

# MAINE STATE LEGISLATURE

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**LAWS**  
**OF THE**  
**STATE OF MAINE**

AS PASSED BY THE

ONE HUNDRED AND FIFTEENTH LEGISLATURE

**FIRST REGULAR SESSION**

December 5, 1990 to July 10, 1991

**FIRST SPECIAL SESSION**

July 11, 1991 to July 18, 1991

THE GENERAL EFFECTIVE DATE FOR

FIRST REGULAR SESSION

NON-EMERGENCY LAWS IS

OCTOBER 9, 1991

PUBLISHED BY THE REVISOR OF STATUTES  
IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,  
TITLE 3, SECTION 163-A, SUBSECTION 4.

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J.S. McCarthy Company  
Augusta, Maine  
1991

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**PUBLIC LAWS**  
**OF THE**  
**STATE OF MAINE**

**AS PASSED AT THE**  
**FIRST SPECIAL SESSION**

**of the**

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**JULY 11, 1991 to JULY 18, 1991**

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days of receipt of the application, ~~the local board shall submit its comments on the completeness of the application to the commissioner.~~ Within 30 days of receipt of local comments, the commissioner, using state criteria established by rule, shall decide whether to approve the equivalent instruction application. If the commissioner denies the application, the applicant may, within 30 days of receiving the denial, amend and resubmit the application directly to the commissioner. The commissioner shall make a decision within 30 days of receiving the amended application. If ~~the amended~~ an application is approved, the ~~applicant commissioner~~ shall send a copy notice of the ~~amended application approval~~ to the local board for information purposes. Notice provided to local boards under this section of applications for approval of equivalent instruction through home instruction and of the commissioner's decision on those applications is only for informational purposes. Local boards are not required to play any role in the application, review and approval, or oversight of home instruction programs.

**Sec. 2. 20-A MRSA §5001-A, sub-§3, ¶C,** as enacted by PL 1987, c. 114, is repealed.

**Sec. 3. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Act.

1992-93

EDUCATION, DEPARTMENT OF

General Purpose Aid to Local Schools

All Other (\$1,125,887)

Deappropriates funds no longer necessary due to the elimination of subsidy to school administrative units for home school students.

**Sec. 4. Effective date.** This Act takes effect on July 1, 1992.

Effective July 1, 1992.

CHAPTER 603

H.P. 750 - L.D. 1070

An Act to Improve Student Financial Assistance Services

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

**Whereas,** changes in existing law recommended by the Student Financial Aid Transition Advisory Committee are necessary to provide prompt, equitable access to financial assistance programs for students and families; and

**Whereas,** those changes need to be enacted before the start of the next school year in order to have the greatest impact; 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. 5 MRSA §145-C** is enacted to read:

**§145-C. Capital appreciation bonds**

**1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "College savings bonds" means any general obligation bonds of the State that:

(1) The Treasurer of State is authorized to issue and sell;

(2) Are offered for initial sale at a substantial discount from face value with some or all of the payment to bondholders of principal or interest or both deferred until maturity; and

(3) Are designated by the Treasurer of State as college savings bonds.

**2. Authorization.** Any general obligation bonds of the State that the Treasurer of State now or after the effective date of this subsection is authorized to issue and sell may be issued and sold by the Treasurer of State as college savings bonds. The Treasurer of State, after consultation with the advisory committee established in subsection 3, may offer college savings bonds in such amounts and form and on such terms and conditions as the Treasurer of State determines necessary. Notwithstanding any contrary provision of any general obligation bond act, the Treasurer of State is authorized to issue bonds in serial or term form in the name of and on behalf of the State, in amounts that will raise usable bond proceeds equal to the total amount for the projects authorized by the general obligation bond act and approved at referendum. For purposes of determining the amount of bonds of the State being issued or outstanding as of any given time, the amount of capital appreciation bonds is the greater of the original issue amount and the accreted value, as determined by the Treasurer of State.

**3. Advisory committee.** There is established an advisory committee on college savings bonds to advise the Treasurer of State on the issuance of college savings bonds. The advisory committee consists of 3 ex officio members, the Commissioner of Finance, the Commissioner of Education, the Chief Executive Officer of the Finance Authority of Maine; and one representative of the University of Maine System designated by the Governor for a 4-year term. The advisory committee shall consult with the Treasurer of State on the amount of college savings bonds to be issued by the State, their terms, maturities and structures and the marketing and availability of the bonds.

