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**COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS**

**CIVIC CENTER, SAIPAN, MARIANA ISLANDS**

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# **Register**

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The Commonwealth Register is editorially organized according to the Commonwealth or other agency issuing the documents published or having an immediate administrative or enforcement concern over them. Listing in these contents or publishing in the sections that follow in this manner is for public information and has no legal significance.

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# Commonwealth of the Northern Mariana Islands

## Office of the Governor

San Juan, Mariana Islands 96950

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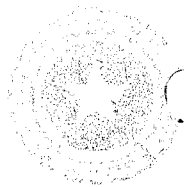
### PUBLIC NOTICE

#### PROPOSED RULES & REGULATIONS - POLICY AND PROCEDURE MANUAL THE ECONOMIC DEVELOPMENT LOAN FUND NORTHERN MARIANA ISLANDS

The Acting Deputy Director of Commerce & Labor on behalf of the Chairman, Economic Development Loan Fund Board and in accordance with Article VII, Section 702 (c), et. seq and Article II, Section 5 and Article III, Section 9A, Constitution of the Northern Mariana Islands and other applicable Laws in the Commonwealth, is proposing to promulgate new Rules & Regulations to be identified as Rules and Regulations of the Economic Development Loan Fund, Commonwealth of the Northern Mariana Islands.

THE PROPOSED RULES AND REGULATIONS INCLUDED THE FOLLOWING SUBJECTS:

- I. ESTABLISHMENT AND SOURCE OF FUNDS
- II. PURPOSE OF FUNDS
- III. GENERAL POLICY FOR LOANS
- IV. GUARANTEE
- V. MANAGEMENT
- VI. DUTIES OF THE BOARD AND THE LOAN COMMITTEE
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- EXHIBIT A - ADDITIONAL INSTRUCTION FOR GUIDANCE OF APPLICANTS IN  
PREPARING EDLF LOAN APPLICATION
- EXHIBIT B - AUTHORITY TO RELEASE INFORMATION
- EXHIBIT C - FINANCIAL STATEMENT

Copies of the Rules and Regulations may be obtained from the Acting Deputy Director of Commerce & Labor.

The Department of Commerce & Labor is soliciting views and opinions, facts and data for or against the proposed Rules and Regulations from the general public.

Anyone interested in commenting on the proposed Rules and Regulations may do so by submitting in writing to the Department of Commerce & Labor, Susupe, Saipan, Mariana Islands, 96950, within 30 days from the date this notice is published in the Commonwealth Register.

1/15/79  
Date

Jose C. Ayuyu  
Jose C. Ayuyu  
Acting Deputy Director  
Department of Commerce & Labor



# Commonwealth of the Northern Mariana Islands

## Office of the Governor

Saipan, Mariana Islands 96950

Cable Address:  
Gov. NMJ Saipan

### POLICY AND PROCEDURE MANUAL THE ECONOMIC DEVELOPMENT LOAN FUND NORTHERN MARIANA ISLANDS

#### I. ESTABLISHMENT AND SOURCE OF FUNDS:

The Covenant for the establishment of a Commonwealth of the Northern Mariana Islands, as signed on February 15, 1975, provides for the establishment of an Economic Development Loan Fund, pursuant to Article VII, Section 702(c), et. seq. The main sources of funds shall be received from the U.S. Government per the Covenant, pursuant to Article II, Section 5 and Article III, Section 9A, Constitution of the Northern Mariana Islands, however, such does not prohibit monies from any other sources. The Covenant being vague and general in certain respects, leaves much of the details for the establishment and administration of the Economic Development Fund to the Government of the Northern Mariana Islands. Accordingly, the various laws of the Commonwealth of the Northern Mariana Islands must be examined from time to time. The policies and procedures contained herein will be subject to change from time to time by the Board of Directors and approval of the Governor to comply with the various laws and with the economic development and demands of the Northern Mariana Islands.

