacted to read:

32  
33  
34 SUBCHAPTER XII

35 PRESERVATION OF MODERATE-INCOME AND LOW-INCOME  
36 HOUSING CONSTRUCTED WITH FEDERAL  
37 ASSISTANCE

38  
39  
40 §4971. Purpose

41  
42 The State is experiencing severe shortages of affordable  
43 housing in various parts of the State. The affordable housing  
44 shortage is contributing to an ever-increasing class of working  
45 poor people and creating severe hardships for a significant  
46 number of Maine citizens.

47  
48 The housing shortage problem may soon be intensified by the  
49 conversion of moderate-income and low-income rental housing units  
50 into housing for higher income persons and families. Many  
51 moderate-income and low-income rental housing units were  
constructed with federal assistance nearly 20 years ago with an

1 agreement that the mortgagee may pay the mortgage after 20 years  
2 and not be subject to any of the restrictions in the initial  
3 agreement. As the mortgagees pay the mortgages, it is essential  
4 for the State to preserve as much of this housing as possible at  
5 affordable costs for the citizens of the State.

7 §4972. Definition

9 For the purpose of this subchapter, "low-income rental  
10 housing" means residential housing projects in which a majority  
11 of the units are subject to federal income eligibility  
12 restrictions and the rents within the projects are controlled by  
13 a federal agency pursuant to a regulatory or rental assistance  
14 agreement.

15 §4973. Notification of intent to sell

17 Any person who has a controlling interest in any low-income  
18 housing may not sell, transfer title or take other action in  
19 regard to the property which would result in the termination of  
20 financial assistance designed to make a rental unit affordable to  
21 low-income or moderate-income people, without providing notice,  
22 as outlined in subsection 1, to the Maine State Housing Authority  
23 and the municipal housing authority, if any, in the region where  
24 the property is located, as provided in this section.

25 1. Notice. The notice shall be made to the Maine State  
26 Housing Authority and the local housing authority serving the  
27 area, if any, when the owner enters into a contract for the sale  
28 or transfer or takes other action in regard to the property.  
29 This notice shall include a copy of any contract of sale.

30 2. Right of first refusal. The Maine State Housing  
31 Authority has the right of first refusal to purchase the  
32 property. The authority shall hold the right of first refusal  
33 for not more than 30 days from receipt of the notice required by  
34 this section. Failure to respond to the notice of first refusal  
35 in 30 days constitutes a waiver of that right of first refusal by  
36 the authority. By stating in writing its intention to pursue its  
37 right of first refusal during the 30-day period, the authority  
38 has an additional 60 days, beginning on the date of the  
39 termination of the first refusal period, to buy or to produce a  
40 buyer for the property. This additional 60-day period may be  
41 extended by mutual agreement between the authority and the owner  
42 of the property.

43 A. Nothing in this section prevents an owner of the  
44 property from withdrawing the property from the market and  
45 revoking the notice required by subsection 1 at any time  
46 before the 90-day period expires or until the authority  
47 provides its notice of taking by eminent domain. The  
48 withdrawal or revocation extinguishes any right of first  
49 refusal held by the Maine State Housing Authority.

1  
3       3. Exceptions. The Maine State Housing Authority shall not  
5       possess any right of first refusal when a bona fide buyer, by  
7       contract with the seller, agrees to maintain the property as  
9       low-income housing. The notice provisions of this section apply  
11       to this subsection.

13       **§4974. Purchase property; construct housing**

15       The Maine State Housing Authority or any municipal housing  
17       authority may purchase or acquire property to preserve or provide  
19       affordable housing to moderate-income and low-income people and  
21       provide for the management and maintenance of this property.

23       1. Construction. The Maine State Housing Authority or any  
25       municipal housing authority may construct or reconstruct housing  
27       for moderate-income and low-income households.

29       2. Rehabilitation. The Maine State Housing Authority or  
31       any municipal housing authority may rehabilitate buildings to  
33       provide affordable housing to moderate-income and low-income  
35       households.

37       **§4975. Provide financing**

39       The Maine State Housing Authority or any municipal housing  
41       authority may provide low interest or no interest financing to  
43       any person who agrees to construct, reconstruct, rehabilitate or  
45       purchase property to provide housing for moderate-income and  
47       low-income households.

