
A BILL FOR AN ACT

To create a new chapter 5 of title 30 of the Code of the FSM (Annotated), as amended, and to enact a new section 510 therein, in order to clarify certain equity requirements for loans from the FSM Development Bank, and other purposes.

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

1 Section 1. Title 30 of the Code of the Federated States of
2 Micronesia (Annotated), as amended, is hereby amended by creating
3 a new chapter 5 entitled: "Loan Processing":

4 Section 2. Chapter 5 of title 30 of the Code of the
5 Federated States of Micronesia (Annotated), as amended, is hereby
6 amended by enacting a new section 501 to read as follows:

7 "Sec 501. Equity Requirements. The Borrower's equity
8 requirement for loans from the FSM Development Bank
9 shall not exceed 10% of the loan amount, of which not
10 more than 5% of the loan amount shall be required in
11 cash. If the equity is requested to be deposited in
12 advance of the loan approval, in case the loan applied
13 for is not approved a reasonable amount, which shall not
14 exceed 2% of the loan amount or \$100 whichever is
15 higher, may be kept by the FSM Development Bank for
16 administrative expenses, and the remainder shall be
17 returned to the borrower."

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

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5 Date: 2/5/20

Introduced by: /s/ Victor V. Gouland
Victor V. Gouland

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