**4. Sale of college savings bonds.** College savings bonds may be sold by competitive or negotiated sale, provided that the Treasurer of State shall determine that the underwriter or underwriters to which the bonds are sold have sufficient capability to provide for broad retail distribution of the bonds to investors residing in the State. College savings bonds may be issued in certificate or book entry form, in face amounts as low as \$1,000 if determined advisable by the Treasurer of State. The Treasurer of State may covenant and consent to establish any sinking funds, reserve funds or other accounts necessary to pay the bonds at maturity.

**Sec. 2. 10 MRSA §363, sub-§6,** as repealed and replaced by PL 1987, c. 413, §4, is amended to read:

**6. Allocation to the Finance Authority of Maine.** That portion of the state ceiling allocated to the category of bonds which are limited obligations of the issuer payable solely from the revenues of the projects financed with the proceeds of the bonds, other than for housing-related projects or issues included in an issue of the Maine Municipal Bond Bank, as well as that portion of the state ceiling allocated to bonds authorized to be issued by the Finance Authority of Maine pursuant to Title 20-A, chapter 417-B, shall must be allocated to the Finance Authority of Maine, which may further allocate that portion of the state ceiling to bonds requiring an allocation in order to qualify as tax-exempt bonds.

**Sec. 3. 10 MRSA §1013, sub-§8,** as repealed and replaced by PL 1989, c. 698, §10, is amended to read:

**8. Supplemental loan program.** The supplemental loan program as established in Title 20-A, chapter 417-B;

**Sec. 4. 10 MRSA §1013, sub-§10,** as enacted by PL 1989, c. 698, §10, is amended to read:

**10. Student financial assistance counseling and outreach program.** The student financial assistance counseling and outreach program, as established in Title 20-A, chapter 430-B; and

**Sec. 5. 10 MRSA §1013, sub-§11,** as enacted by PL 1989, c. 698, §10, is repealed.

**Sec. 6. 20-A MRSA c. 417-B** is enacted to read:

## CHAPTER 417-B

### SUPPLEMENTAL LOAN PROGRAM

#### §11441. Program established

There is established the Student Financial Aid Supplemental Loan Program to provide assistance to students or the families of students who are residents of this State attending institutions of higher education within or outside of this State and to students attending institutions of higher education within this State and their families. The assistance provided by this chapter is intended to supplement federal guaranteed higher education loan programs, other student loan programs, grant programs, scholarship programs, programs assisting institutions of higher education and other means of assisting students and families of students.

#### §11442. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

**1. Authority.** “Authority” means the Finance Authority of Maine established in Title 10, section 961 and its successors or assigns.

**2. Authority loans.** “Authority loans” means loans by the authority to institutions of higher education, students or other persons for the purpose of funding, financing or acquiring education loans.

**3. Bonds.** “Bonds” includes bonds, notes, refunding bonds, commercial paper, pass-through instruments or any other evidences of obligations of the authority issued under this chapter.

**4. Borrower.** “Borrower” means a student who has received an education loan or any parent who has received or agreed to repay an education loan.

**5. Code.** “Code” means the United States Internal Revenue Code of 1986, as amended.

**6. Cost of attendance.** “Cost of attendance” means the tuition and fees applicable to a student, together with an estimate of other expenses reasonably related to cost of attendance at an institution, including, without limitation, the cost of room and board, transportation, books and supplies.

**7. Default insurance.** “Default insurance” means insurance that insures authority loans or bonds against default.

**8. Default reserve fund.** “Default reserve fund” means a fund established by the authority for the purpose of securing authority loans or bonds.

**9. Education loan.** “Education loan” means a loan made by the authority or by or on behalf of an institution to a student or to parents of a student, or both, in amounts not in excess of the maximum amounts specified by the authority to finance a part or all of the student’s cost of attendance at an institution. An education loan is an authority loan.

**10. Education loan series portfolio.** “Education loan series portfolio” means all education loans made by a specific institution that are funded from or acquired by the proceeds of an authority loan to the institution of higher education out of the proceeds of a related specific bond issue through the authority.