49       **§4976. Conversion of property**

51       Any owner of low-income rental housing who prepays the  
53       mortgage and any person who purchases low-income rental housing  
55       and who intends to convert the facility from low-income rental  
57       housing to any other use, including other residential uses, shall  
59       allow the current tenants to remain in the units for 6 months  
61       from the date of prepayment or transfer of title, at the rents  
63       charged to the tenants before mortgage prepayment or transfer of  
65       title or at the rents provided under the assistance program to  
67       which the housing is subject if such assistance is not  
69       terminated, or the owner may relocate the tenants to comparable  
71       units with comparable rents in accordance with the procedure  
73       established by rules of the Maine State Housing Authority.

75       1. Rules. The Maine State Housing Authority, pursuant to  
77       the Maine Administrative Procedure Act, Title 5, chapter 375,  
79       shall adopt rules with respect to relocation standards to be  
81       applied under this section. These standards shall include, but  
83       are not limited to, assistance with moving expenses and rental  
85       assistance payments necessary to maintain comparable rents for  
87       the displaced tenants.

1           **§4977. Rules**

3           The Maine State Housing Authority may adopt rules in  
5 accordance with the Maine Administrative Procedure Act, Title 5,  
7 chapter 375, to implement this subchapter.

9           **§4978. Penalty**

11           Any person who fails to give notice as provided in this  
13 subchapter commits a civil violation for which a penalty of not  
15 less than \$2,500 may be adjudged.

17           **§4979. Repeal**

19           This subchapter is repealed on August 1, 1989.

21           **Sec. 13. 30-A MRSA §5903, sub-§3-A** is enacted to read:

23           3-A. Capital reserve fund. "Capital reserve fund" means  
25 any capital reserve fund created or established as provided in  
27 section 6006, subsection 1-A.

29           **Sec. 14. 30-A MRSA §5903, sub-§§6-A and 6-B** are enacted to  
31 read:

33           6-A. Median household income. "Median household income"  
35 means the income computed based on the most current census  
37 information available, as provided by the State Planning Office.

39           6-B. Municipal bond. "Municipal bond" means a bond or note  
41 or evidence of debt issued by a municipality and payable from  
43 taxes or from rates, charges or assessments, but does not include  
45 any bond or note or evidence of debt issued under chapter 213 or  
47 Title 10, chapter 110, subchapter IV.

49           **Sec. 15. 30-A MRSA §5903, sub-§7-A** is enacted to read:

51           7-A. Municipality. "Municipality" means any city, town,  
53 special district, county, plantation or municipal village  
55 corporation within the State.

57           **Sec. 16. 30-A MRSA §5903, sub-§9,** as enacted by PL 1987, c.  
59 737, Pt. A, §2 and Pt. C, §106, and as amended by PL 1989, c.c. 6  
61 and 9, is further amended to read:

63           9. Required debt service reserve. "Required debt service  
65 reserve" means the amount required to be on deposit in the  
67 reserve fund as prescribed by section 6006, subsection 1.

69           **Sec. 17. 30-A MRSA §5903, sub-§9-A** is enacted to read:



1           9-A. Required minimum reserve. "Required minimum reserve"  
3 means the amount required to be on deposit in a capital reserve  
5 fund as prescribed by section 6006, subsection 1-A.

7           **Sec. 18. 30-A MRSA §5903, sub-§12** is enacted to read:

9           12. Revolving loan fund. "Revolving loan fund" means that  
11 revolving loan fund created under section 6006-A.

13           **Sec. 19. 30-A MRSA §5953-A** is enacted to read:

15           **§5953-A. Loans from revolving loan fund**

17           1. Loan application. A municipality may apply for a loan  
19 from the revolving loan fund, the proceeds of which shall be used  
21 to acquire, design, plan, construct, enlarge, repair or improve a  
23 publicly owned sewage system, sewage treatment plant or to  
25 implement a related management program.

27           The bank may prescribe any application form or procedure required  
29 of a municipality for a loan under this section. The application  
31 shall include any information that the bank determines necessary  
33 for the purpose of implementing this section and section 6006-A.

35           2. Loan; loan agreements. Loans are subject to this  
37 subsection.

39           A. The bank may make loans from the revolving loan fund to  
41 a municipality for one or more of the purposes set forth in  
43 subsection 1. Each of the loans shall be made subject to  
45 the following conditions.

