A BILL FOR AN ACT

To further amend title 21 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 3-15, 3-27, 4-45 and 5-7, by repealing section 231(5), as established by Public Law No. 5-7, relating to Congress approval of the assumption of debts, or the agreement to liens or other security interest by the FSM Telecommunications Corporation, and for other purposes.

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

Section 1. Section 231 of title 21 of the Code of the Federated States of Micronesia, as established by Public Law No. 5-7, is hereby amended to read as follows:

"Section 231. Liens and debts.

(1) The Board of Directors is hereby empowered to secure its debts by the granting of a first lien on specified assets of the Corporation. A first lien shall have priority over all other liens against such assets whether derived by contract, statute, common law or custom.

(2) A first lien shall be perfected by the filing of the lien documentation with the Assistant Clerk or Clerk of the Supreme Court of the Federated States of Micronesia in the State in which the asset is located.

(3) All subsequent creditors and lien holders shall be conclusively deemed to have constructive notice of such lien upon filing as set forth in subsection (2) of this section.

(4) The assets which may be pledged to secure debts of the Corporation include all revenue of the Corporation, all personal property and fixtures and real property to the extent permitted by the laws of the Federated States of Micronesia and the State in which the real property is located.

151 The Corporation shall not assume any debt that will be secured later than 200 days from the date of execution of a first lien of other security interest in the assets of
The Corporation is hereby for a debt without the approval
by resolution of the Congress.

Section 2. This act shall become law upon approval by the
President of the Federated States of Micronesia or upon its becoming
law without such approval.

Date: 7-20-87  Introduced by: Tony Otto