**11. Institution.** “Institution” or “institution of higher education” means any public or private nonprofit educational institution within the State, any public or private nonprofit educational institution outside of the State attended by residents of the State, any proprietary educational institution within the State for which loan guarantee services are readily and conveniently available to the authority or any proprietary educational institution outside of the State attended by residents of the State and for which loan guarantee services are readily and conveniently available to the authority, that:

- A. Provides a program of education beyond the high school level;
- B. Awards an associate, baccalaureate or advanced degree; and
- C. Meets the other conditions established by rules of the authority.

**12. Loan funding deposit.** “Loan funding deposit” means money or other property deposited by an institution with the authority or a trustee or custodian, in amounts the authority determines necessary as a condition for an institution’s participation in the authority’s programs to:

- A. Provide security for bonds;
- B. Fund a default reserve fund;
- C. Acquire default insurance; or
- D. Defray costs of the authority.

**13. Parent.** “Parent” means any parent or guardian of a student at an institution of higher education.

#### **§11443. Supplemental loans**

**1. Programs.** The authority is authorized to carry out one or more programs making financial and other

assistance available to borrowers or institutions to finance the cost of attendance. The authority is further authorized to issue bonds, lend the proceeds of the bonds and exercise any other power set forth in this chapter for these purposes.

**2. Policies.** The authority shall establish rules pertaining to participation in the Student Financial Aid Supplemental Loan Program, issuing bonds and borrowing money by the authority, a process for allocation and carry-forward of that portion of the state ceiling on issuance of tax exempt bonds allocated to the authority pursuant to Title 10, chapter 9, servicing and collection of loans made pursuant to programs of the authority and other policies governing the operation of the authority.

#### **§11444. Records confidential**

**1. Confidential information.** Records containing any information acquired by the authority or a member, employee or agent of the authority from applicants for or recipients of financial assistance provided by the Student Financial Aid Supplemental Loan Program are confidential for purposes of Title 1, section 402, subsection 3, paragraph A.

**2. Wrongful disclosure prohibited.** No member, employee, agent, other representative of the authority or other person may knowingly divulge or disclose records declared confidential by this section, except that the authority may, in its discretion, make or authorize any disclosure of information of the following types or under the following circumstances:

- A. Impersonal, statistical or general information;
- B. If necessary in connection with processing any application for, obtaining or maintaining financial assistance for any person or in connection with acquiring, maintaining or disposing of property;
- C. To a financial institution or credit reporting service;
- D. Information necessary to comply with any federal or state law or rule or with any agreement pertaining to financial assistance;
- E. Information to the extent the authority determines the disclosure necessary to the sale or transfer of its bonds;
- F. If necessary to ensure collection of any obligation in which it has or may have an interest;
- G. In any litigation or proceeding in which the authority has appeared, introduction for the record of any information obtained from records declared confidential by this section; and

H. Pursuant to a subpoena, request for production of documents, warrant or other order by competent authority, provided that any such order appears to have first been served on the person to whom confidential information sought pertains or belongs and provided that any such order appears on its face or otherwise to have been issued or made upon lawful authority.

#### **§11445. Bonds**

**1. Issuance; purpose; payment; authorization; interim receipts or certificates.** The authority may issue bonds without limitation for the purpose of making authority loans to institutions participating in a program of the authority for the purpose of providing education loans, for acquiring existing portfolios of education loans from institutions or for financing or funding education loans directly or indirectly to borrowers. The bonds of each issue must be payable from sources specified in the agreement with bondholders, including without limitation, principal and interest on loans; payments by institutions, banks, insurance companies or others pursuant to letters of credit or purchase agreements; investment earnings from funds or accounts maintained pursuant to a trust agreement or other document; insurance proceeds; loan funding deposits; proceeds of sales of education loans; proceeds of refunding bonds; and other fees, charges or revenues of the authority.

Bonds must be authorized by the authority and must:

A. Bear the date or dates, and mature at a time or times, whether as serial bonds or as term bonds, or both, determined by the authority;

B. Bear interest at a rate or rates determined by the authority, including, but not limited to, fixed, variable, floating or adjustable interest rates;

C. Be payable at a time or times, in the denominations and form, either coupon or registered or both, and carry the registration and privileges as to conversion and for the replacement of mutilated, lost or destroyed bonds as the authority may establish;

D. Be negotiable and payable in lawful money of the United States at a designated place or be payable in another form of currency if the authority so designates;

E. Be subject to redemption in accordance with the agreement with bondholders;

F. Be executed by the manual or facsimile signatures of the officers or designees of the authority;

G. Be sold in the manner and upon the terms determined by the authority at public or private sale, with or without public bidding;

H. Be conclusively presumed to be fully and duly authorized and issued under the laws of the State and any person or governmental unit is estopped from questioning their authorization, sale, issuance, execution or delivery by the authority; and

I. Be considered to be negotiable instruments issued under the laws of the State.

Pending preparation of the definitive bonds, the authority may issue interim receipts or certificates that must be exchanged for such definitive bonds.