47                   (1) The total amount of loans outstanding at any one  
49 time from the revolving loan fund may not exceed the  
51 balance of the fund, provided that the proceeds of  
53 bonds or notes of the bank deposited in the fund and  
55 binding financial commitments of the United States to  
57 deposit money in the fund are included in determining  
59 the fund balance.

61                   (2) The loan shall be evidenced by a municipal bond,  
63 payable by the municipality over a term not to exceed  
65 20 years with annual principal and interest payments  
67 commencing not later than one year after the project  
69 being financed is completed.

71                   (3) The rate of interest charged for the loans shall  
73 be at or below market interest rates.

75                   (4) Subject to the limitations of subparagraph (3),  
77 the rate of interest charged for the loans made to

1            municipalities under this section or the manner of  
3            determining the rate of interest shall be established  
5            from time to time by direction of the bank, taking into  
7            consideration the current average rate on outstanding  
            marketable obligations, as well as the policies of the  
            Department of Environmental Protection.

9            B. Loans made to a municipality by the bank under this  
11           section shall be evidenced by and made in accordance with  
13           the terms and conditions specified in a loan agreement to be  
15           executed by the bank and the municipality. The loan  
            agreement shall specify the terms and conditions of  
            disbursement of loan proceeds. The loan agreement shall  
            state the term and interest rate of the loan, the scheduling  
            of loan repayments and any other terms and conditions  
            determined necessary or desirable by the bank.

17           3. Eligibility certification. No loan to a municipality  
19           may be made under this section until:

21           A. The applicant certifies to the bank that it has secured  
23           all permits, licenses and approvals necessary to construct  
            the improvements to be financed by the loan;

25           B. The applicant demonstrates to the bank that it has  
27           established a rate, charge or assessment schedule which will  
29           generate annually sufficient revenue to pay, or has  
31           otherwise provided sufficient assurances that it will pay,  
33           the principal of and interest on the municipal bond or other  
            debt instrument which evidences the loan made by the bank to  
            the municipality under this section and to pay reasonably  
            anticipated costs of operating and maintaining the financed  
            project and the system of which it is a part;

35           C. The applicant certifies to the bank that it has created  
37           a dedicated source of revenue, which may constitute general  
            revenues of the applicant through a general obligation  
            pledge of the applicant, for repayment of the loan;

39           D. The applicant and the project to be financed by the  
41           proceeds of the loan have been designated by the Department  
43           of Environmental Protection as eligible to participate in a  
45           construction or implementation program funded wholly or in  
            part by the State and from the proceeds of the revolving  
            loan fund;

47           E. The Department of Environmental Protection certifies to  
49           the bank that any management program to be financed complies  
            with all applicable state and federal laws and all rules and  
            regulations adopted under those laws; and

51           F. The Department of Environmental Protection certifies to

1 the bank that the loan eligibility priority, established  
3 under section 6006-A, subsection 3, entitles the applicant  
5 to immediate financing or assistance under this section.

7 **Sec. 20. 30-A MRSA §5959 is enacted to read:**

9 **§5959. Rules; reports**

11 1. Rules. The Department of Environmental Protection and  
13 the bank may adopt rules and policies necessary to implement  
15 sections 5953-A and 6006-A to ensure the self-sustaining nature  
17 of the fund created under section 6006-A and also to ensure  
19 compliance with the Federal Water Pollution Control Act, Title VI.

21 2. Contractual authority; reports. The Department of  
23 Environmental Protection and the bank may enter into agreements  
25 and shall provide notice as provided in this subsection.

27 A. The Department of Environmental Protection and the bank  
29 may enter into agreements on behalf of the State with  
31 agencies of the United States as may be necessary to obtain  
33 grants and awards in furtherance of the stated purposes for  
35 which the revolving loan fund created under section 6006-A  
37 is established and take all other actions necessary to  
39 comply with the Federal Water Pollution Control Act, Title  
41 VI, provided that notice of each of the agreements is made  
43 in a timely fashion to the Governor.

45 B. Annually, the Department of Environmental Protection and  
47 the bank shall notify the Governor of the amount of the fund  
49 created under section 6006-A anticipated to be available for  
51 the next fiscal year.

