

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE
AS PASSED BY THE
One Hundred and Sixth Legislature
1ST SPECIAL SESSION
JANUARY 2, 1974 TO MARCH 29, 1974
AND BY THE
One Hundred and Seventh Legislature
REGULAR SESSION
JANUARY 1, 1975 TO JULY 2, 1975

PUBLISHED BY THE DIRECTOR OF LEGISLATIVE RESEARCH IN
ACCORDANCE WITH THE REVISED STATUTES OF 1964, TITLE 3,
SECTION 164, SUBSECTION 6.

THE KNOWLTON AND MCLEARY COMPANY
FARMINGTON, MAINE
1975

PUBLIC LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE
One Hundred and Seventh Legislature

1975

CHAPTER 521

AN ACT Relating to the Director of the Maine Land Use Regulation Commission.

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

Sec. 1. 12 MRSA § 685, last 4 sentences, as last amended by PL 1973, c. 569, § 9, are further amended to read:

The Commissioner of the Department of Conservation, with the approval of the ~~commission~~ Governor, ~~is authorized to hire an executive~~ shall appoint a director who shall be the principal administrative, operational and executive employee of the commission. ~~The executive director must have a professional degree in planning or in a related field or must have at least 3 years' practical experience in the field of planning or land use management, or both~~ The executive director shall attend all meetings of the commission and be permitted to participate fully but shall not be a voting member of the commission. The ~~executive~~ director with the approval of the Commissioner of the Department of Conservation may hire whatever competent professional personnel and other staff he deems necessary and he may obtain office space, goods and services as required.

Sec. 2. 12 MRSA § 5013, sub-§ 1, as enacted by PL 1973, c. 460, § 16, is amended to read:

1. Land Use Regulation Commission. The Maine Land Use Regulation Commission as established by ~~Title 12~~ chapter 206-A, which shall be under the direction and supervision of a director who shall be qualified by experience in planning and administration consistent with section 681. The director shall be appointed by the commissioner, with the approval of the Governor, for a term coterminous with the commissioner, subject to removal for cause by the commissioner with the approval of the Governor;

Effective October 1, 1975

CHAPTER 522

AN ACT to Create a Construction Loan Program in which the Maine Housing Authority and Financial Institutions May Participate.

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

Whereas, the construction of new housing units in the State, and in the country, has declined disastrously in the past several months causing substantial economic hardship to the citizens of the State; and

Whereas, the Maine State Housing Authority, under the provisions of this Act, will provide construction financing through the sale of tax-exempt obligations for the construction, development and rehabilitation of housing for low income persons and families; and

Whereas, the financing of new housing construction will help stabilize the housing construction industry, provide employment for construction workers, many of whom are presently unemployed, and make new housing available for low income families and the elderly; and

Whereas, under the provisions of the United States Housing and Community Development Act of 1974, the Maine State Housing Authority must make immediate provisions for developing new federally assisted housing units in order to house Maine families; and

Whereas, performing the functions authorized by this Act, and utilizing the federal financial assistance, will provide more housing for Maine's poor and elderly and will help arrest further economic dislocation; 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. 30 MRSA § 4552, sub-§ 3-A is enacted to read:

3-A. Construction loan. "Construction loan" shall mean a loan for the purpose of developing, constructing, reconstructing or rehabilitating a housing unit or housing project and which shall be evidenced by an interest-bearing obligation constituting a first lien on land and such improvements as are financed by the loan, located in the State. In the case of an improvement on an Indian reservation, the requirement that the obligation be secured by a lien on the land shall be waived, if the obligation is fully insured pursuant to the Housing Mortgage Insurance Law.

Sec. 1-A. 30 MRSA § 4601-A, sub-§ 2 is enacted to read:

2. Restrictions. Notwithstanding any other provision of this subchapter, the state authority shall not provide funds for, finance, purchase the mortgage on, or otherwise assist in the construction or management of:

A. Any housing owned, sponsored or assisted by an institution of higher education in this State; or

B. Any housing, the mortgage on which is insured by any federal or state program of mortgage insurance, the primary purpose of which is to assist student housing; or

C. Any nursing home or related institution licensed or subject to license by the Department of Human Services pursuant to Title 22, section 1817.

