

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 1510

H.P. 1088

House of Representatives, May 5, 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 MELENDY of Rockland.

Cosponsored by Senator DUTREMBLE of York, Representative BAILEY of Farmington and Representative LEBOWITZ of Bangor.

STATE OF MAINE

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

An Act for the 1989 Amendments to the Maine Housing Authorities Act.



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

3 **Sec. 1. 30-A MRSA §4753, sub-§1, ¶C is enacted to read:**

5 C. Municipalities and municipal housing authorities may
7 require reasonable reservations or set-asides of units
9 created in projects to which they have contributed
significant resources in order to serve the residents or
members of the work force of their particular municipalities.

11 **Sec. 2. 30-A MRSA §4832, sub-§1, as amended by PL 1989, c. 48,**
13 **§4, is further amended to read:**

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

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

29 **Sec. 3. 30-A MRSA §4933, sub-§2, as enacted by PL 1987, c.**
31 **737, Pt. A, §2 and Pt. C, §106 and as amended by PL 1989, cc. 6**
and 9, is further amended to read:

33 2. **Housing Mortgage Insurance Fund.** "Housing Mortgage
35 Insurance Fund" means any the fund established pursuant to
section 4934-A by the Maine State Housing Authority for the
purpose of providing insurance for the payment of mortgage loans
for housing in the State.

37 **Sec. 4. 30-A MRSA §4933, sub-§2-A is enacted to read:**

39 **2-A. Housing Mortgage Insurance Program.** "Housing Mortgage
41 Insurance Program" means any program of providing insurance for
43 the payment of mortgage loans for housing in the State
established by the Maine State Housing Authority.

45 **Sec. 5. 30-A MRSA §4934, sub-§3, as enacted by PL 1987, c.**
47 **737, Pt. A, §2, and Pt. C, §106 and as amended by PL 1989, cc. 6**
and 9, is further amended to read:

49 3. **Limitation.** Notwithstanding this section, the Maine
51 State Housing Authority shall not make any contract or commitment
of mortgage insurance on housing on the Indian reservations

1 without the approval of a majority of the Indian Housing Mortgage
Insurance Committee.

3

Sec. 6. 30-A MRSA §4934, sub-§§4 and 5 are enacted to read:

5

7 4. Pledging of assets. Any obligations incurred under the
Housing Mortgage Insurance Program shall be payable only from the
Housing Mortgage Insurance Fund and shall create no lien or claim
9 on behalf of any beneficiary nor on behalf of the fund against
any other fund or funds of the Maine State Housing Authority.

11

13 5. Exemption. Any mortgage insurance program operated
under this subchapter shall be exempt from all requirements and
obligations imposed under the Maine Insurance Code.

15

Sec. 7. 30-A MRSA §4934-A is enacted to read:

17

§4934-A. Housing Mortgage Insurance Fund

19

21 1. Fund created. There is created and established under
the jurisdiction and control of the Maine State Housing
Authority, or any nonprofit corporate subsidiary it may create
23 for this purpose pursuant to section 4722, subsection 1,
paragraph P, an insurance reserve fund called the Housing
25 Mortgage Insurance Fund. As used in this section, the term
"fund" means the Housing Mortgage Insurance Fund.

27

2. Sources of fund. There shall be paid into the fund:

29

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

31

33 B. All proceeds from the issuance of bonds on behalf of the
State for inclusion in the fund;

35

37 C. All premiums collected pursuant to the Housing Mortgage
Insurance Program;

37

39 D. All interest, dividends and pecuniary gains from
investment of money of the fund; and

39

41 E. Any other money available to the Maine State Housing
43 Authority which it determines to use for this purpose.

43

45 3. Application of fund. All money held in the fund shall
be used only to make payments pursuant to housing mortgage
47 insurance contracts, to pay any or all expenses of administration
and operation of the Housing Mortgage Insurance Program and to
49 maintain the fund at an amount equal to the minimum insurance
reserve. The minimum insurance reserve shall be an amount equal
51 to 10% of the aggregate outstanding housing mortgage insurance
liability secured by the fund. Any money in the fund in excess

51

1 of that needed to maintain the minimum insurance reserve may be
2 allocated to the Housing Opportunities for Maine Program.

3
4 A. Money in the fund shall not be used as collateral,
5 payment or in any other way to assist any insurance of
6 mortgages on housing on the Indian reservations.

7
8 4. Maintenance of fund. In order to ensure the maintenance
9 of the fund at an amount equal to the required minimum insurance
10 reserve there shall be annually appropriated and paid for deposit
11 in the fund the sum, if any, that is certified by the director of
12 the Maine State Housing Authority, or the director's designee, to
13 the Governor as necessary to restore any such fund to an amount
14 equal to its required minimum insurance reserve. The director,
15 or the director's designee, shall annually, by December 1st, make
16 and deliver to the Governor a certificate stating the sum, if
17 any, required to restore the fund to an amount equal to its
18 required minimum insurance reserve, and the sum so certified
19 shall be appropriated and paid during the then current state
20 fiscal year.

21
22 A. For purposes of valuation of the fund, securities
23 acquired as an investment for the fund shall be valued at
24 par or actual cost, whichever value is less.

25
26 5. Limitation on insurance. The maximum aggregate housing
27 mortgage insurance liability secured by the fund which may be
28 outstanding at any time shall be \$25,000,000. In computing the
29 aggregate outstanding housing mortgage insurance liability
30 secured by the fund for purposes of this subsection, any housing
31 mortgage insurance liability on which reinsurance has been
32 obtained shall be excluded.

33
34 **Sec. 8. Appropriation.** The following funds are appropriated
35 from the General Fund to carry out the purposes of the Maine
36 Overboard Discharge Assistance Program.

37
38 1989-90

39 **MAINE STATE HOUSING AUTHORITY**

40 **Overboard Discharge Assistance Fund**

41
42 All Other \$500,000

43
44 Transfers \$500,000 from the General Fund to
45 the Overboard Discharge Assistance Fund of
46 the Maine State Housing Authority to finance
47 the Maine Overboard Discharge Assistance
48 Program to provide assistance to homeowners
49 whose homes are serviced by substandard or
50 malfunctioning waste water treatment systems.
51

1

3

STATEMENT OF FACT

5

7 This bill will provide funding for the Maine Overboard
Discharge Assistance Program which was created in 1988 but was
never funded. It revises the Maine State Housing Authority's
9 construction lending program to allow the authority to provide
low-interest construction financing for 100% of a project's
11 development cost. It also creates a mortgage insurance reserve
fund to allow the authority to insure housing mortgages and
13 provide more flexibility in the underwriting of those mortgages.