C. The bank is designated by the State as the  
instrumentality empowered to administer the revolving loan  
fund in conjunction with the Department of Environmental  
Protection to accept capitalization grants made under the  
Federal Water Pollution Control Act, Title VI and to manage  
the revolving loan fund in accordance with that Act.

**Sec. 21. 30-A MRSA §6003, sub-§1, ¶A-1 is enacted to read:**

A-1. The making of deposits to the revolving loan fund;

**Sec. 22. 30-A MRSA §6003, sub-§2, as enacted by PL 1987, c.**  
737, Pt. A, §2 and Pt. C, §106, and as amended by PL 1989, c.c. 6  
and 9, is further amended to read:

**2. Bonds as general obligation bonds; additional security.**  
Except as expressly provided otherwise in this chapter or by the  
bank, every issue of bonds shall be general obligations of the  
bank payable out of any revenues or funds of the bank, subject

1 only to any agreements with the holders of particular bonds  
pledging any particular revenues or funds. Bonds that are not  
3 general obligations of the bank shall be special obligations of  
5 the bank payable solely from any revenues or funds of the bank  
7 pledged for that purpose and subject only to any agreements with  
8 the holders of particular notes and bonds pledging any particular  
9 revenues or funds. ~~General--obligation~~ Any bonds may be  
10 additionally secured by a pledge of any grants, subsidies,  
11 contributions, funds or money from the Federal Government, the  
State, any governmental unit, any person or a pledge of any  
income or revenues, funds or money of the bank from any source.

13 **Sec. 23. 30-A MRSA §6003, sub-§9** is enacted to read:

15 **9. Taxation of interest.** The bank may covenant and  
16 consent, at or before the issuance of its bonds or notes, to the  
17 inclusion of interest on any of its bonds or notes, under the  
18 United States Internal Revenue Code of 1986 or any subsequent  
19 corresponding internal revenue law of the United States, in the  
20 gross income of the holders of any such bonds or notes to the  
21 same extent and in the same manner that the interest on bills,  
22 bonds, notes or other obligations of the United States is  
23 includable in the gross income of the holders of the bonds or  
24 notes under the United States Internal Revenue Code or any such  
25 subsequent law.

27 **Sec. 24. 30-A MRSA §6006, sub-§1, ¶¶A and B,** as enacted by PL  
28 1987, c. 737, Pt. A, §2 and Pt. C, §106, and as amended by PL  
29 1989, c.c. 6 and 9, are further amended to read:

31 A. Money in the reserve fund shall be held and applied  
32 solely to the payment of the interest on and principal of  
33 bonds secured by the reserve fund and sinking fund payments  
34 mentioned in this chapter with respect to bonds secured by  
35 the reserve fund as the interest, principal and sinking fund  
36 payments become due and payable; and for the retirement of  
37 bonds, including the payment of any redemption premium  
38 required to be paid when any bonds are redeemed or retired  
39 before maturity. Money may not be withdrawn from the fund  
40 if the withdrawal would reduce the amount in the reserve  
41 fund to an amount less than the required debt service  
42 reserve, except for:

- 43 (1) Payment of interest then due and payable on bonds;  
44  
45 (2) Payment of the principal of bonds then maturing  
46 and payable;  
47  
48 (3) Sinking fund payments mentioned in this chapter  
49 with respect to bonds;  
50  
51 (4) The retirement of bonds in accordance with the  
52 terms of any contract between the bank and its  
53 bondholders; and

1  
3 (5) The payment for which other money of the bank is  
5 not then available for payment of interest, principal  
or sinking fund payments or the retirement of bonds in  
accordance with the terms of any such contract.

7 B. As used in this chapter, "required debt service reserve"  
9 means, as of any date of computation, the amount or amounts  
11 required to be on deposit in the reserve fund as provided by  
13 resolution of the bank. The required debt service reserve  
shall be, as of any date of computation, an aggregate amount  
equal to at least the largest amount of money, required by  
the terms of all contracts between the bank and ~~its~~  
~~bondholders~~ holders of bonds secured by the reserve fund, to  
be raised in the then current or any succeeding calendar  
year for:

17 (1) The payment of interest on and maturing principal  
19 of that portion of outstanding bonds secured by the  
21 reserve fund, the proceeds of which were applied solely  
to the purchase of municipal securities; and

23 (2) Sinking fund payments required by the terms of any  
25 such contracts to sinking funds established for the  
payment or redemption of those bonds.

