

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE
AS PASSED BY THE

ONE HUNDRED AND TENTH LEGISLATURE

SECOND SPECIAL SESSION

September 25, 1981

AND

THIRD SPECIAL SESSION

December 9, 1981

AND

SECOND REGULAR SESSION

January 6, 1982 to April 13, 1982

AND AT THE

FOURTH SPECIAL SESSION

April 28, 1982 to April 29, 1982

AND AT THE

FIFTH SPECIAL SESSION

May 13, 1982

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

J.S. McCarthy Co.
Augusta, Maine
1981

PUBLIC LAWS
OF THE
STATE OF MAINE

AS PASSED AT THE
SECOND AND THIRD SPECIAL SESSIONS

and

SECOND REGULAR SESSION

and

FOURTH AND FIFTH SPECIAL SESSIONS

of the

ONE HUNDRED AND TENTH LEGISLATURE

1981

expenses for the district. If the school administrative district or the community school district has made major renovations or additions which would meet the definition of a school construction project as set forth in section 3471, the town shall be credited with only those proceeds of the sale which are attributable to the appraised value of the original school building at the time of the sale.

3. Outstanding indebtedness. If a building has outstanding indebtedness, then the proceeds of its sale shall be used to retire the unit's debt service on the building and the balance of the proceeds shall be placed in a sinking fund to reduce future debt service payments. Any balance of the proceeds after the debt has been retired may be used in accordance with the conditions set forth in subsections 1 and 2.

4. Part of school construction project. If the school building has been replaced by a new building as part of a school construction project, the proceeds from the sale or lease of the building shall be used to retire the debt service on the new building, unless the property has been transferred pursuant to subsection 2.

Sec. 7. 20 MRSA §3561, first 3 sentences, as amended by PL 1967, c. 425, §19, are repealed.

Sec. 8. 20 MRSA §3562-C, as repealed and replaced by PL 1979, c. 541, Pt. B, §26, is repealed.

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

Effective April 15, 1982.

CHAPTER 692

H.P. 2303 - L.D. 2137

AN ACT to Clarify the Right of Local
Housing Authorities to Issue
Mortgage Revenue Bonds.

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

Sec. 1. 30 MRSA §4751, first ¶, 3rd sentence, as amended by PL 1969, c. 564, §6, is further amended to read:

An authority may issue such types of bonds as it may determine, including, without limiting the generality of the foregoing, bonds on which the principal and interest are payable; exclusively from the income and revenues of the project financed with the proceeds of such bonds; exclusively from the income and revenue of certain designated projects whether or not they are financed in whole or in part with the proceeds of such bonds; or from its revenues generally or in the case of the state authority exclusively from the proceeds of mortgages, bonds, or notes or other securities held by the state authority or from moneys appropriated by the State or otherwise authorized herein to be applied for payment of principal, redemption price and interest on the bonds.

Sec. 2. 30 MRSA §4751, as last amended by PL 1979, c. 712, §7, is further amended by adding after the 2nd paragraph a new paragraph to read:

In the case of a city or town authority, no bonds may be issued the principal and interest of which are to be payable from the proceeds of mortgages and notes held by the authority under Article 6, unless the bonds are rated in a rating category of A, its equivalent or better, by a nationally recognized rating agency, and unless the authority has received consent to the issuance of these bonds from the governing body of the city or town in which the authority is established. In the case of a city authority, the bonds described in this paragraph may not be issued unless the authority has also received the consent of the governing body of any towns within the area of operation of the authority in which moneys from the issuance of the bonds may be made available. City and town authorities, considered together, shall not at any time have, in the aggregate principal amount thereof outstanding, bonds described in this paragraph in excess of \$50,000,000.

Sec. 3. 30 MRSA §4756, as repealed and replaced by PL 1981, c. 620, §11, is amended to read:

§4756. Purchase and sale of mortgage loans

The state An authority may purchase or make commitments to purchase mortgage loans from any financial institution. The state An authority may also sell or make commitments to sell mortgage loans to any person or financial institution. The state An authority may exercise all rights and powers of a holder of any such mortgage loan.

Sec. 4. 30 MRSA §4757, first ¶, as last amended by PL 1981, c. 620, §12, is further amended to read:

A mortgage loan shall not be eligible for purchase or commitment to purchase by the state an authority hereunder unless at or before the time of transfer thereof to the authority, the originating bank, life insurance company, savings and loan association, other financial institution or the United States and its agencies or instrumentalities certifies:

Sec. 5. 30 MRSA §4758, as last amended by PL 1981, c. 620, §13, is further amended to read:

§4758. Authority not obligated

The state An authority shall not purchase from a seller who has previously sold to the state authority mortgage loans or obligations secured by land and improvements constituting one-family to 4-family housing units any new mortgage 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 notes or the purchase of such residential mortgages or notes 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 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 the contract shall be deemed to have completed the reinvestment requirements within the meaning of this section with respect to mortgages or obligations subject to such contract. The state authority shall have the right at all times to decline to purchase or to decline to make commitments to purchase any mortgage loan or obligation offered or submitted to it.

Sec. 6. 30 MRSA §4759, as amended by PL 1981, c. 620, §14, is further amended to read:

§4759. Consideration for mortgage loans purchased

The state An authority shall pay for each mortgage loan or obligation purchased an amount not in excess of the outstanding principal balance: Discount from the principal balance may be employed to effect a fair rate of return, as determined by the rate of return on comparable investment under market conditions existing at the time of purchase. In addition to the aforesaid payment of outstanding prin-

cipal balance, the state authority shall pay the accrued interest due thereon on the date the mortgage loan or obligation is delivered to the state authority against payment therefor.

Sec. 7. 30 MRSA §4760, first ¶, as last amended by PL 1981, c. 620, §15, is further amended to read:

The state An authority may authorize the issuance of revenue bonds of the authority in the manner and as provided in section 4751 for any of its authorized purposes including the purchase of mortgage loans or evidences thereof, for residential housing or a housing project in the State of Maine in accordance with section 4756. Such loans may include, but shall not be limited to, loans which are insured, guaranteed or assisted by the United States or an instrumentality thereof or for which there is a commitment by the United States or an instrumentality thereof to insure, guaranty or assist such loan and shall be for persons and families deemed by the state authority to require such assistance as is made available by this subchapter on account of low personal or family income, taking into consideration:

Sec. 8. 30 MRSA §4760, sub-§4, as repealed and replaced by PL 1969, c. 564, §9, is amended to read:

4. Ability to compete in normal housing market. The ability of such persons and families to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing decent, safe and sanitary housing, and deemed by the state authority therefore to be eligible to occupy residential housing constructed and financed, wholly or in part, with insured construction loans or insured mortgages, or with other public or private assistance.

Sec. 9. 30 MRSA §4760, last ¶, as last amended by PL 1981, c. 620, §16, is further amended to read:

The state An authority may not purchase such mortgage loan or evidence of such loan unless at least a reasonable number of the families or individuals who occupy or will occupy the mortgaged premises are persons of low income as defined in this subchapter. The state authority shall insure that the mortgaged premises is continued in use for the originally planned purpose so long as said that use is economically and socially reasonable.