#### II. PURPOSE OF FUNDS:

The purpose of the Economic Development Loan Fund, hereinafter

referred to as the "Fund", shall be used to develop the economic resources needed to meet the financial responsibilities of local self-government. Further, out of the funds as provided by the Federal Government, pursuant to the Covenant, as used to establish an Economic Development Loan Fund, \$500,000.00 each year will be reserved for small loans to farmers and fishermen and to agricultural and marine cooperatives. Further, \$250,000.00 each year must also be reserved for a special program of low interest housing loans for low income families. Section 704 of the Covenant further provides that funds not expended or obligated by the Government of the Northern Mariana Islands during any fiscal year will remain available for obligation or expenditure in subsequent fiscal years for the purposes for which the funds were appropriated. Monies from other sources will not be subject to the restrictions contained in the Covenant. The objective of the Fund as stated herein, shall be a long range objective. Accordingly, the funds shall be used to make loans or guarantees which are commercially feasible and in which there will be a high degree of success. All loans or guarantees will be viewed in the light of it being a profitable loan or guarantee based on similar standards as used by other financial institutions within the Northern Mariana Islands. Although it is intended that the Fund become a commercially profitable fund, its purpose is not to compete with the other financial institutions on the islands. It must be a profitable fund in order to sustain itself in future years which in turn would allow further economic development of the Northern Mariana Islands.

All loans made by the Board through recommendation of the Loan Committee shall be for the purpose of promoting economic development in the Northern Mariana Islands. Loans to farmers and fishermen and to agricultural cooperatives need not be for high commercial purposes, but such loans to farmers or fishermen shall not be for their personal use, hobbies, or non-commercial purpose, but must be used for the development of their crops or fishing catches for commercial purposes. All loans made shall conform to the lending policies established hereby. Loans granted shall be on a reasonable and prudent basis and it is important that all loans must be economically feasible with a substantial degree of success of the particular venture. It is important that no loan be granted without some sort of equity investment on the part of the loan applicant. It is important that the loan applicant demonstrate, through such equity investment, that the particular project is important enough to risk his own capital and assets.

**IV. GUARANTEES:**

The Board shall also have the authority to guarantee loans, provided that such loans are made by financial institutions authorized to do business in the Northern Mariana Islands and such loans by the financial institution satisfy the same requirements of a direct loan approved by the Board.

**V. MANAGEMENT:**

**A. Members of Board:** The affairs of the Fund shall be managed



a Board of Directors, eight (8) in number of which, three shall be ex-officio without voting power representing the Department of Commerce and Labor, Department of Natural Resources and the Attorney General. Ample representation shall be from the business community and at least two of which shall be representing the commercial banking community (from a bank or savings and loan authorized to do business in the Northern Mariana Islands and which its deposits are Federally insured) and one each representing the Chamber of Commerce, the public sector and the administration. All Directors shall be appointed by the Governor of the Northern Mariana Islands. The representation of the commercial banking community on the Board shall be on a rotation basis among all the commercial banks or savings and loans duly licensed to do business in the Northern Mariana Islands. During the first year of operation of the Fund, the members of the Board shall serve staggered terms: One member shall serve for one (1) year, another for two (2) years, and the balance of the membership shall be for three (3) years. Each member replacing a Board member after his original term, shall serve a period of three (3) years. The Governor shall determined the initial terms of the Members of the Board and insure that the appointment comply with Public Law 1-8, Title 1(A), Chapter 1, Administrative Provision.

B. Chairman, Executive Director and Loan Committee: The Board shall select a chairman from among its membership and shall select an Executive Director for the Fund who shall be the working or operational officer of the Fund and who shall manage the day-to-day operation of the Fund. The Chairman shall have no vote except when

necessary to break tie votes. The Board shall, from time to time, establish policies with the approval of the Governor for the conduct of the Fund and shall be accountable to the Governor for the affairs of the Funds. The Board shall establish a Loan Committee of three (3) members, whose members shall be selected by the Board and shall consist of the Executive Director, one (1) Board member representing the business community and one (1) Board member representing the commercial banks, the balance of the members and such other members from the community, or from any other sources or from the working or operational officers or employees of the Fund, taking into consideration the business and financial background and experience of each committee member. The Loan Committee shall be chaired by the Executive Director who shall have no vote except when necessary to break a tie vote.

C. Loan Committee - Purpose: The purpose of the Loan Committee shall be to review all loan applications on a monthly basis and make its recommendations to the Board as to the approval, disapproval or other conditions concerning any loan applications. The staff of the Fund shall compile and obtain all necessary information for a complete loan application to be reviewed by the Loan Committee.

D. Board Vacancy: Each Board member as selected shall serve his full term unless the position is vacated by death or by voluntary resignation. Any vacancy shall be by appointment by the Governor. A Board member may be removed prior to the end of his term by a two-thirds (2/3's) vote of the Board of Directors, and by concurrence of the Governor.

VI. DUTIES OF THE BOARD AND THE LOAN COMMITTEE:

A. Accounting and Investments: The Board shall maintain such separate accounts deemed necessary in a bank or savings and loan which is a member of the Federal Reserve System or the Federal Insurance Deposit Corporation. The Board shall also maintain appropriate accounting records consistent with U.S. banking standards. The Board shall have the authority to invest in such interest bearing accounts or securities as it deems appropriate and prudent. The Board shall not allow investment of the funds directly in a private business enterprise through purchase of stock equity. All property of the Fund shall be deemed to be the property of the Government of the Northern Mariana Islands.

B. Income: The Board shall cause to be collected and obtained:

1. All monies to be received by or on behalf of the Fund in respect to repayment of any loan made and the interest collected therefrom.
2. All monies arising from property or investments acquired by or invested by the Board.
3. Other monies due and payable to the Fund.

C. Disbursements: The Board shall pay out of the Fund:

1. Amounts of loan approved by the Credit Committee or by the Executive Director within the policy guidelines established by the Board.
2. Amounts for the making of investments.

3. All expenses, costs and obligations properly incurred or expended by or on behalf of the Fund.

D. Checks: All checks issued by the Fund in payment of the expenses or obligations shall contain two (2) signatures, one (1) of which shall be by the Chairman or Vice-Chairman of the Board of Directors, and the other by the Executive Director or other officer of the Fund with check signing authority as approved by the Board of Directors.

E. Responsibilities of Executive Director: The Executive Director of the Fund shall be responsible for the day-to-day operation of the Fund and shall report to the Board. Further, the Executive Director shall maintain appropriate ledgers, records, documents and papers commensurate with good accounting practices for the Fund. The Executive Director shall institute tickler and follow-up systems on the collection of accounts, and prepare monthly reports to the Chairman of the Board of Directors including Balance Sheets, Profit and Loss Statements, Cash Available for Loans and Status of Receivables, Status of Loan Reports, Delinquency Reports, and other reports as deemed necessary by the Board. Separate independent financial statements concerning the Fund shall be made annually, or periodic statements by a certified public accountant shall be given to the Board if they deem it necessary to be received more often than annually.

F. Functions of Loan Committee: The Loan Committee shall meet monthly to review and consider all loan applications as to whether

or not the loan satisfies the purpose of the Economic Development Fund, namely, that such is for the economic benefit and welfare of the Northern Mariana Islands. Further, Loan Committee shall determine whether or not the loan is commercially feasible and whether or not the loan applicant is worthy of the loan and has the necessary pay-back ability and whether or not such meets criteria and standards of the procedures set forth herein.

G. Outside Counsel or Accounting Firms: The Board may employ an attorney qualified to practice within the Northern Mariana Islands to counsel the Board as to legal matters concerning any loan, the preparation of the necessary documents for the loan and representing the Board on any or all legal matters pertaining to the operation of the loan fund. The Board shall see that the firm as employed shall be qualified, competent and have experience in the area of real estate and financing. The Board may also employ a certified public accounting firm to review and audit the books, accounts and ledgers of the Fund and such firm shall also make any recommendations to the Board as such firm deems necessary.

VII. PROHIBITED LOANS:

A. Two Directors - Conflict of Interest: No loan shall be made to any corporation, company, association, partnership or legal entity in which any two (2) Directors shall have any interest or benefit therein, whether directly or indirectly. Such loan shall also be prohibited if two (2) or more of the Directors have members of their immediate family

such as brothers, sisters, spouse, parents, parents-in-law, brothers-in-law, sisters-in-law or children have an interest in shall receive any benefit whatsoever in the approval of such loan.

