

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:

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
9 and 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 ~~and interest~~ for loans made by the Bank from the
19 fund or any other source shall be deposited ~~back~~ into the
20 fund for the purpose stated in subsection (2) of this
21 section. ~~Further, all repayments of principal and interest~~
22 ~~for loans made pursuant to Public Law No. 2/11 shall be~~
23 ~~deposited into the fund.~~ All payments of interest for
24 loans made by the Bank shall either be deposited into the
25 fund for the purpose stated in subsection (2) of this

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

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

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

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

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

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

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

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

24 (f) Such other information as may be required
25 by the Congress or the President.

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

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

8 "Section 121. Loans by the Bank.

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

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
17 of time required before a project could be reasonably
18 expected to yield a sufficient return to enable the
19 borrower to make interest payments.

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

23 Section 3. Section 2 of this act shall not affect the terms
24 and conditions of loans made by the Federated States of Micronesia
25 Development Bank prior to the effective date of this act.

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C.B. No. 4-368

1 Section 4. This act shall take effect 60 days after approval
2 by the President of the Federated States of Micronesia, or 60 days
3 after its becoming law without such approval.

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5 Date: 11/3/86

Introduced by: Koichi Sana
Koichi Sana

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