

MAINE STATE LEGISLATURE

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SEVENTY-EIGHTH LEGISLATURE

HOUSE

NO. 418

House of Representatives, Feb. 27, 1917.

Referred to Committee on Judiciary and one thousand copies ordered printed. Sent up for concurrence.

W. R. ROIX, Clerk.

Presented by Mr. Barnes of Houlton.

STATE OF MAINE

IN THE YEAR OF OUR LORD ONE THOUSAND NINE
HUNDRED AND SEVENTEEN

AN ACT to Establish the Farm Lands Loan Commissioners of
Maine and to Authorize the Investment of Certain Moneys
now on Deposit in the State Treasury Known as the Reserved
Land Fund.

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

Section 1. All moneys on deposit in the state treasury on
2 account of lands reserved for public uses shall constitute the
3 principal fund of such account on January first, one thou-
4 sand nine hundred and eighteen, and all amounts credited to
5 the same under the provisions of sections nineteen and

6 twenty, of chapter eight, of the revised statutes, shall remain
7 separate funds, the principal sum of which shall continue
8 undiminished, except when payments shall be made there-
9 from to towns under the provisions of section twenty-one,
10 of chapter eight, of the revised statutes, or when invested in
11 securities according to the provisions of this act.

Sect. 2. The governor, the state auditor, the land agent,
2 the commissioner of agriculture and the state superin-
3 tendent of public schools shall constitute a board to be
4 known as the Farm Lands Loan Commissioners of Maine.
5 Said commissioners shall have control of the investment of
6 the funds arising from the sale or lease of public lands now
7 on deposit in the state treasury and known as the reserved
8 land fund. They shall also have control of the investment of
9 amounts hereafter added to the principal fund of said ac-
10 count under the provisions of section seventeen of chapter
11 eight, of the revised statutes. They may make investigations
12 concerning the rights of the state in and to any islands or
13 other lands and may report to any future session of the
14 legislature their recommendations relative to securing such
15 lands as the state is or may hereafter be entitled to, and may
16 recommend the sale of the same if they deem a sale advis-
17 able.

Sect. 3. The said commissioners shall in their discretion
2 invest the principal of the funds which have arisen or may
3 hereafter arise from the sale and lease of the lands reserved
4 for public uses, keeping the principal funds separate from

5 the interest, in the following named bonds and loans, but in
6 no other manner, to wit: 1. In the purchase of bonds of
7 this state; 2. In approved mortgages on agricultural lands,
8 as hereafter provided in this act; 3. In the bonds of any city,
9 town or county in Maine; 4. In the bonds of the United
10 States.

Sect. 4. Every application for a loan made in pursuance
2 of the third clause as above shall be in writing, stating the
3 amount required, the purpose for which it is to be applied
4 and the time and terms of repayment and shall be accom-
5 panied by due proof of the assessed valuation for the pre-
6 ceding three years of the taxable property within the town,
7 village, city or county making the application and of the
8 existing indebtedness thereof.

Sect. 5. Loans made from such fund on the security of
2 agricultural lands shall be made in accordance with the fol-
3 lowing provisions: The commissioners shall from time to
4 time furnish the chairman of the municipal officers of the
5 various cities, towns and plantations of the state with a
6 sufficient number of blank applications for loans. Each
7 blank application shall contain questions relative to the pur-
8 pose for which the loan is desired, the residence of the appli-
9 cant for the loan, his interest in the land offered as security,
10 a detailed description of the boundaries of such land, the
11 assessed and the market value of the same, the nature of
12 the land and any other matters which the commissioners
13 may deem relevant. Any person desiring a loan may make

14 a request for a blank application for a loan to the chairman
15 of the municipal officers of the town in which the land which
16 it is proposed to offer as security is located and the said chair-
17 man shall furnish such person with a blank application and
18 shall advise him as to the proper manner of filing the same.
19 The applicant for a loan shall take oath before the city, town
20 or plantation clerk to the truth of the statements made in his
21 application, which application shall thereupon be trans-
22 mitted to the commissioners at Augusta.

Sect. 6. In addition to the application the applicant shall
2 also file an abstract of title of the land which the applicant of-
3 fers as security, which abstract of title shall likewise be trans-
4 mitted to the Farm Lands Loan Commissioners, as afore-
5 said. In addition to the statements made as above pre-
6 scribed the commissioners may request such further state-
7 ments from these or other town officers with respect to the
8 value of the land offered as security for a loan and the
9 truth of the statements made by the applicant in his appli-
10 cation as may reasonably be in their power as town officers
11 to make and all such officers shall comply with their requests,
12 when made, without compensation.

Sect. 7. The commissioners shall meet twice monthly
2 whenever one or more applications for loans are awaiting
3 consideration, or oftener in their discretion, to consider ap-
4 plications and they shall consider and dispose of all applica-
5 tions in the order in which such applications were received.
6 The commissioners may grant applications for loans for

7 which sufficient security as hereinafter provided is offered,
8 subject to the approval of the attorney general of the title
9 to the land offered as security. The commissioners may grant
10 applications for the full amount asked or when they consider
11 the security offered to be inadequate, they may reduce the
12 amount of the loan to a sum for which they deem the secur-
13 ity to be adequate. 1. The commissioners shall require as
14 security for every farm loan a first mortgage on farm real
15 estate of a market value at least double the amount of the
16 loan held under a complete title in fee simple by the bor-
17 rower; 2. No loan shall be granted to any person who is
18 not an actual resident of this state and a bona fide occupant
19 of the land offered as security; 3. No loan shall be granted
20 upon any land of which the market value is less than ten
21 dollars per acre; 4. No loan of less than three hundred or
22 more than five thousand dollars shall be made to any one per-
23 son, and no person shall be granted separate loans aggregat-
24 ing more than five thousand dollars; 5. At least one hun-
25 dred thousand dollars of the moneys available from the re-
26 served land fund shall be set aside each year for loans under
27 this act and so much of said amount as may be necessary, is
28 hereby appropriated to be loaned as provided for in this act;
29 6. Loans shall be granted only for the purpose of assisting
30 the borrower to erect necessary dwelling houses and farm
31 buildings, to build silos, to clear his lands of forest growth
32 and for the purchase of live stock; 7. The borrower shall
33 pay a charge of five per cent per annum for the use of the

34 loan at the expiration of one year from the date of the loan
35 and annually thereafter so long as the loan remains unpaid.
36 All loans shall be made for a term of not less than three nor
37 more than twenty years but the principal of the loan in
38 whole or in part, at the option of the borrower, may be paid
39 on any interest date occurring not less than three nor more
40 than nineteen years after the date of the loan and in any
41 event the whole shall be payable in twenty years and when
42 partial payments are made the annual charge of five per cent
43 shall be made only upon the unpaid balance of the principal
44 of the loan.

Sect. 8. The commissioners shall loan to borrowers in ac-
2 cordance with the following provisions: 1. Every appli-
3 cant for a loan shall select a bank to receive deposits of the
4 money loaned to him by the commissioners. 2. When the
5 commissioners grant a loan they shall deposit in the bank
6 selected by the applicant for the loan a sum of money equal
7 to the amount of the loan granted and shall furnish the bank
8 with the mortgage and notice necessary to the proper secur-
9 ing of the loan, prepared ready for the signature of the ap-
10 plicant for the loan, and the bank shall agree to hold the
11 sum of money so deposited until directed by the commis-
12 sioners to pay it to the applicant for the loan or to dispose
13 of it in some other manner directed by the commissioners;
14 the bank shall further agree to record the mortgage with the
15 proper register of deeds and to return the papers to the
16 commissioners without charge to the commissioners or to the

17 borrower, except that the bank may require the borrower
18 to pay the fee charged by the register of deeds for record-
19 ing the mortgage together with any sums paid for revenue
20 stamps as may be required by law, and the amount necessary
21 to reimburse the commissioners for sums paid for examina-
22 tion of the land and of record of title. 3. Before authoriz-
23 ing the bank of deposit selected by the applicant for a loan
24 to make payment to him of the amount of his loan, the com-
25 missioners shall cause an examination of the land offered as
26 security by the applicant for the loan to be made by some
27 competent person. If the commissioners are satisfied, upon
28 receipt of the report of the person examining the land of-
29 fered as security, that the land is of a value at least equal
30 to that accepted as a true value by the commissioners in
31 granting the loan, they shall direct the bank in which they
32 have deposited the amount of the loan to pay a sum equal
33 to this amount to the applicant for the loan. If the com-
34 missioners are not satisfied that the land offered as security
35 for the loan is of a value equal to that accepted by them as
36 a true value in granting the loan, they may, as justice de-
37 mands, refuse altogether to pay the loan to the applicant or
38 they may reduce the amount of the loan to a sum for which
39 the security offered is adequate and may give the bank se-
40 lected by the applicant appropriate directions for the dis-
41 posal of the funds deposited with it for the payment of the
42 loan in question.

Sect. 9. The state auditor shall act as secretary of said

2 commissioners and he shall keep a record of all bonds,
3 mortgages and notes securing the same taken under author-
4 ity of this act, showing all necessary information relative to
5 the bonds taken, the name of the mortgagor, the amount of
6 the mortgage, when executed, when and where payable,
7 the rate of interest and any other matters that he may deem
8 essential, and he is hereby authorized and required in the
9 name of the state to institute and prosecute proceedings, by
10 any of the methods provided by law of foreclosure when
11 any sums are overdue on notes taken hereunder.

Sect. 10. The officers constituting the Farm Lands Loan
2 Commissioners shall receive no additional compensation on
3 account of said services, but shall be paid their actual and
4 reasonable expenses necessarily incurred in the performance
5 of their duties under this act. The attorney general and
6 his assistant shall serve said board without additional com-
7 pensation.

Sect. 11. The Farm Lands Loan Commissioners are here-
2 by authorized and directed to pay to plantations all accrued
3 interest due such plantations so far as may be possible under
4 existing provisions of law and so much of said fund as may
5 be necessary to pay such interest is hereby appropriated for
6 said purpose. They are also authorized and directed to
7 ascertain the true standing of the permanent school fund
8 and of the Passamaquoddy Indian trust fund and shall inves-
9 tigate the feasibility of having set aside said two last named
10 funds, as well as the Penobscot Indian trust fund, for in-

11 vestment in the same manner as is herein contemplated
12 relative to the reserved land fund, and shall report their
13 recommendations upon the same to the next session of the
14 legislature

Sect. 12. This act shall take effect on January first, one
2 thousand nine hundred and eighteen.