Sec. 2. 30 MRSA c. 239, sub-c II, Art. 4-B, is enacted to read:

ARTICLE 4-B. CONSTRUCTION LOANS

§ 4721. Findings and purpose

It is found that a shortage of decent housing accommodations for persons or families of low income exists in the State; that a cause of the lack of new construction in the State has been the recurrent shortage of funds from private sources; that the reduction in such construction has caused substantial unemployment and underemployment in the construction industry which results in hardship, wastes human resources, impedes the economic and physical development of the State, causes a shortage of housing for persons of low income and adversely affects the welfare and prosperity of the State; that a stable supply of construction loan funds will encourage new housing construction; that the availability of public funds will create inducements and opportunities for public and private investment in new housing construction; and that providing such funds is necessary for the public benefit and welfare and is a public use for which such funds may be borrowed, advanced, loaned or expended.

§ 4722. Construction loans

Notwithstanding the restrictions stated in sections 4601-A, subsection 1, paragraph L and 4767, the state authority may participate with financial institutions in the State in the making of construction loans for the purpose of land development and the construction of housing units or housing projects for persons of low income, under such terms and conditions as the state authority may by rules or regulations establish.

§ 4723. Participation requirements

The state authority shall not participate in the making of construction loans unless a financial institution in the State shall agree to participate in such loan at least to the extent of 15% of the principal amount of the loan. Notwithstanding any other provisions of law to the contrary, financial institutions in the State are hereby authorized and empowered to act as required by the provisions of this Article.

§ 4724. Rules and regulations

1. Procedures for participation in the making of construction loans. The state authority shall establish regulations governing, without limitation, the following subjects and procedures for participating in the making of construction loans:

- A. The submission, review and acceptance of requests from borrowers for construction loans under this section;
- B. Qualifications of borrowers;
- C. Limitation on and standards for location and construction of housing units or housing projects;
- D. Schedules of fees and other charges made by the authority and the financial institution to the borrower in accepting, reviewing and acting upon applications for construction loans under this Article; and

E. Restrictions on the interest rates charged by the financial institutions and the authority on such construction loans or the return on such loans to be realized by the financial institution.

2. Public hearings. The state authority shall provide for public hearings prior to adopting any regulation pursuant to this section. At least 30 days prior to such public hearing, the authority shall publish a notice at least twice in a newspaper of general circulation in the State and in any trade, industry or professional publication which the authority deems effective in reaching persons affected.

3. Contents of notice. The notice shall:

A. Reference the statutory authority under which the adoption of the regulation is proposed;

B. Give the time and place of the public hearing and state the manner in which data, arguments or views may be submitted, and whether orally or in writing; and

C. Summarize the substance of the proposed regulation, stating the subjects and issues involved.

§ 4725. Bonds; issuance, separability of provisions

The state authority is hereby authorized to issue bonds from time to time to carry out the purposes of this Article. Such bonds shall be secured in such manner as the state authority may by resolution provide. The bonds shall be known as construction loan bonds. The authority to issue construction loan bonds under this Article shall constitute a complete, additional and alternative method for the issuance of bonds from that provided in any other Article in this subchapter. No limitation or restriction as to use of proceeds or total authorized amount of obligations outstanding stated in this Article shall apply to bonds issued pursuant to any other Article of this subchapter, nor shall such restrictions or limitations recited in other Articles apply to bonds issued pursuant to this Article. The provisions of sections 4756 to 4762 shall not be applicable to bonds issued pursuant to this Article. The provision in section 4722 restricting construction loans to housing projects for persons of low income shall be considered satisfied if at least a reasonable number of the families or individuals who will occupy the mortgaged premises are persons of low income as defined in this subchapter. All other provisions of this subchapter shall apply to bonds issued pursuant to this Article.

The state authority shall not at any time have, in the aggregate principal amount thereof outstanding, construction loan bonds in excess of \$25,000,000. In computing the total amount of construction loan bonds of the state authority which may at any time be outstanding, the amount of the outstanding bonds refunded or to be refunded from the proceeds of the sale of new bonds or by exchange of new bonds shall be excluded.

