

RJD

A BILL FOR AN ACT

To further amend title 30 of the Code of the Federated States of Micronesia, as amended, by amending section 121, as established by Public Law No. 4-106, for the purpose of changing the allowable interest rates on loans from the FSM Development Bank, to repeal section 3 of Public Law No. 4-106, and for other purposes.

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

1 Section 1. Section 121 of title 30 of the Code of the Federated  
2 States of Micronesia, as established by Public Law No. 4-106, is hereby  
3 amended to read as follows:

4 "Section 121. Loans by the Bank.

5 (1) Notwithstanding any other provision of this  
6 chapter, the interest rate on any loan made by the Bank from  
7 monies contributed to the Bank for the purpose of being  
8 loaned for economic development projects and which the Bank  
9 is not obligated to repay or pay interest on, shall be no  
10 less than one-half of one percent and no greater than ~~five~~  
11 nine percent per annum.

12 (2) Notwithstanding any other provision of this  
13 chapter, the interest rate on any loan made by the Bank from  
14 monies obtained by the Bank from another lending source or  
15 other sources, other than the Federated States of Micro-  
16 nesia Development Bank, that are to be repaid with or  
17 without interest, shall be established by the Bank.

18 ~~(2)~~(3) Notwithstanding any other provision of this  
19 chapter, each loan made by the Bank shall have a grace  
20 period during which no interest shall accrue. The duration  
21 of the grace period shall be determined by the Bank on a  
22 case-by-case basis, taking into account the amount of time  
23 required before a project funded by a loan from the Bank  
24 could be reasonably expected to yield a sufficient return  
25 to enable the borrower to make interest payments and repay-

