

# MAINE STATE LEGISLATURE

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# 118th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1997

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Legislative Document

No. 1648

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H.P. 1171

House of Representatives, March 25, 1997

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### An Act to Increase Home Ownership.

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

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Speaker MITCHELL of Vassalboro. (GOVERNOR'S BILL)  
Cosponsored by Senator AMERO of Cumberland and  
Representatives: CAMPBELL of Holden, DONNELLY of Presque Isle, KONTOS of  
Windham, SAXL of Portland, Senators: KIEFFER of Aroostook, LAWRENCE of York,  
PINGREE of Knox, RAND of Cumberland.

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

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**Sec. 1. 30-A MRSA §4907, sub-§1,** as amended by PL 1991, c. 871, §5, is further amended to read:

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**1. Limitations on amount of outstanding principal.** The Maine State Housing Authority may not at any time have an aggregate principal amount outstanding, in excess of ~~\$1,150,000,000~~ \$1,650,000,000 of mortgage purchase bonds secured by the Housing Reserve Fund or a Capital Reserve Fund to which section 4906, subsection 3, paragraph A applies. Mortgage purchase bonds of 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 outstanding at any time not to exceed \$300,000,000.

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**SUMMARY**

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This bill increases the amount of bonds that the Maine State Housing Authority may issue that are enhanced by the State's moral obligation. These bonds are primarily used for the authority's first time home buyer program and secured by first mortgages. The State's moral obligation is not a legal debt of the State, but there is an expectation that the State would cure a default and that expectation results in reduced interest rates.

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