Sec. 2-A. 30 MRSA § 4751, 3rd ¶, as amended by PL 1969, c. 564, § 6, is further amended to read:

Bonds of an authority shall be authorized by its resolution and may be issued in one or more series and shall bear such date or dates, mature at such time or times, bear interest at such rate or rates, ~~not exceeding 8% per year~~ be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in such medium of payment, at such place or places, and be subject to such terms of redemption with or without premium, as such resolution, its trust indenture or mortgage may provide.

Sec. 3. 30 MRSA § 4751, 5th ¶, is amended to read :

The bonds may be sold at public or private sale ~~at not less than par~~. Any provisions of any law to the contrary notwithstanding, any bonds issued pursuant to this subchapter shall be fully negotiable.

Sec. 4. 30 MRSA § 4757, sub-§ 2, as enacted by PL 1969, c. 470, § 18, is amended to read :

2. That, when the obligation so sold is secured by land and improvements constituting a one-family to 4-family housing unit or has been held by the originator for more than one year since the completion of the construction of the securing structure, the proceeds of sale or its equivalent shall be reinvested in residential mortgages or notes within the State of Maine, or invested in short term obligations pending the purchase of such residential mortgages.

Sec. 5. 30 MRSA § 4758, first sentence, as enacted by PL 1969, c. 470, § 18, is repealed and the following enacted in place thereof :

The state authority shall not purchase from a seller who has previously sold to the state authority loans or obligations secured by land and improvements constituting one-family to 4-family housing units any new loan or obligation secured by land and improvements constituting a one-family to 4-family housing unit until such seller has completed the reinvestment in residential mortgages or the purchase of such residential mortgages contemplated in section 4757 and so informed the state authority in writing, provided, however, that if any seller had entered into a contract with the state authority prior to May 1, 1975, which contract provided for reinvestment of the proceeds of the sale of mortgages or obligations with certain restrictions within a certain time period, compliance with the terms of such contract shall constitute compliance with this section, and any seller who is performing within the terms of said contract shall be deemed to have completed said reinvestment requirements within the meaning of this section with respect to mortgages or obligations subject to such contract.

Sec. 6. 30 MRSA § 4767, as enacted by PL 1973, c. 649, § 3, is amended by adding at the end the following sentences :

For purposes of this section only, the term "proceeds of the sale of bonds or income derived from bonds proceeds" does not include: The principal of the Housing Reserve Fund or any Capital Reserve Fund established pursuant to this Article; income earned in the Housing Reserve Fund or any Capital Reserve Fund; or the scheduled amortization payments of principal and interest called for by mortgages or mortgage loans purchased pursuant to this

Article. The separate limitations imposed by the provisions of section 4761 on the use of moneys deposited in the Housing Reserve Fund or any Capital Reserve Fund shall not be affected by this section.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

Effective June 19, 1975

CHAPTER 523

AN ACT Designating Family Day Care as a Priority Social Service.

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

Sec. 1. 22 MRSA § 6110, as enacted by P&SL 1973, c. 38, § 1, is repealed and the following enacted in place thereof:

§ 6110. Designation of priority social services

The following types of social services, or so much of expenditures for these types of social services which do not qualify under federal legislation for payment from federal sources are designated as priority social services for payment of expenditures from state funds appropriated to carry out the purposes of this chapter:

- Homemaker - Health Aide Services;
- Developmental Day Care, including Family Day Care;
- Services for the Mentally Retarded;
- Mental Health Services;
- Transportation Services;
- Meals for Older People;
- Coordinated Elderly Programs.

Any expenditure of funds for family day care shall not cause the amount which may be expended for developmental day care or any other type of service to decrease below the cumulative fiscal year to date amount expended as of April 1, 1975 for such developmental day care or such other type of service.

Sec. 2. 22 MRSA § 6111, sub-§§ 4 and 5, as enacted by P&SL 1973, c. 38, § 1, are repealed and the following enacted in place thereof: