

VJGO

A BILL FOR AN ACT

To propose an amendment to article XIII, section 4 and 5, of the Constitution of the Federated States of Micronesia, and for other purposes.

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

1 Section 1. The Congress of the Federated States of
2 Micronesia, having considered the recommendations of the
3 Second National Banking Symposium as endorsed by the 1998
4 state-National Leadership Conference, hereby proposes an
5 amendment which would repeal sections 4 and 5 of article XIII
6 of the Constitution of the Federated States of Micronesia and
7 add new sections 4 and 5 to read as follows:

8 "Section 4: (a) Notwithstanding any other term in
9 this Constitution, land and interests in land in the
10 Federated States of Micronesia shall be freely
11 alienable by its owners and the persons entitled to
12 the beneficial interest therein, except that a
13 noncitizen or a corporation which is not majority-
14 owned and controlled by citizens may not own or
15 acquire a fee or other permanent or long-term
16 interest exceeding a term of 50 years in real
17 estate.

18 (b) A transfer of an interest to a mortgagee
19 or the beneficiary under a deed of trust in
20 foreclosure of a mortgage or in exercise of the
21 power of sale in a deed of trust shall not be an
22 acquisition of a fee or other permanent or long-term
23 interest in violation of this section 4 even if the
24 interest acquired is a fee or a lease for a term of
25 more than 50 years or the person acquiring the

1 interest is a noncitizen or a corporation owned or
2 controlled by noncitizens; PROVIDED, HOWEVER, that
3 if the person acquiring the interest at foreclosure
4 or under exercise of the power of sale is a
5 noncitizen or a corporation owned or controlled by
6 noncitizens such person must transfer the same to a
7 citizen or other person eligible to hold it within
8 seven years of the foreclosure or sale under the
9 power of sale. Failing such transfer, such interest
10 shall escheat to the State wherein the real estate
11 is located, which State may provide by law to return
12 such real estate interest to its prior owner or
13 others who may have an interest therein.

14 (c) No State may by its Constitution, laws, or
15 traditions impose a greater restriction than that
16 set forth in this section 4 on the alienability of
17 land or the persons entitled to own or acquire a
18 permanent or long-term interest in real estate.
19 Section 5: (a) No lease of real estate having a
20 definitely stated term of 50 years or less may be
21 challenged for having an excessive or indefinite
22 term or as being violative of section 4 of this
23 Article XIII as long as the rent payable under such
24 lease continues over the term of the lease and is
25 not paid in full or in substantial part at the

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1 commencement of the term.

2 (b) A lease in which not more than five times
3 the average monthly fixed rent (exclusive of
4 percentage rents based on revenues or profits) for
5 the full term is paid in any month occurring in the
6 first third of the term and in which not less than
7 one-fifth of such average monthly fixed rent for the
8 full term is paid in any month occurring in the last
9 third of the term shall be deemed to be a lease in
10 which rent continues to be paid over the term and
11 not one in which rent is paid in substantial part at
12 commencement of the term.

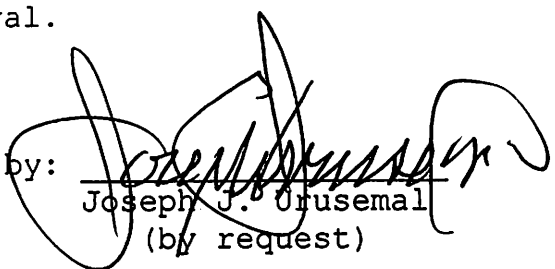
13 (c) No State may by its Constitution, laws, or
14 traditions impose a greater restriction on the
15 length of leaseholds than that set forth in this
16 section 5.

17 Section 2. The proposed Constitutional amendment
18 contained in section 1 shall be placed on the ballot for the
19 March 1999 national general elections.

20 Section 3. This act shall become law upon approval by
21 the President of the Federated States of Micronesia or upon
22 its becoming law without such approval.

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24 Date: 11/30/98

Introduced by:


Joseph J. Urusemal
(by request)

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