B. One Director - Conflict of Interest: A loan may be granted by the Board in the event only one (1) Board member has an interest in the granting of such loan provided that no loan shall be granted if such Director is an Officer, Director, partner or major stockholder (1/3 controlling interest) of the applicant; however, such Director which has an interest in the granting of such loan shall disqualify himself and shall not participate in any way whatsoever in the presentation of such loan application or in influencing the Board in any way whatsoever. Such Board member shall not and shall be prohibited from discussing the merits or any reasons favoring the granting of this loan application with any members of the Board or Executive Director or employees of the Fund. Any Director shall disqualify himself in the event such Director has an interest or shall benefit from the granting of such loan in any way whatsoever, either directly or indirectly. Such Director shall also disqualify himself as contained herein in the event members of his immediate family, namely by or through his spouse, brothers or sisters, parents, parents-in-law, brothers-in-law, sisters-in-law or children, have an interest in the granting of such loan.

VIII. BASIC TERMS OF LOANS OR GUARANTEES:

A. Commercial Purpose: All loans shall be for the purpose of commercial development, whether it be for high commercial purposes, or small loan aids to farmers, fishermen or cooperatives. No loans or

guarantees shall be made to or for any person for hobby, personal entertainment or personal pleasure. Loan or guarantee applicants shall obtain a business license relating to the purpose of the loan prior to any disbursement of monies if the loan is granted or before the guarantee becomes effective. Before a loan guarantee is approved by the Board, such loan by the financial institution shall satisfy the same loan criteria hereunder.

B. Security: All loans, regardless of amount, shall be secured by an interest in real property (in fee simple or leasehold interest), or personal property as follows:

1. First Mortgage on Real Estate: Whenever possible, all loans will be secured by a first mortgage or deed of trust interest in the fee simple interest or leasehold interest in real property. The loan to value ratio of any assets given as security shall not exceed eighty percent (80%) of value of the assets or the purchase price of the real estate, if applicable, whichever is lower.
2. Second Mortgage on Real Estate: Second mortgage interests should be discouraged, but may be allowed only if such loan application is highly and strongly economically feasible, that the loan applicant has a good credit rating and good repayment ability, and that the total outstanding principal debt of any first security interest on the asset plus the second mortgage amount will total no more than

eighty percent (80%) of the value of the interest in real estate, or the purchase price, if applicable, whichever is lower.

**3. Third Mortgage or Security Interest:** In no event

shall the Board approve or allow a third mortgage or security interest or any other lesser interest on real estate unless such third or lesser security interest is not the main sources of security for

the loan and the Board receives a security interest on real property pursuant to the requirements for a first or second mortgage as set forth above.

Further, that the loan itself can stand and be justified solely on the security requirements for first or second mortgage, and that the taking of a third or lesser security interest is merely additional security for assurance of repayment.

**(4) Chattel Mortgage:** Loans may be secured by a chattel

mortgage or a security interest as allowed by law on personal property provided that such loan shall

not exceed fifty percent (50%) of the value of such personal property, or of the purchase price thereof, whichever is lower, and provided such

chattel mortgage or security interest is a primary security interest. Crops or agricultural products such as crop, livestock, poultry and fish shall not be used as security for any loans whatsoever due



to each perishable nature.

5. Use of Funds: Any reference as to the purchase price as set forth above shall mean that the loan shall be used for the purchase of such goods, materials, supplies, equipment or real property as the case may be and such shall not mean the purchase price of any property previously owned by the loan applicant and being put up as security.

C. Loans to Farmers or Fishermen or Cooperatives: No individual farmer, fisherman or cooperative shall receive such individual small loan without security as set forth above.

IX. TERM OF LOANS:

A. Real Estate Mortgage: If secured by first mortgage, maximum term of twenty (20) years.

B. Real Estate Mortgage - Second Mortgage: If secured by second mortgage, a maximum term of seven (7) years, unless the second mortgage interest is not the primary security of the loan but is secured by a first mortgage on real property and that such first mortgage is sufficient security and justification for the loan in itself.

C. Personal Property Security Interest: If secured by a personal property security interest, a maximum term of three (3) years.

X. SCHEDULE OF PAYMENTS AND PENALTIES:

A. Term and Payment of Loans: The Board shall have the discretion to determine the term of the loan, provided that such shall not exceed twenty (20) years depending upon the type and quality of the security for the loan, and pay-back of the loan method and manner of repayment. The loan shall not be structured to provide for only principal and interest payments on an annual basis and in no event shall any loan be structured so that the loan applicant shall be allowed to pay only interest on the principal each month for a period in excess of one (1) year. For the purpose of agricultural loans only, additional grace period may be granted on a case by case basis.

B. Late Payment Charges: Late payment charges shall be assessed in the event any payments are late at the rate of five percent (5%) of the principal and/or interest installment due and payable.

C. Prepayment: No prepayment penalty shall be assessed on payments.

XI. APPRAISAL:

The value of all property being given as security, whether it be real property or personal property, shall be done by an independent appraiser acceptable to the Board. The Board shall examine the qualifications of the appraiser to determine whether or not his work product is acceptable. Generally, any appraisal reports on real property shall be done by an appraiser whose work product is acceptable to at least two (2) financial institutions on Guam or the Northern Mariana Islands. As to any personal property which is not being

purchased with the loan proceeds, then such personal property being given as security shall be appraised by two (2) independent appraisers whom the Board deems acceptable. The lower figure of the two independent appraisers of the personal property being given as security shall be used by the Board to determine whether or not the personal property has adequate value for the purposes of securing the loan.

XII. LOAN DOCUMENTATION:

The loan documentation shall be prepared by an attorney for the Board and whenever possible, the documentation shall be standardized. The documents shall include but not be limited to a promissory note, mortgage, loan agreement, assignments, etc., as shall be approved by the attorney and recommended to the Board.

XIII. LOAN APPLICATIONS:

A. Qualifications of Applicant: An application for a direct or guaranteed loan may be submitted by U.S. citizens or U.S. National having at least a one (1) year residency in the Northern Mariana Islands, a citizen of the Northern Mariana Islands, or a partnership or association wholly owned by citizens of the Northern Mariana Islands, or a corporation organized under the laws of the Northern Mariana Islands of which at least fifty-one percent (51%) of the capital stock outstanding and entitled to vote is owned and held by U.S. citizens or citizens of the Northern Marianas, or by a U.S. corporation, properly licensed and registered under the laws of the Northern Mariana Islands. No loans shall be made to any public

commission or authority or any other legal entity or organization which is a part of a political subdivision of the Commonwealth of the Northern Mariana Islands or any other government. The loan applicant must:

1. Have demonstrated historically good moral responsibility.
2. Have good financial responsibility.
3. Have shown through previous acts and a history of his business, the ability to operate his/her business successfully, regardless of whether or not the loan shall be for a new business venture unrelated to the present loan applicant's business.
4. Show loan applicant's past financial records of its existing business and the future aspects indicating the loan applicant's ability to repay the loan.
5. Have the amount of loan equity contribution to the loan project.
6. And any other criteria which will relate to the success of the business, the credibility of the loan applicant and other factors as the Board may require or determine from time to time.

B. Economic Development: All loans must satisfy the Board that the loan will be beneficial, desirable and necessary to develop the economy of the Northern Mariana Islands. The following are some guidelines or criteria which the Board shall consider:

1. Creation of employment.

2. Replacement of imports.
3. Reduction in consumer prices.
4. Creation of needed facilities and services.
5. Creation of exports.
6. And such other criteria as the Board may establish.

C. Farmers or Fishermen Loans: As to the granting of small loans to farmers and fishermen or cooperatives as set forth in the Covenant, a small loan shall mean such amount as the Board shall determine from time to time. The granting of such small loans to farmers and fishermen or cooperatives must satisfy the Board that such is necessary, or beneficial to the development of the economy of the Northern Mariana Islands, and the following are some guidelines or criteria which the Board shall consider:

1. Creation of employment.
2. Replacement of imports by way of providing produce or food products at a commercial level.
3. Reduction in consumer prices.
4. Creation of needed facilities and services.
5. Creation of exports.
6. And such other criteria as the Board may establish.

