SEVENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA
FIRST REGULAR SESSION, 1991

CONGRESSIONAL BILL NO. 7-23, C.D.1, C.D.2

AN ACT

To further amend title 30 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 5-122, 6-80 and 6-109, by amending section 121 for the purpose of modifying the permissible interest rates charged 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 121 of title 30 of the Code of the Federated States of Micronesia is hereby amended 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 determined by the sector for which the funds are loaned. The interest charged on loans made by the Bank shall be determined as follows:

(a) The rate of interest charged by the Bank on loans for agriculture and fisheries projects shall be no less than three percent and no greater than five percent per annum;

(b) The rate of interest charged by the Bank on loans for manufacturing and tourism projects shall be no less than five percent and no greater than seven percent per annum;

(c) The rate of interest charged by the Bank on loans for real estate and commercial projects shall be no less than seven percent and no greater than nine percent per annum;

(d) The rate of interest charged by the Bank on loans where the funds are borrowed by the Bank from another
institution shall not exceed one and one-half percent above
the rate charged the Bank by the original lender
institution for agriculture and fisheries projects,
provided the rate of interest is not less than the rates
specified in subsection (1)(a); and

(e) The rate of interest charged by the Bank
on loans made by the Bank from borrowed funds on all other
types of projects shall not exceed two percent above the
rate charged the Bank by the original lender institution,
provided the rate of interest is not less than the rates
specified in subsections (1)(b) and (c).

(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 funded by a loan from the Bank
could be reasonably expected to yield a sufficient return
to enable the borrower to make interest payments and
repayments of principal.

(3) Appropriations from the General Fund of the
Federated States of Micronesia are hereby authorized to
implement this section."
1. Section 2. This act shall become law upon approval by the
2. President of the Federated States of Micronesia or upon its becoming
3. law without such approval.

[Signature]

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Bailey Olter  
President  
Federated States of Micronesia