Bonds issued under this chapter do not constitute or create any debt or debts, liability or liabilities on behalf of the State or of any political subdivision of the State other than the authority, or a loan of the credit of the State or a pledge of the faith and credit of the State or of any such political subdivision other than the authority, but are payable solely from the funds provided. All the bonds must contain on the face of the bonds a statement to the effect that neither the State nor any political subdivision of the State is obligated to pay the same or the interest on the bonds, except from revenues derived pursuant to one or more agreements and that neither the faith and credit nor the taxing power of the State or of any political subdivision of the State is pledged to the payment of the principal of, premium, if any, or the interest on such bonds. The issuance of bonds under this chapter does not directly or indirectly or contingently obligate the State or any political subdivision of the State to levy or to pledge any form of taxation whatever or to make any appropriation for their payment. Nothing contained in this section may prevent or be construed to prevent the authority from pledging its full faith and credit or the full faith and credit of an institution to the payment of bonds or issue of bonds authorized pursuant to this chapter.

**2. Provisions in bond resolution or other document.** Any bond resolution or other document may contain provisions, which are a part of the contract with the holders of the bonds to be authorized, as to:

A. Pledging or assigning the revenues derived from authority loans, education loans or other sources with respect to which the bonds are issued;

B. The fees and other charges collected and the sums raised in each year, and the use, investment and disposition of such sums;

C. The setting aside of loan funding deposits, debt service reserves, capitalized interest accounts, cost of issuance accounts and sinking funds, and their regulation, investment and disposition;

D. Limitations on the use of proceeds of loans;

E. Limitations on the purpose to which or on the investments in which the proceeds of sale of any is-

sue of bonds then or thereafter issued may be applied;

F. Limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the terms upon which additional bonds may rank on a parity with, or be subordinate or superior to, other bonds;

G. The refunding or refinancing of outstanding bonds;

H. The procedure, if any, by which the terms of any contract with bondholders may be altered or amended and the amount of bonds the holders of which must consent thereto, and the manner in which consent is given;

I. Defining the acts or omissions that constitute a default in the duties of the authority to holders of its obligations and providing the rights or remedies of such holders in the event of a default;

J. Providing for guarantees, pledges of endowments, letters of credit, property or other security, or insurance for the benefit of the holders of the bonds; and

K. Any other matter relating to the bonds that the authority determines appropriate.

**3. Liability.** No member or employee of the authority nor any person executing the bonds may be liable personally on the bonds or subject to any personal liability by reason of the issuance of the bonds.

**4. Purchasing, refunding or refinancing by authority.** The authority may purchase its bonds out of any available funds and may hold, pledge, cancel or resell the bonds subject to and in accordance with agreements with bondholders. The authority may refund or refinance any of its bonds.

**5. Security for series or issue of bonds.** The authority may pledge the repayments of authority loans as security for a series or issue of bonds. Notwithstanding any other provision of this chapter, the authority may commingle and pledge as security for a series or issue of bonds, with the consent of all of the institutions that are participating in the series or issue, the education loan series portfolios and some or all future education loan series portfolios of the institutions and the loan funding deposits of the institutions, if education loan series portfolios and other security and money set aside in any fund or funds pledged for any series or issue of bonds are held for the sole benefit of the series or issue separate and apart from education loan series portfolios, and other security and money pledged for any other series or issue of bonds of the authority.

The authority may provide for transfer of registration of its registered bonds by book entry on the records of the entity designated for that purpose and may enter into

any agreement that it considers necessary to accomplish these purposes.

#### **§11446. Refunding bonds**

The authority may provide for issuance of refunding bonds of the authority to refund any outstanding bonds issued under this chapter, including the payment of any redemption premium and any interest accrued or to accrue to the date of redemption, and, if considered advisable by the authority, for any other purpose of the authority. The authority may provide for the issuance of bonds of the authority for the combined purpose of refunding any outstanding bonds, including refunding bonds issued under this chapter. The issuance of the bonds, the maturities and other details, the rights and remedies of the holders and the rights, powers, privileges, duties and obligations of the authority are governed by the provisions of this chapter insofar as they are applicable.

#### **§11447. Loan transactions**

The authority may purchase, sell, service, pledge, invest in, hold, trade, accept as collateral or otherwise deal in, acquire or transfer, all on such terms and conditions as the authority may specify, any loan, loan pass-through certificate, pledge, including any pledge of loan revenue, loan participation certificate or other loan-backed or loan-related security. Any such transaction may be conducted by public or private offering, with or without public bidding. In connection with the purchase or sale of a loan or of a beneficial interest or participation in a loan, the authority may enter into one or more agreements providing for the custody, control and administration of the loan. Any such agreement may provide that the authority, a financial institution or other person act as trustor, trustee or custodian under the agreement. Any such agreement may provide that, with respect to loans governed by the agreement, title to a loan, or to a beneficial interest or participation in a loan, is deemed to have been transferred on terms and to the extent specified in that agreement and that the effect of a sale of a beneficial interest or participation in a loan is the same as a sale of a loan. The authority may issue or cause to be issued certificates or other instruments evidencing the holder's fractional interest in a pool of loans, which interest may be undivided or limited to one or more specific loans. Whether or not the certificates or instruments are of such form or character as to be negotiable instruments under Title 11, Article 8, the certificates or instruments are made negotiable instruments within the meaning of and for all purposes of Title 11, Article 8, subject only to such registration requirements as the authority may establish.

#### **§11448. Trust agreement; pledge**

**1. Trust agreement.** Any bonds issued under this chapter may be secured by a trust agreement by and between any or all of the following: the authority, a participating institution and a corporate trustee or trustees, which may be any trust company or bank having the powers of a trust company within or without the State.



**2. Pledge.** Any trust agreement may pledge or assign any revenues to be received by the authority or proceeds or benefits of any contract, may serve to convey or mortgage or otherwise secure any property or property rights, may contain provisions for protecting and enforcing the rights and remedies of bondholders, may restrict the individual right of action by bondholders and may contain such other provisions as the authority determines appropriate, including the right to the appointment of a receiver and the right to the issuance of an order of specific performance by a court of competent jurisdiction.

**3. Education loan program.** Any expense incurred in carrying out the trust agreement may be treated as a part of the cost of the operation of an education loan program.

**4. Valid and binding.** A pledge by the authority of revenues as security for an issue of bonds is valid and binding from the time when the pledge is made.

The revenues pledged are immediately subject to the lien of the pledge without any physical delivery, recording of any instrument or further act and the lien of any pledge is valid and binding against any person having any claim of any kind in tort, contract or otherwise against the authority or any participating institution or borrower, irrespective of whether the person has notice.

No bond resolution, trust agreement or financing statement, continuation statement or other instrument adopted or entered into by the authority need be filed or recorded in any public record other than the records of the authority in order to perfect the lien against 3rd persons, regardless of any contrary provision of law.

**5. Trust funds.** All money received by or on behalf of the authority under this chapter, whether as proceeds from the sale of bonds or as revenues, is deemed to be trust funds to be held and applied solely as provided in this chapter.

Any officer with whom, or any bank or trust company with which, that money is deposited shall act as trustee of the money and shall hold and apply it for the purposes provided in the chapter and any applicable bond resolution or trust agreement.

#### **§11449. Capital reserve funds; obligation of the State**

**1. Capital reserve fund.** The authority may create and establish one or more capital reserve funds and may pay into any capital reserve fund any money appropriated and made available by the State for the purposes of any such fund, any proceeds of the sale by the authority of bonds to the extent determined by the authority and any other money available to the authority.

**2. Application.** Money held in any capital reserve fund, except as provided in this section, must be used solely with respect to bonds repayment of which is se-

cured by any such fund and solely for the payment of principal of bonds, the purchase or redemption of those bonds, including any fees or premiums, and the payment of interest on those bonds. Money in excess of the reserve requirement set forth in subsection 3 may be transferred to other funds and accounts of the authority.

**3. Reserve requirement.** The authority may provide that money in any capital reserve fund may not be withdrawn at any time in such amount as would reduce the amount of any fund to less than the maximum amount of principal and interest becoming due by reason of maturity or a required sinking fund payment in the next succeeding 12-month period within which any such maturity occurs or any such payment is required, the amount being referred to as the "capital reserve requirement," except for the purpose of paying the amount due at any such maturity or the sinking fund payment with respect to bonds, repayment of which is secured by any such fund.

**4. Issuance limit.** The authority may provide that it may not issue bonds if the capital reserve requirement described in subsection 3 with respect to bonds outstanding and then to be issued and secured by any capital reserve fund will exceed the amount of any such fund at the time of issuance, unless the authority, at the time of issuance of the bonds, deposits in any such fund from proceeds of the bonds to be issued, or from other sources, an amount which, together with the amount then in any such fund, is not less than the capital reserve requirement.

**5. Appropriation.** On or before December 1st, annually, the authority shall certify to the Governor the amount, if any, necessary to restore the amount in any capital reserve fund to which this subsection applies according to the trust agreement or other document to the capital reserve requirement. The Governor shall pay directly from the contingent account to any such fund as much of the amount as is available in the contingent account and shall transmit directly to the Legislature that certification and a statement of the amount, if any, remaining to be paid and the amount certified must be appropriated and paid to the authority during the current state fiscal year.

**6. Bonds outstanding.** The authority may not have at any one time outstanding bonds to which subsection 5 applies according to the trust agreement or other document in principal amount exceeding \$50,000,000. The amount of bonds issued to refund bonds previously issued may not be taken into account in determining the principal amount of the bonds outstanding, provided that the proceeds of the refunding bonds are applied as promptly as possible to the refunding of the previously issued bonds. In computing the total amount of bonds of the authority that may at any time be outstanding for any purpose, the amount of the outstanding bonds that have been issued as capital appreciation bonds or as similar instruments are valued as of any date of calculation at their current accreted value rather than their face value.

**§11450. Enforcement of rights and duties**

Except to the extent that the rights are restricted by any applicable bond resolution or trust or other agreement, any holder of bonds issued under this chapter or a trustee under a trust agreement entered into under this chapter may, by any suitable form of legal proceedings, protect and enforce any rights granted under the laws of the State or by any applicable bond resolution or trust or other agreement.

**§11451. Bonds as legal investments**

Bonds issued by the authority under this chapter are hereby made securities in which all public officers and public bodies of the State and its political subdivisions; insurance companies and associations and other persons carrying on an insurance business; trust companies, banks, bankers, banking associations, savings banks and savings associations, including savings and loan associations; financial institutions; credit unions; building and loan associations; investment companies; executors, administrators, trustees and other fiduciaries; pension, retirement funds and profit-sharing; other persons carrying on a banking business; and all other persons may properly and legally invest funds, including capital in their control or belonging to them. These bonds are hereby made securities that may properly and legally be deposited with and received by any state, municipal or public officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized by law.

**§11452. Chapter additional and supplemental**

1. In general. This chapter provides a complete, additional and alternative method for carrying out the functions authorized and is supplemental and additional to, and the limitations imposed by this chapter do not limit or otherwise affect powers or rights conferred by other laws. The issuance of bonds and refunding bonds under this chapter need not comply with the requirements of any other law applicable to the issuance of bonds.

2. Institutions of higher education. Notwithstanding any other provision of law or charter, institutions of higher education may borrow money from the authority, make education loans and take all other actions necessary or convenient to consummate the transactions contemplated under this chapter. The authority may establish, contract for, charge and collect any amount or rate of interest or compensation with respect to authority loans. Participating institutions of higher education may contract for, charge and collect any amount or rate of interest or compensation with respect to education loans. Neither the authority nor any institution of higher education participating in a loan program under this chapter may be subject to any licensing provisions relating to financial institutions or any credit regulations of the State.

**§11453. Taxable bond option**

With respect to all or any portion of any issue of any bonds or any series of bonds that the authority may issue in accordance with the limitations and restrictions of this chapter, the authority may covenant, elect and consent that the interest on the bonds be includable under the code or any subsequent corresponding internal revenue law of the United States in the gross income of the holders of the bonds to the same extent and in the same manner that the interest on bills, bonds, notes or other obligations of the United States is includable in the gross income of the holders under the code or any subsequent law. Bonds issued pursuant to this section are not subject to any limitations or restrictions of any law that may limit the authority's power to issue those bonds. The foregoing grant of power may not be construed as limiting the inherent power of the State or its agencies under any other provision of law to issue debt, the interest on which is includable in the gross income of the holders under the code or any subsequent law.

