

NINTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

THIRD REGULAR SESSION, 1995

H. B. NO. 9-337, HD1, SD2

AN ACT

To authorize the loan of \$10 million from the Marianas Public Land Trust to the Commonwealth Development Authority for economic development loans; to require the Commonwealth Development Authority to repay the same amount in 10 years with interest; and for other purposes.

BE IT ENACTED BY THE NINTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

Section 1. Findings. The Legislature finds that the Commonwealth Development Authority requires additional funding to allow its Development Corporation Division to actively assist in financing real estate projects of significant economic impact undertaken by local residents in the Commonwealth of the Northern Mariana Islands. The Legislature finds that the Development Corporation Division has recently been unable to act to fund or participate in projects spearheaded by the residents where real estate based projects are vital or able to stimulate significant economic development of the Commonwealth, and where such real estate based projects require capital funding, that at this stage, for one reason or another, is unable to attract private investor and financing. The Legislature further finds it necessary to immediately effect a funding increase to the Commonwealth Development Authority to allow the Development Corporation Division to function effectively per its established charter, and help increase the real estate value and demand so as to improve the economic condition of the people of the Commonwealth.

The Legislature has identified that the Marianas Public Land Trust has \$10 million available to support the financing needs of the Development Corporation Division of the Commonwealth Development Authority. The Legislature desires that such funds be made available to the Development Corporation Division of the Commonwealth Development Authority. The Legislature finds that it is most appropriate for MPLT funds to be loaned for use to finance economic ventures that will ultimately increase the value and demand for both private and public land for all the local people of the Commonwealth. The Legislature desires that such a loan be structured where the monies will be repaid back to MPLT, together with reasonable accrued interest to maintain the fiduciary responsibilities of MPLT.

Section 2. Authorization and Instruction to the Marianas Public Land Trust. The Marianas Public Land Trust is authorized to loan \$10 million to the Commonwealth Development Authority for use by the Development Corporation Division. The loan shall not exceed ten years, and shall bear a minimum interest of 6% per annum, but shall not exceed the rate at which the Commonwealth

Development Authority can secure from any other lending institution in the Commonwealth. Nothing in this Act shall be construed as precluding the Marianas Public Land Trust from requiring any collateral or security for such loan as it may see fit, including but not limited to loan insurance, subrogation to the rights of the Commonwealth Development Authority against end borrowers, or inclusion of special terms, conditions, or approvals with respect to use of the proceeds of such loan.

Section 3. Authorization to the Commonwealth Development Authority. The Commonwealth Development Authority is authorized to borrow up to \$10 million for a term not to exceed ten years, from the Marianas Public Land Trust, for specific use to allow the Development Corporation Division to finance projects of significant economic impact to the Commonwealth provided that no portion of the funds acquired under this authorization shall be used in any way to finance projects or activities associated with gambling, or any other aspect of a gaming enterprise or establishment, unless sufficiently collateralized by fee simple mortgages on real property situated in the Commonwealth or any state or territory of the United States, and the borrower has met all other loan requirements to the satisfaction of the Commonwealth Development Authority. Collateralization shall be sufficient for purposes of this section only if the value of the real property mortgaged as determined by the lowest of three independent appraisals is at least twice the amount of the loan. No appraisal made more than one year prior to the date of application or more than fifteen (15) months prior to consummation of the loan shall be used to satisfy the requirements of this section. In the event that the Commonwealth Development Authority is unable to borrow \$10 million from the Marianas Public Land Trust within 90 days after the effective date of this Act, the Commonwealth Development Authority is authorized to obtain such loan, or series or loans, for a term not to exceed ten years, from any other source, provided that the aggregate amount of such loans shall not exceed \$10 million and shall bear a minimum interest of 6% per annum, but shall not exceed the rate at which the Commonwealth Development Authority can secure from any other lending institution in the Commonwealth.

Section 4. Severability. If any section of this Act should be declared invalid or unenforceable by a court of competent jurisdiction, the judicial determination shall not affect the validity of the Act as a whole, or part thereof, other than the particular part declared invalid or unenforceable.

Section 5. Savings Clause. This Act shall not be construed as affecting any existing right acquired under contract or acquired under law. The enactment of this Act shall not have the effect of terminating, or in any way modifying, any liability civil or criminal, which shall already be in existence at the date this Act becomes effective.

Section 6. Effective Date. This Act shall take effect upon its approval by the Governor, or upon its becoming law without such approval.

CERTIFIED BY:

ATTESTED BY:

/s/ Diego T. Benavente
DIEGO T. BENAVENTE
Speaker
House of Representatives

/s/ Evelyn C. Fleming
EVELYN C. FLEMING
House Clerk

Approved this 11th day of May, 1995

/s/ Froilan C. Tenorio
FROILAN C. TENORIO
Governor
Commonwealth of the Northern Mariana Islands