27 **Sec. 25. 30-A MRSA §6006, sub-§1-A is enacted to read:**

29 1-A. Capital reserve fund. This subsection applies to  
31 capital reserve funds.

33 A. The bank may establish and maintain one or more special  
funds called "capital reserve funds" in which there shall be  
deposited:

35 (1) All money appropriated by the State for the  
37 purpose of those funds;

39 (2) All proceeds of bonds required to be deposited in  
41 those funds by the terms of any contract between the  
43 bank and its bondholders or any resolution of the bank  
with respect to the proceeds of bonds;

45 (3) Any other money or funds of the bank which it  
determines to deposit in those funds; and

47 (4) Any other money made available to the bank only  
49 for the purposes of the fund from any other source or  
sources.

51 B. Money in any capital reserve fund shall be held and  
applied solely:

1                   (1) To pay the interest on and principal of bonds  
3                   secured by the capital reserve fund and sinking fund  
5                   payments mentioned in this chapter with respect to  
7                   bonds secured by the capital reserve fund as the  
                    interest and principal becomes due and payable; and

9                   (2) To retire bonds secured by the capital reserve  
11                   fund, including the payment of any redemption premium  
                    required to be paid when any such bonds are redeemed or  
                    retired before maturity.

13                   C. The minimum amount of any capital reserve fund shall be  
15                   equal to the amounts required under the resolutions pursuant  
17                   to which the bonds secured by the capital reserve fund are  
19                   issued. These amounts are referred to in this chapter as  
21                   the "required minimum reserve." With respect to bonds  
23                   secured by a capital reserve fund for which the resolution  
25                   authorizing the issuance of those bonds states that the  
27                   provisions of subsection 5 apply, the required minimum  
29                   reserve shall be, as of any date of computation, an  
31                   aggregate amount equal to at least the largest amount of  
33                   money required by the terms of all contracts between the  
35                   bank and its bondholders of the bonds to be raised in the  
37                   then current or any succeeding calendar year for the payment  
                    of interest on and maturing principal of that portion of the  
                    outstanding bonds, the proceeds of which were applied solely  
                    to the purchase of municipal securities or municipal bonds  
                    and sinking fund payments required by the terms of any such  
                    contracts to sinking funds established for the payment or  
                    redemption of the bonds, all calculated on the assumption  
                    that the bonds will cease to be outstanding after the date  
                    of the computation because of the payment of the bonds at  
                    their respective maturities and the payments of the required  
                    money to sinking funds and the application thereof in  
                    accordance with the terms of all such contracts to the  
                    retirement of the bonds.

39                   D. Money in any capital reserve fund shall not be withdrawn  
41                   if the withdrawal would reduce the amount in the capital  
43                   reserve fund to an amount less than the required minimum  
45                   reserve for all such bonds issued and to be issued which  
47                   will be secured by the capital reserve fund, except for  
49                   payment of interest then due and payable on bonds secured by  
51                   the capital reserve fund and the principal of bonds secured  
                    by the capital reserve fund then maturing and payable and  
                    sinking fund payments required by the terms of any such  
                    contracts to sinking funds established for the payment or  
                    redemption of the bonds, and for the retirement of bonds  
                    secured by the capital reserve fund in accordance with the  
                    terms of any contract between the bank and its bondholders  
                    and for the payments on account of which interest or

1       principal or sinking fund payments or retirement of bonds  
3       secured by the capital reserve fund other money of the bank  
      is not then available in accordance with the terms of any  
5       such contract.

      Sec. 26. 30-A MRSA §6006, sub-§§2 to 6, as enacted by PL 1987,  
7       c. 737, Pt. A, §2 and Pt. C, §106, and as amended by PL 1989,  
      c.c. 6 and 9, are repealed and the following enacted in their  
9       place:

11       2. Transfer. Money in the reserve fund at any time in  
      excess of the required debt service reserve, whether by reason of  
13       investment or otherwise, may be withdrawn at any time by the bank  
      and transferred to any other fund or account of the bank.

15       Money in any capital reserve fund at any time in excess of the  
17       required minimum reserve, whether by reason of investment or  
      otherwise, may be withdrawn at any time by the bank and  
19       transferred to any other fund or account of the bank.