**§11454. Agreement of the State**

The State hereby pledges to and agrees with the holders of any bonds issued under this chapter and with those parties who may enter into any contract with the authority pursuant to this chapter that the State will not limit, alter, restrict or impair the rights vested in the authority and the participating institutions until the bonds, together with interest, including interest on any unpaid installment of interest and all costs and expenses in connection with any actions or proceedings by or on behalf of the bondholders, are fully met and discharged and such contracts are fully performed on the part of the authority. Nothing in this chapter precludes that limitation or alteration if and when adequate provision is made by law for the protection of the holders of bonds of the authority or those entering into contracts with the authority. The authority is authorized to include this pledge and undertaking for the State in those bonds or contracts.

**§11455. Termination of existence of authority**

No law terminating the Student Financial Aid Supplemental Loan Program may take effect as long as any bonds of the program are outstanding and unpaid without adequate provision for payment having been made.

**§11456. Act cumulative; no notice required**

Nothing in this chapter may be construed as a restriction or limitation upon any powers that the authority might otherwise have under any laws of this State and this chapter is cumulative of any such powers. Neither the making of contracts nor the issuance of bonds pursuant to this chapter need comply with the requirements of any other state law applicable to the making of contracts, the issuance of bonds or the construction, acquisition or management of any project undertaken pursuant to this chapter. No proceedings, notice or approval is required for the issuance of

any bonds or any instrument as security therefor, except as is provided in this chapter or in the code, if applicable.

**§11457. Act liberally construed**

This chapter being necessary for the welfare of the State and its inhabitants must be liberally construed so as to effect its purposes.

**Sec. 7. 20-A MRSA c. 430**, as amended, is repealed.

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

Effective July 30, 1991.

**CHAPTER 604**

**S.P. 134 - L.D. 272**

**An Act to Revise the Small Claims Laws**

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

**Whereas**, limiting the number of small claims filed in a single time period seriously hampers access to the courts; and

**Whereas**, small claims actions require vast amounts of time from the already overburdened District Court clerks; and

**Whereas**, it is in the public interest to guarantee access to the Maine courts while providing the resources necessary to ensure that the access is meaningful as soon as possible; 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. 14 MRSA §7484-A, sub-§1**, as enacted by PL 1991, c. 9, Pt. E, §12, is amended to read:

**1. Rules by Supreme Judicial Court.** The procedures with respect to the commencement of the action, the fee, the notice to the parties, the settlement or hearing, the judgment, appeal and ~~post judgment~~ postjudgment proceedings must be set forth in rules of procedure adopted by the Supreme Judicial Court. Rules

adopted under this section may not restrict the number of claims that may be filed in any given period.

**Sec. 2. 14 MRSA §7484-A, sub-§2**, as enacted by PL 1991, c. 9, Pt. E, §12, is repealed.

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

Effective July 30, 1991.

**CHAPTER 605**

**S.P. 331 - L.D. 887**

**An Act to Strengthen Municipal Borrowing Alternatives**

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

**Sec. 1. 30-A MRSA §5902, sub-§1, ¶A**, as amended by PL 1989, c. 104, Pt. C, §§8 and 10, is further amended to read:

A. To foster and promote by all reasonable means the provision of adequate capital markets and facilities for borrowing money by counties, municipalities, School Administrative Districts, community school districts, quasi-municipal corporations and other governmental units and ~~for the financing of~~ to finance their respective public improvements and other municipal purposes within the State from proceeds of bonds ~~or~~, notes, any other form of debt or leases issued by those governmental units;

**Sec. 2. 30-A MRSA §5903, sub-§6-C** is enacted to read:

**6-C. Municipal bond insurance fund.** "Municipal bond insurance fund" means any fund or funds established by the bank to provide reserves to insure payment of any state or municipal issuance of debt, pursuant to a bond insurance program established by the bank.

**Sec. 3. 30-A MRSA §5953, sub-§1, ¶¶B and C**, as amended by PL 1989, c. 104, Pt. C, §§8 and 10, are further amended to read:

B. Authorize and issue its bonds and notes payable solely from the revenues or funds available to the bank for that purpose; ~~and~~

C. Otherwise assist governmental units as provided in this chapter; ~~and~~

**Sec. 4. 30-A MRSA §5953, sub-§1, ¶D** is enacted to read: