



QUESTIONS FOR WORK SESSION

TO: IDEA Committee

FROM: Erik Jorgensen / MaineHousing

RE: LD 1978 – “An Act to Promote Home Ownership by Reducing Education Debt

DATE: February 24, 2022

Dear Members of the Committee:

I am sorry not to have been present at the hearing on LD 1978 – conflicting bills! I will plan to be there for the work session. In the meantime, I wanted to try and provide some answers to questions that I understand were asked at the hearing.

Rep. Collamore asked if MSHA’s usual first-time homebuyer requirements would apply to this new program, such as no renting out? YES- All rules of the first time homebuyer program would be in effect – the buyer could not have owned a home in the prior three years; they’d need to meet income qualifications, and the home would need to be a primary residence.

Rep. Collamore also asked if one would need to have graduated/obtained a degree in order to participate? As we envision it, the program would serve home buyers with student debt, regardless of degree status. People without degrees who have student debt are a particularly challenged population whom we feel we should not be punished. If, however, the committee wanted proof of graduation, we could probably add that without too much trouble.

Rep. Andrews asked what would happen if the person sold their house for a profit prior to completion of five years? If the House were to be sold before the completion of the 5 year period (and this can happen for various reasons, not just a desire for profit), a pro-rated amount of the forgiven student debt (dependent on the amount of time elapsed) would be re-assigned to the borrower, who would then be required to pay it back to FAME. The First Home Loan program does not have a residency length requirement.

Rep. Hasenfus asked if the program would give priorities to certain degree holders, such as STEM? No. At least not as we have designed the program. People who work in business, public service, the trades and in service industries are critical to the economic function of the state. We would argue that an economy needs more than just STEM professionals.