

# MAINE STATE LEGISLATURE

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

AS PASSED BY THE

ONE HUNDRED AND FIFTEENTH LEGISLATURE

**THIRD SPECIAL SESSION**

October 1, 1992 to October 6, 1992

**FOURTH SPECIAL SESSION**

October 16, 1992

ONE HUNDRED AND SIXTEENTH LEGISLATURE

**FIRST REGULAR SESSION**

December 2, 1992 to July 14, 1993

THE GENERAL EFFECTIVE DATE FOR

FIRST REGULAR SESSION

NON-EMERGENCY LAWS IS

OCTOBER 13, 1993

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  
1993

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

**AS PASSED AT THE**  
**FIRST REGULAR SESSION**

**of the**  
**ONE HUNDRED AND SIXTEENTH LEGISLATURE**

**1993**

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C. The proposed location of all buildings, sewage disposal systems and other improvements are:

(1) Located on natural ground slopes of less than 20%; and

(2) Located outside the floodway of the 100-year floodplain along rivers and artificially formed great ponds along rivers and outside the velocity zone in areas subject to tides, based on detailed flood insurance studies and as delineated on the Federal Emergency Management Agency's Flood Boundary and Floodway Maps and Flood Insurance Rate Maps; all buildings, including basements, are elevated at least one foot above the 100-year floodplain elevation; and the development is otherwise in compliance with any applicable municipal floodplain ordinance.

If the floodway is not shown on the Federal Emergency Management Agency maps, it is deemed to be 1/2 the width of the 100-year floodplain. For purposes of this subparagraph, "floodway" means the channel of a river or other watercourse and adjacent land areas that must be reserved in order to discharge the 100-year flood without cumulatively increasing the water surface elevation more than one foot in height and "velocity zone" means an area of special flood hazard extending from offshore to the inland limit of the primary frontal dune along an open coast and any other area subject to high-velocity wave action from storms or seismic sources.

D. The total ground-floor area of all principal and accessory structures is limited to a maximum of 1,500 square feet.

E. All structures, except functionally water-dependent structures, are set back from the normal high-water line or upland edge of a wetland to the greatest practical extent, but not less than 75 feet. In determining the greatest practical extent, the planning board shall consider the depth of the lot, the slope of the land, the potential for soil erosion, the type and amount of vegetation to be removed, the proposed building site's elevation in regard to the floodplain and its proximity to moderate-value and high-value wetlands.

See title page for effective date.

## CHAPTER 319

H.P. 929 - L.D. 1252

### An Act to Provide Support to Maine Small Businesses

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

**Sec. 1. 10 MRSA §1026-A, sub-§3**, as amended by PL 1991, c. 854, Pt. A, §4, is further amended to read:

**3. Mortgage insured loan limitation for small businesses.** Whenever an applicant applies for mortgage insurance under sections 1026-B and 1026-C or sections 1026-C and 1026-K, the authority may insure mortgage loans for which the combined principal amounts of mortgage insurance of both sections do not exceed \$1,100,000.

**Sec. 2. 10 MRSA §1026-K** is enacted to read:

#### **§1026-K. Loan insurance for small businesses**

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

A. "Loan" means a mortgage or a loan for any business purpose.

**2. Scope of section.** This section applies, in addition to other applicable provisions of this subchapter, when the original principal amount of the loan insurance is \$75,000 or less, but not when loan insurance is provided pursuant to section 1026-B or 1026-D.

**3. Insurance.** Any loan insurance provided pursuant to this section is subject to the following:

A. The original principal amount of loan insurance may not exceed \$75,000; and

B. The authority may insure no more than 95% of the loan payments.

**4. Loan eligibility.** The authority may insure loan payments under this section only when the following conditions are met:

A. Repayment of the loan may be secured by less than full collateral if the borrower or the principals of the borrower are of good character and have good credit records;

B. The loan has a maturity satisfactory to the authority; and

C. The borrower:

(1) At the time the application is made for financial assistance, is an existing business with 9 or fewer employees;

(2) Has been in business for at least 3 years; and

(3) Agrees to seek business counseling if required by the authority.

See title page for effective date.

## CHAPTER 320

### S.P. 448 - L.D. 1415

#### An Act to Clarify the Extent of Insurable Interests

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

**Sec. 1. 24-A MRSA §2404, sub-§3, ¶C,** as amended by PL 1991, c. 548, Pt. C, §1, is further amended to read:

C. ~~An individual~~ A party to a contract or option for the purchase or sale, including a redemption, of an interest in a business proprietorship, partnership or firm, or of shares of stock of a closed corporation or of an interest in these shares, has an insurable interest in the life, body and health of each individual party to that contract or option, and for the purposes of that contract or option only, in addition to any insurable interest which that may otherwise exist as to that individual;

**Sec. 2. 24-A MRSA §2404, sub-§3, ¶E,** as enacted by PL 1991, c. 548, Pt. C, §3, is amended to read:

E. Any revocable or irrevocable trust has an insurable interest, provided any settlor or any beneficiary of the trust has an insurable interest as provided in paragraph A or, B, or C. A partnership has an insurable interest provided any partner has an insurable interest.

**Sec. 3. 24-A MRSA §2405, sub-§§1 and 2,** as enacted by PL 1969, c. 132, §1, are amended to read:

1. Life insurance contracts may be entered into in which the person, trust or trustee paying the consideration for the insurance has no insurable interest in the life of the individual insured, where charitable, benevolent, educational, or religious institutions, or their agencies, are designated irrevocably as the beneficiaries thereof.

2. In making such contracts, the person paying the premium shall make and sign the application therefor as owner or as settlor of a trust, and shall designate a charitable, benevolent, educational or religious institution, or any agency thereof, irrevocably as the beneficiary or ben-

eficiaries of such contract. The application ~~shall~~ must be signed also by the individual whose life is to be insured.

**Sec. 4. Application; retroactivity.** Those sections of this Act that amend the Maine Revised Statutes, Title 24-A, section 2404 apply retroactively, so that if, on the effective date of this Act, any person has an insurance contract upon the life or body of an insured, and if that person would have an insurable interest in the life or body of the insured under the statutes as amended in this Act, then that person is deemed to have had an insurable interest at the time when the contract was made.

**Sec. 5. Certain beneficiaries; application.** The section of this Act that amends the Maine Revised Statutes, Title 24-A, section 2405 applies to insurance contracts entered into after the effective date of this Act and insurance contracts transferred, after the effective date of this Act, to trusts of which the applicant is settlor for the benefit of charitable, benevolent, educational or religious institutional beneficiaries.

See title page for effective date.

## CHAPTER 321

### S.P. 291 - L.D. 861

#### An Act to Amend the Laws Governing the Effect of a Tender in Foreclosure Actions

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

**Sec. 1. 14 MRSA §6204,** as amended by PL 1991, c. 134, §2, is further amended to read:

#### §6204. Redemption in one year

The mortgagor or person claiming under ~~him~~ the mortgagor may redeem the mortgaged premises within one year after the first publication or the service of the notice mentioned in section 6203, and if not so redeemed, ~~his~~ the mortgagor's right of redemption is forever foreclosed.

The mortgagor and mortgagee may agree upon any period of time not less than one year in which the mortgage ~~shall be~~ is forever foreclosed, ~~which.~~ If made, this agreement shall must be inserted in the mortgage and be is binding on the parties, their heirs, legal representatives and assigns and ~~shall apply~~ applies to all the modes of foreclosure of mortgages on real estate.

The mortgagor or those claiming under the mortgagor have the right to redeem the mortgaged premises from any or all sales of the mortgaged premises under and by virtue of authority and power contained in the mortgage or from any sale of the mortgaged premises under or by virtue of a separate instrument executed at or about the same time with the mortgage, and being a