21       3. Investment. Money at any time in the reserve fund or  
      any capital reserve fund may be invested in the same manner as  
23       permitted for investment of funds belonging to the State or held  
      in the treasury.

25       4. Reserve. Notwithstanding any other provision of this  
27       chapter, the bank may not issue any bonds to be secured by the  
      reserve fund or by a capital reserve fund for which the  
29       resolution authorizing the issuance of those bonds states that  
      subsection 5 applies unless:

31       A. If the bonds are to be secured by the reserve fund,  
33       there is in the reserve fund the required debt service  
      reserve for all bonds then issued and outstanding which are  
35       secured by the reserve fund and the bonds to be issued which  
      will be secured by the reserve fund; or

37       B. If the bonds are to be secured by a capital reserve fund  
39       for which the resolution authorizing the issuance of the  
      bonds states that subsection 5 applies, there is in the  
41       capital reserve fund the required minimum reserve for all  
      bonds secured by the capital reserve fund then issued and  
43       outstanding and the bonds to be issued which will be secured  
      by the capital reserve fund.

45       Nothing in this chapter prevents the bank from satisfying this  
47       requirement by depositing so much of the proceeds of the bonds to  
      be issued, upon their issuance, as is needed to achieve the  
49       required debt service reserve or required minimum reserve, as  
      applicable. The bank may at any time issue its bonds or notes  
51       for the purpose of providing any amount necessary to increase the  
      amount in the reserve fund to the required debt service reserve.

1 to increase the amount in any capital reserve fund to the  
3 required minimum reserve or to meet any higher or additional  
reserve as may be fixed by the bank with respect to such fund.

5 5. Restoration. In order to ensure the maintenance of the  
7 required debt service reserve in the reserve fund, there shall be  
9 annually appropriated and paid to the bank for deposit in the  
11 fund, the sum, if any, certified by the chair of the bank to the  
13 Governor. On or before December 1st of each year, the chair  
15 shall make and deliver to the Governor a certificate stating the  
sum, if any, required to restore the reserve fund to an amount  
equal to the required debt service reserve and the sum or sums so  
certified shall be appropriated and paid to the bank during the  
then current state fiscal year.

17 In order to ensure the maintenance of the required minimum  
19 reserve in any capital reserve fund to which, at the direction of  
21 the bank pursuant to the resolution establishing the capital  
23 reserve fund, this provision applies, there shall be annually  
25 appropriated and paid to the bank for deposit in the fund, the  
27 sum, if any, certified by the chair of the bank to the Governor.  
On or before December 1st of each year, the chair shall make and  
deliver to the Governor a certificate stating the sum, if any,  
required to restore the fund to an amount equal to the required  
minimum reserve, and the sum or sums so certified shall be  
appropriated and paid to the bank during the then current state  
fiscal year.

29 6. Valuation. In computing the amount of the required debt  
31 service reserve or the required minimum reserve, investments held  
33 as a part of those reserves shall be valued in the manner  
provided in the applicable bond resolution.

35 7. Exclusions. The bank may provide from time to time by  
37 resolution for the issuance of its bonds or notes which are not  
39 secured by the reserve fund or any capital reserve fund, as set  
41 forth in the resolution authorizing its bonds or notes. The bank  
43 may, pursuant to a resolution or other agreement, establish the  
45 security for any of its bonds, including, but not limited to,  
47 policies of insurance and letters of credit, as the bank in its  
discretion determines necessary, desirable or convenient to  
further the accomplishment of the purposes of the bank. The  
security may, if so provided by a resolution or other agreement  
of the bank, to the extent set forth in the resolution or  
agreement, satisfy the provisions of the resolution or agreement  
with respect to any required debt service reserve, required  
minimum reserve or other reserve.

49 **Sec. 27. 30-A MRSA §6006-A is enacted to read:**

51 **§6006-A. Revolving loan fund**

53 1. Establishment; administration. A revolving loan fund is  
established as provided in this section.



1           A. There is established in the custody of the bank a  
3           special fund to be known as the revolving loan fund which  
5           shall be used to provide loans to municipalities for  
7           acquiring, designing, planning, constructing, enlarging,  
          repairing or improving publicly owned sewage systems and  
          sewage treatment plants as provided in Title 38, section  
          411, and for implementing related management programs.

9           B. The bank shall administer the revolving loan fund. The  
11          fund shall be invested in the same manner as permitted for  
13          investment of funds belonging to the State or held in the  
          State Treasury. The fund shall be established and held  
15          separate and apart from any other funds or money of the  
          State or the bank and shall be used and administered  
17          exclusively for the purpose of this section and section  
          5953-A. The fund shall consist of the following:

19               (1) Such sums as may be appropriated by the  
21               Legislature or transferred to the fund from time to  
              time by the Treasurer of State;

23               (2) Principal and interest received from the repayment  
25               of loans made from the fund;

27               (3) Capitalization grants and awards made to the State  
              or an instrumentality of the State by the United States  
29               for any of the purposes for which the fund has been  
              established. These amounts shall be paid directly into  
31               the fund without need for appropriation by the State;

33               (4) Interest earned from the investment of fund  
              balances;

35               (5) Private gifts, bequests and donations made to the  
37               State for any of the purposes for which the fund has  
              been established;

39               (6) The proceeds of notes or bonds issued by the bank  
41               for the purpose of deposit in the fund; and

43               (7) Other funds from any public or private source  
45               received for use for any of the purposes for which the  
              fund has been established.

47           2. Uses. The revolving loan fund may be used for one or  
          more of the following purposes:

49               A. To make loans to municipalities under this section and  
51               section 5953-A;

B. To make loans to refund bonds or notes of a municipality

1       issued after March 7, 1985 for the purpose of financing the  
3       construction of any capital improvement or management  
      program described in section 5953-A, subsection 1 and  
5       certified under section 5953-A, subsection 3;

7       C. To guarantee or insure, directly or indirectly, the  
      payment of notes or bonds issued or to be issued by a  
9       municipality for the purpose of financing the construction  
      of any capital improvement or management program described  
11       in section 5953-A, subsection 1 and certified under section  
      5953-A, subsection 3;

13       D. To guarantee or insure, directly or indirectly, funds  
      established by municipalities for the purpose of financing  
15       construction of any capital improvement described in section  
      5953-A, subsection 1;

17       E. To invest available fund balances and to credit the net  
19       interest income on those balances to the revolving loan fund;

21       F. To invest as a source of revenue or security for the  
      payment of principal and interest on general or special  
23       obligations of the bank if the proceeds of the sale of the  
      obligations have been deposited in the fund, or as a source  
25       of revenue to subsidize municipal loan payment obligations;

27       G. To pay the costs of the bank and the Department of  
      Environmental Protection staff associated with the  
29       administration of the revolving loan fund and projects  
      financed by it; provided that no more than the lesser of 2%  
31       of the aggregate of the highest fund balances in any fiscal  
      year and 4% of any capitalization grants provided by the  
33       United States for deposit in the revolving loan fund shall  
      be used for these purposes; and

35       H. To pay the costs required under the Federal Water  
37       Pollution Control Act, Title VI.

39       3. Priorities for financial assistance. Periodically, and  
      at least annually, the Department of Environmental Protection  
41       shall prepare and certify to the bank a project priority list of  
      those municipalities whose publicly owned projects are eligible  
43       for financing or assistance under this section. The factors to  
      be considered in developing the priority list shall include, but  
45       are not limited to:

47       A. Water supply protection;

49       B. Shellfishery protection;

51       C. Nuisance conditions;

1           D. Fisheries protection;

3           E. Facility needs; and

5           F. Median household income.

7           4. Eligibility for financial assistance. No financial  
9           assistance for a project may be granted under this section until  
11           the Department of Environmental Protection certifies to the bank  
          that the project is eligible for immediate financing under this  
          section and is on the priority list prepared under subsection 3.

13           5. Establishment of accounts. The bank may establish  
15           accounts and subaccounts within the revolving fund as it  
17           determines desirable to effectuate the purposes of this section,  
19           including, but not limited to, accounts to segregate a portion or  
          portions of the revolving loan fund as security for bonds issued  
          by the bank for deposit in the revolving loan fund and to be  
          invested for the benefit of specified projects receiving  
          financial assistance from the revolving loan fund.

