A BILL FOR 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:

Section 1. Section 114 of title 30 of the Code of the Federated States of Micronesia, as established by Public Law No. 2-59, is hereby amended to read as follows:


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

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

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

(4) All payments of interest for loans made by the Bank shall either be deposited into the fund for the purpose stated in subsection (2) of this
section or used by the Bank for operational expenses. Any unexpended money in the fund shall not revert to the General Fund or lapse at the end of the fiscal year.

(4) The fund and loans from the fund shall be administered, managed, and accounted for in accordance with the provisions of this chapter, other applicable law, and policies and procedures established by the Board of Directors of the Bank.

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

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

(b) The total amount of outstanding current loans;

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

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

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

(f) Such other information as may be required by the Congress or the President.
(6) Appropriations from the General Fund of the Federated States of Micronesia are hereby authorized for the purpose stated in subsection (2) of this section."

Section 2. 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, is hereby further amended by the addition of a new section 121 to read as follows:

"Section 121. Loans by the Bank.

(1) Notwithstanding any other provision of this chapter, the interest on any loan made by the Bank shall be three percent per annum.

(2) Notwithstanding any other provision of this chapter, each loan made by the Bank shall have a grace period during which no interest shall accrue. The duration of the grace period shall be determined by the Bank on a case-by-case basis, taking into account the amount of time required before a project could be reasonably expected to yield a sufficient return to enable the borrower to make interest payments.

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

Section 3. Section 2 of this act shall not affect the terms and conditions of loans made by the Federated States of Micronesia Development Bank prior to the effective date of this act.
Section 4. This act shall take effect 60 days after approval by the President of the Federated States of Micronesia, or 60 days after its becoming law without such approval.

Date: 11/5/86

Introduced by: Koichi Sana