

SEVENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FIRST REGULAR SESSION, 1991

CONGRESSIONAL BILL NO. 7-23, C.D.1, C.D.2

PRESIDENTIAL COMM. NO. 7-127
FSM CONGRESS

AN ACT

To further amend title 30 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 5-122, 6-80 and 6-109, by amending section 121 for the purpose of modifying the permissible interest rates charged by the Federated States of Micronesia Development Bank, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1 Section 1. Section 121 of title 30 of the Code of the Federated
2 States of Micronesia is hereby amended to read as follows:

3 "Section 121. Loans by the Bank.

4 (1) Notwithstanding any other provision of this
5 chapter, the interest on any loan made by the Bank shall be
6 determined by the sector for which the funds are loaned.
7 The interest charged on loans made by the Bank shall be
8 determined as follows:

9 (a) The rate of interest charged by the Bank on
10 loans for agriculture and fisheries projects shall be no
11 less than three percent and no greater than five percent
12 per annum;

13 (b) The rate of interest charged by the Bank on
14 loans for manufacturing and tourism projects shall be no
15 less than five percent and no greater than seven percent
16 per annum;

17 (c) The rate of interest charged by the Bank on
18 loans for real estate and commercial projects shall be no
19 less than seven percent and no greater than nine percent
20 per annum;

21 (d) The rate of interest charged by the Bank on
22 loans where the funds are borrowed by the Bank from another



1 institution shall not exceed one and one-half percent above
2 the rate charged the Bank by the original lender
3 institution for agriculture and fisheries projects,
4 provided the rate of interest is not less than the rates
5 specified in subsection (1)(a); and

6 (e) The rate of interest charged by the Bank
7 on loans made by the Bank from borrowed funds on all other
8 types of projects shall not exceed two percent above the
9 rate charged the Bank by the original lender institution,
10 provided the rate of interest is not less than the rates
11 specified in subsections (1)(b) and (c).

12 (2) Notwithstanding any other provision of this
13 chapter, each loan made by the Bank shall have a grace
14 period during which no interest shall accrue. The duration
15 of the grace period shall be determined by the Bank on a
16 case-by-case basis, taking into account the amount of time
17 required before a project funded by a loan from the Bank
18 could be reasonably expected to yield a sufficient return
19 to enable the borrower to make interest payments and
20 repayments of principal.

21 (3) Appropriations from the General Fund of the
22 Federated States of Micronesia are hereby authorized to
23 implement this section."
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1 Section 2. This act shall become law upon approval by the
2 President of the Federated States of Micronesia or upon its becoming
3 law without such approval.

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December 9, 1991

Bailey Olter
Bailey Olter
President
Federated States of Micronesia