21           **Sec. 28. 30-A MRSA §6007, sub-§1, ¶B,** as enacted by PL 1987, c.  
23           737, Pt. A, §2 and Pt. C, §106, and as amended by PL 1989, c.c. 6  
          and 9, is further amended to read:

25                   B. Any money which the bank transfers to the general fund  
27                   from the reserve fund or any capital reserve fund under  
                  section 6006, subsection 2;

29           **Sec. 29. 30-A MRSA §6007, sub-§2,** as enacted by PL 1987, c.  
31           737, Pt. A, §2 and Pt. C, §106, and as amended by PL 1989, c.c. 6  
          and 9, is further amended to read:

33                   2. Use of general fund. Any money in the general fund may,  
35                   subject to any contracts between the bank and its bondholders or  
                  noteholders, be transferred to the reserve fund or any capital  
37                   reserve fund. If it is not so transferred, the money shall be  
                  used to pay the principal of or interest on bonds or notes of the  
39                   bank when the principal or interest becomes due and payable,  
                  whether at maturity or upon redemption, including the payment of  
41                   any premium upon redemption before maturity.

43                   A. Any money available in the general fund may also be used  
                  for:

45                           (1) The purchase of municipal securities;

47                           (2) The purchase or redemption of its bonds or notes.  
49                   Any such bonds purchased for retirement shall be  
                  thereupon cancelled; and

51                           (3) All other purposes of the bank including the  
53                   payment of its operating expenses.

1  
3 (a) No amount may be expended for the bank's  
5 operating expenses in any year out of the general  
7 fund or from any account in that fund established  
9 for that purpose, in excess of the amount provided  
for the bank's operating expenses by the annual  
budget for that year or any amendment of the  
annual budget in effect at the time of the payment  
or expenditure for operating expenses.

11 B. The bank may create and establish in the general fund  
13 any accounts which in the opinion of the bank are necessary,  
desirable or convenient for the purposes of the bank under  
this chapter.

15 (1) The bank may establish an account in the general  
17 fund for the purpose of paying its operating expenses.

19 **Sec. 30. Transition clause.** The following provisions apply to  
21 the transition from the Maine Revised Statutes, Title 30 to Title  
30-A.

23 1. **Personnel.** This Act does not affect the term or  
25 appointment of any officer, official, employee or other personnel  
of any county, municipality, plantation, village, quasi-municipal  
27 corporation or any state agency, department or board governed by  
any statute repealed or amended by this Act.

29 2. **Agreements, leases, contracts, authorizations or bonds.**  
All agreements, leases, contracts, authorizations, notes or bonds  
31 issued before the effective date of this Act under provisions  
repealed or amended by this Act shall continue to be valid under  
33 the terms of issuance until they expire or are rescinded, amended  
or revoked.

35 3. **Ordinances, rules and regulations.** All ordinances,  
37 rules and regulations enacted or adopted by any county,  
municipality, plantation, village, quasi-municipal corporation or  
39 any state agency, department or board under the authority of any  
provision repealed or amended by this Act shall continue in force  
41 until they are repealed, rescinded, amended or revoked.

43 4. **Dedicated revenues.** This Act shall not be construed to  
45 change the status of any dedicated revenues. All dedicated  
revenues existing prior to this Act shall not lapse because of  
47 this Act, but shall be transferred to the funds of the same name  
which are created by this Act.

49 **Sec. 31. Effective date.** This Act shall be retroactive to  
February 28, 1989.

51 **Emergency clause.** In view of the emergency cited in the  
53 preamble, this Act shall take effect when approved.

1  
3  
STATEMENT OF FACT

5 This bill is intended to restore statutory provisions which  
7 were enacted into the former Maine Revised Statutes, Title 30.  
9 The recodification of county and municipal law did not include  
these provisions. This bill is necessary to restore the  
provisions to the revised Title 30-A. The bill makes the  
following changes in Title 30-A.

11 Sections 1 to 12 incorporate the changes in the Maine State  
13 Housing Authority laws enacted by Public Law 1987, chapters 761,  
785, 820 and 846.

15 Sections 13 to 29 incorporate provisions enacted by Public  
17 Law 1987, chapter 751, authorizing the Maine Municipal Bond Bank  
to create a revolving loan fund program.

19 Finally, section 30 of the bill provides for retroactive  
21 application of the bill to February 28, 1989, the effective date  
of the recodification law.