

## AN ACT

To further amend title 30 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 2-59, 4-19, 4-26, and 4-35, by amending section 114, as established by Public Law No. 2-59, and by adding a new section 121, for the purpose of setting forth conditions upon use of funds 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 114 of title 30 of the Code of the Federated  
2 States of Micronesia, as established by Public Law No. 2-59, is hereby  
3 amended to read as follows:

4 "Section 114. Federated States of Micronesia Revolving  
5 Economic Development Loan Fund.

6 (1) There is hereby established the Federated States  
7 of Micronesia Revolving Economic Development Loan Fund  
8 (hereinafter the 'fund') separate from the General Fund and  
9 other funds.

10 (2) The purpose of the fund is to establish an ongoing  
11 revolving fund to provide long-term low interest economic  
12 development loans to qualified citizens of the Federated  
13 States of Micronesia.

14 (3) Unless otherwise required by law, all past and  
15 future appropriations to the Bank for economic development  
16 loans to citizens of the Federated States of Micronesia  
17 shall be deposited into the fund. All repayments of  
18 principal for loans made by the Bank from the fund or any  
19 other source shall be deposited into the fund for the  
20 purpose stated in subsection (2) of this section. All  
21 payments of interest for loans made by the Bank shall  
22 either be deposited into the fund for the purpose stated in

1 subsection (2) of this section or used by the Bank for  
2 operational expenses. Any unexpended money in the fund  
3 shall not revert to the General Fund or lapse at the end  
4 of the fiscal year.

5 (4) The fund and loans from the fund shall be adminis-  
6 tered, managed, and accounted for in accordance with the  
7 provisions of this chapter, other applicable law, and  
8 policies and procedures established by the Board of Directors  
9 of the Bank.

10 (5) The President of the Bank shall prepare and submit  
11 to the Congress of the Federated States of Micronesia and the  
12 President of the Federated States of Micronesia annually,  
13 within 90 days after the close of its fiscal year,  
14 a report on the status of the fund to include:

15 (a) The total amount of money currently in the  
16 fund;

17 (b) The total amount of outstanding current  
18 loans;

19 (c) The total amount of repayments collected in  
20 the prior fiscal year;

21 (d) The total amount of payments in default in  
22 the prior fiscal year;

23 (e) The number of loans made during the prior  
24 fiscal year; and

25 (f) Such other information as may be required

1 by the Congress or the President.

2 (6) Appropriations from the General Fund of the  
3 Federated States of Micronesia are hereby authorized for  
4 the purpose stated in subsection (2) of this section."

5 Section 2. Title 30 of the Code of the Federated States of Micro-  
6 nesia, as amended by Public Laws Nos. 2-59, 4-19, 4-26, and 4-35, is  
7 hereby further amended by the addition of a new section 121 to read as  
8 follows:

9 "Section 121. Loans by the Bank.

10 (1) Notwithstanding any other provision of this  
11 chapter, the interest on any loan made by the Bank shall be  
12 no less than one-half of one percent and no greater than  
13 five percent per annum.

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

23 (3) Appropriations from the General Fund of the  
24 Federated States of Micronesia are hereby authorized to  
25 implement this section."

1 Section 3. The interest on the remaining principal for any  
2 loan from the Federated States of Micronesia Development Bank which  
3 is outstanding on October 1, 1987 shall be adjusted to the rate  
4 established by section 2 of this act. This section shall not  
5 apply to any interest or penalties resulting from a loan being  
6 delinquent on or before the effective date of this act. The  
7 interest on loans established prior to the effective date of this  
8 act shall not be reduced by any means to the level set forth  
9 in section 2 of this act before October 1, 1987.

10 Section 4. This act shall take effect 60 days after approval by  
11 the President of the Federated States of Micronesia or 60 days after  
12 its becoming law without such approval.

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\_\_\_\_\_, 1987

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Tosiwo Nakayama  
President  
Federated States of Micronesia

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*Repassed by Congress  
4/2/87*

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