

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

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Legislative Document

No. 1244

S.P. 430

March 8, 2007

### An Act To Reduce Foreclosures

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

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator BROMLEY of Cumberland.

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

2 **Sec. 1. 30-A MRSA §4722, sub-§1, ¶Z**, as amended by PL 2005, c. 644, §2, is  
3 further amended to read:

4 Z. Condition approval of funding of a housing project upon an applicant's  
5 compliance with municipal health, safety and sanitation standards. The Maine State  
6 Housing Authority may condition approval of funding for a housing project upon a  
7 municipality's representation that the applicant, an affiliate of the applicant or any  
8 owner controlled by the applicant has no record of a material municipal code  
9 violation of health, safety or sanitation standards; ~~and~~

10 **Sec. 2. 30-A MRSA §4722, sub-§1, ¶AA**, as enacted by PL 2005, c. 644, §3, is  
11 amended to read:

12 AA. Certify transfers of multifamily affordable housing property that qualify for the  
13 deduction under Title 36, section 5122, subsection 2, paragraph W or Title 36, section  
14 5200-A, subsection 2, paragraph Q. The affordability restrictions that apply under  
15 this paragraph must be contained in a declaration signed by the transferee and  
16 recorded in the appropriate registry of deeds at the time of the sale or transfer.

17 (1) For the purposes of this paragraph, "multifamily affordable housing  
18 property" means a decent, safe and sanitary dwelling, apartment building or other  
19 living accommodation that includes at least 6 units, that meets at least one of the  
20 following affordability restrictions and for which those affordability restrictions,  
21 as applicable, expire in 10 years or less from the date of the sale or transfer of the  
22 property:

23 (a) At least 20% of the units have restricted rents affordable to households  
24 earning no more than 80% of the area median income as determined by the  
25 United States Department of Housing and Urban Development;

26 (b) The property is assisted by the United States Department of Housing and  
27 Urban Development, the United States Department of Agriculture or the  
28 Maine State Housing Authority; or

29 (c) The property qualifies for low-income housing credits under the United  
30 States Internal Revenue Code of 1986, Section 42.

31 (2) For the purposes of this paragraph, property does not qualify as multifamily  
32 affordable housing property unless:

33 (a) The transferee agrees to maintain the property as multifamily affordable  
34 housing property for an additional 30 years from the scheduled expiration;

35 (b) If the existing federal, state or other assistance is not available to  
36 maintain the property as multifamily affordable housing property, the  
37 transferee agrees to ensure that 1/2 of the units are affordable to persons at  
38 60% of the area median income as determined by the United States  
39 Department of Housing and Urban Development for 30 years from the  
40 expiration of the then-existing affordability restrictions; or

1 (c) The transferee agrees to an alternative affordability agreement approved  
2 by the Maine State Housing Authority; and

3 **Sec. 3. 30-A MRSA §4722, sub-§1, ¶BB** is enacted to read:

4 BB. Make a loan or contract with a financial institution to make a loan on behalf of  
5 the Maine State Housing Authority to pay off an existing loan on a single-family  
6 residence to assist a homeowner who is in default of the existing loan and in danger  
7 of losing the residence through foreclosure.

8 **SUMMARY**

9 This bill gives the Maine State Housing Authority the power to make a loan or enter  
10 into a contract with a financial institution to make a loan on behalf of the Maine State  
11 Housing Authority to pay off an existing loan on a single-family residence to assist a  
12 homeowner who is in default of the existing loan and in danger of losing the residence  
13 through foreclosure.