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FIFTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FIRST SPECIAL SESSION, 1987

C.B. No. 5-115

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:

- Section 1. Section 121 of title 30 of the Code of the Federated

 States of Micronesia, as established by Public Law No. 4-106, is hereby

 amended to read as follows:
 - "Section 121. Loans by the Bank.
 - (1) Notwithstanding any other provision of this chapter, the interest <u>rate</u> on any loan made by the Bank <u>from</u> monies contributed to the Bank for the purpose of being loaned for economic development projects and which the Bank is not obligated to repay or pay interest on, shall be no less than one-half of one percent and no greater than fitte nine percent per annum.
 - (2) Notwithstanding any other provision of this chapter, the interest rate on any loan made by the Bank from monies obtained by the Bank from another lending source or other sources, other than the Federated States of Micronesia Development Bank, that are to be repaid with or without interest, shall be established by the Bank.
 - (2)(3) 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 repay-

1	ments of principal.
2	(3)(4) Appropriations from the General Fund of the
3	Federated States of Micronesia are hereby authorized to
4	implement this section."
5	Section 2. The interest rates on the remaining principal for any loan
6	from the Federated States of Micronesia Development Bank which is out-
7	standing on November 1, 1987, shall be adjusted to a rate established
8	pursuant to section 1 of this act. Interest in arrears or
9	penalties outstanding on delinquent loans made prior to November 1, 1987,
10	shall not be forgiven, and shall be added to the remaining principal
11	of said loans for the purpose of applying the interest rates established
12	in accordance with section 1 of this act.
13	Section 3. Section 3 of Public Law No. 4-106 is hereby repealed
14	in its entirety.
15	Section 4. This act shall become law upon approval by the
16	President of the Federated States of Micronesia or upon its
17	becoming law without such approval.
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19	Date: /24/8/ Introduced by: / Mily Ally
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