

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

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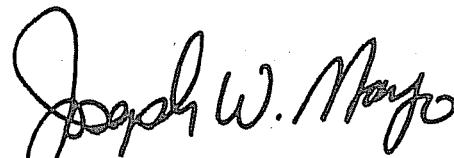
H.P. 716

House of Representatives, March 22, 1993

**An Act Concerning Amendments to the Laws Affecting the Finance
Authority of Maine.**

(EMERGENCY)

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


JOSEPH W. MAYO, Clerk

Presented by Representative GWADOSKY of Fairfield.
Cosponsored by Representative: KONTOS of Windham, Senators: FOSTER of Hancock,
HARRIMAN of Cumberland, PINGREE of Knox.

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

Whereas, the unemployment rate in the State is high, requiring special efforts to stimulate the economy and create jobs; and

Whereas, this legislation will help retain and create jobs within the State by expanding the ability of the Finance Authority of Maine to insure loans and to encourage lenders to make more commercial loans; and

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

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

Sec. 1. 10 MRSA §963-A, sub-§24-B is enacted to read:

24-B. Insured certificate. "Insured certificate" means a certificate evidencing fractional undivided ownership interest in a pool of mortgage loans, each of which is insured by the authority pursuant to this chapter, that is insured by the authority pursuant to and subject to the limitations of section 1026-E.

Sec. 2. 10 MRSA §963-A, sub-§27-A is enacted to read:

27-A. Loan insurance agreement; mortgage insurance agreement; mortgage insurance contract. "Loan insurance agreement," "mortgage insurance agreement" or "mortgage insurance contract" means an agreement pursuant to which the authority insures payment of a mortgage loan pursuant to chapter 110, subchapter II, and also means an agreement pursuant to which the authority insures or guarantees an insured certificate, if the authority's loan insurance liability for insuring an insured certificate is in lieu of and not in addition to its liability for insuring that portion of a mortgage loan represented by the insured certificate.

Sec. 3. 10 MRSA §973, as amended by PL 1989, c. 698, §8, is further amended to read:

§973. Conflicts of interest

Notwithstanding Title 5, section 18, subsection 1, paragraph B, each member of the authority, each member of the Natural Resource Financing and Marketing Board, each member of the Maine

2 Veterans' Small Business Loan Board, each member of the Maine
3 Education Assistance Board and each employee, contractor, agent
4 or other representative of the authority is deemed an "executive
5 employee" solely for purposes of Title 5, section 18, and for no
6 other purpose, provided that the chief executive officer shall in
7 addition be is deemed an "executive employee" for purposes of
8 Title 5, section 19. ~~In addition, Title 17, section 3104, shall~~
9 ~~be applicable, in accordance with its provisions, does not apply~~
10 ~~to all any of such those representatives of the authority.~~

11 **Sec. 4. 10 MRSA §1021**, as amended by PL 1985, c. 344, §41, is
12 further amended to read:

13 **§1021. Credit of State pledged**

14 The authority may insure the payment of mortgage loans,
15 secured by eligible projects, and may insure or guaranty insured
16 certificates, and to this end the faith and credit of the State
17 is pledged, consistent with the terms and limitations of the
18 Constitution of Maine, Article IX, Sections 14-A and 14-D and
19 such further limitations as may be provided by this subchapter.

20 **Sec. 5. 10 MRSA §1026-E, sub-§1** is enacted to read:

21 **1. Secondary market pool insurance.** Notwithstanding the
22 first paragraph in connection with the creation and operation of
23 a secondary market program for mortgage loans and the insured
24 portions of mortgage loans, in addition to its other powers under
25 this chapter, the authority may insure or guarantee payment,
26 including timely payment, of principal and interest due to
27 holders of insured certificates, if each such insured certificate
28 evidences a fractional undivided ownership interest in a separate
29 and identifiable pool consisting only of that portion of
30 individual mortgage loans that, at origination of the pool, is
31 insured by the authority pursuant to one or more applicable
32 provisions of this chapter. Any such insurance or guaranty of an
33 insured certificate must be in lieu of and not in addition to its
34 insurance of that portion of the individual mortgage loan
35 evidenced by the insured certificate.

36 **Sec. 6. Retroactivity.** Section 3 applies retroactively to
37 September 19, 1985.

38 **Emergency clause.** In view of the emergency cited in the
39 preamble, this Act takes effect when approved.

40 **STATEMENT OF FACT**

41 This bill amends the appropriate portions of the Finance
42 Authority of Maine Act to permit the authority to insure
43 certificates evidencing ownership of a portion of a pool of
44

insured mortgage loans, in furtherance of the authority's
2 creation of a secondary market for its insured loans. These
changes are necessary to permit lenders to sell efficiently the
4 Finance Authority of Maine insured portion of commercial loans,
which will permit increased lending to Maine small businesses.

6
The bill also amends the conflict of interest provisions of
8 the Finance Authority of Maine Act to remove the inconsistency
between the Maine Revised Statutes, Title 5, section 18 and Title
10 17, section 3104. The bill makes the changes to the conflict of
interest law apply retroactively to September 19, 1985, the
12 effective date of Public Law 1985, chapter 344, section 22.