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WM

A BILL FOR AN ACT

To amend sections 303, 305, and 306 of title 34 of the Code of the Federated States of Micronesia to require disclosure of the annual percentage rate charged for loans, to increase the fine for violation of the chapter, and for other purposes.

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

1 Section 1. Section 303 of title 34 of the Code of the Federated  
2 States of Micronesia is hereby amended to read as follows:

3 "Section 303. Loan disclosure. Each commercial bank shall,  
4 prior to entering into a loan agreement, inform the customer  
5 in simple and clear written language about the annual per-  
6 centage rate of interest which shall be computed in the manner  
7 prescribed in the Truth in Lending Act, 15 U.S.C. section 1601  
8 et seq. and regulations promulgated thereunder, 12 C.F.R. section  
9 226.1 et seq., and about the dollar amount of interest which will  
10 be payable if the loan is repaid according to the contractual  
11 terms, and the manner in which interest is calculated. If the  
12 rate of interest is based upon the prime interest rate, only  
13 the initial annual percentage rate charged, the method of com-  
14 puting annual percentage rate, and the method of ~~interest computat~~  
15 ~~ion~~ computing interest need to be disclosed. "

16 Section 2. Section 305 of title 34 of the Code of the Federated  
17 States of Micronesia is hereby amended to read as follows:

18 "Section 305. Form and copies of disclosure statements.  
19 Each written statement required by this chapter shall be  
20 written and provided to the customer both in English and the  
21 primary vernacular language of the ~~district~~ State in which the  
22 bank is located. A bank shall furnish a copy of any such state-  
23 ment to any person upon request. "

24 Section 3. Section 306 of title 34 of the Code of the Federated  
25 States of Micronesia is hereby amended to read as follows:

1 "Section 306. Civil penalty; Punitive damages; Right to  
2 bring action; Attorney's fees and costs.

3 (1) A bank which violates any provision of this chapter  
4 shall be subject to a civil penalty of ~~\$250~~10,000 for each  
5 willful violation and ~~\$150~~2,500 for each unwillful violation,  
6 which penalties shall accrue to customers who are parties to  
7 transactions violative of this chapter. The Court may, in  
8 its discretion, award punitive damages for each willful viola-  
9 tion and may provide such equitable relief as it deems necessary  
10 or proper.

11 (2) The Attorney General, or any person whose rights as  
12 established by this chapter have been violated, is entitled to  
13 bring an action. A person entitled to bring an action may do so  
14 on behalf of himself and other persons similarly situated.

15 (3) In any action the ~~the~~ Court may award, in addition to the  
16 relief provided for herein, reasonable attorney's fees and costs.

17 Section 4. This act shall become law upon approval by the President  
18 of the Federated States of Micronesia or upon its becoming law without such  
19 approval, and shall apply only to credit transactions made after the effec-  
20 tive date of this act.

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22 Date: 10/28/82

Introduced by: Elias Thomas  
Elias Thomas

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