D. Loan Application Forms: All loan application forms shall be provided by the Board to loan applicants. Applicants for loan guarantees shall also fill out the same loan application forms and provide other information that the Board may require. The forms shall be standardized as much as possible and may be altered from time to

time upon the discretion and needs determined by the Board. The forms shall attempt to obtain necessary information relating to the personal finances of the loan applicant and the principal officers or stockholders of any legal entity applying for a loan. The forms are attached hereto as Exhibits, and are samples of what is desired and loan applicants may deviate or alter the format as the case may be provided the Board receives the information desired.

E. Other Required Information: Financial statements, appraisal reports, information sheets and credit check authorization shall be filed at the time applicant submits its loan application.

F. Denial from Private Financial Institution: As one of the eligibility requirements, the loan applicant shall produce evidence that he has made efforts to obtain a loan from a commercial lending institution and that such commercial lending institution has denied the granting of such loan. The loan applicant shall file with the loan application a written statement from such commercial lending institution setting forth the reasons for the denial of the loan. The Board shall not guarantee any loan for any applicant unless the commercial lending institution would not grant the loan without such guarantee by the Board. The Board shall seriously consider the reasons the commercial lending institution denied the loan for such reasons may be similar justification for the Board to deny the loan or guarantee itself, for such reasons including but not limited to poor credit, low repayment ability, high risk, etc.

G. Filing: All ~~loan~~ applications are to be filed with the Executive Director.

H. Credit Underwriting Criteria:

1. No loans shall be granted unless the Executive Director has exhausted every possible examination of the loan applicants and its principal officers or stockholders credit standings. All sources, including banks, credit cards and other information, shall be examined and the Board shall obtain authority from the loan applicant to send letters requesting credit information.
2. No loan applicant shall be granted a loan if such person has been adjudicated or has filed bankruptcy or any sort of proceedings concerning the discharge of debts due to the inability to pay the same within three (3) years from the date of filing the loan application.
3. No loan applicant shall be granted if in default of any debt, loan or obligation whatsoever at the time of filing the application and that the loan applicant does not have a material history of defaults in its previous loans or other credit without justification.
4. Unless for good cause shown, no loan applicant shall be qualified for a loan in the event any foreclosure proceedings were instituted or commenced against the

prior to the filing of the loan application. This paragraph applies if such proceedings were merely instituted but not completed for one reason or another. For "good cause" shall mean that the proceedings were instituted by the creditor as the result of some mistake or as a result of something beyond the control of the loan applicant and that the loan applicant was without fault.

5. No loan applicant shall be qualified for a loan in the event any property was actually foreclosed upon, taken and sold at foreclosure sale to satisfy any debt owed to a creditor and that such sale occurred within the last five (5) years of the loan application as filed.
6. No applicant shall be qualified for a loan in the event a judgment has been filed or made by any court against the loan applicant for a debt or obligation owed to a creditor and that such judgment was filed or made by a court within three (3) years of the loan application as filed.
7. The Board shall take into consideration any notices of default, other facts or information, or any other defects in the credit rating or comments made by any other creditors. The Board shall determine whether



or not such shall materially effect the loan

applicant's request for a loan.

I. Repayment Ability: The repayment ability of the loan applicant shall be of primary concern to the Board for the granting of such loan. The profits, income and proceeds from the business in itself in which the loan proceeds are used shall be the primary source of the loan applicant's repayment ability. The Board shall also be entitled to consider the loan applicant's personal repayment ability from other sources. Assignment of proceeds or income from other sources may be used by the Board as security for the repayment of the loan.

J. Experience: The new business in itself and the proceeds for which the loan shall be used shall be examined in the light of the experience of the loan applicant. Unless the loan applicant can justify which the loan would be used shall be considered as a material reason for the disapproval of the loan.

K. Projections: The loan applicant shall make projections and feasibility studies to the satisfaction of the Loan Committee and the Board. The assumptions for such projections must be clearly set forth, defined and explained so that the Board and the Loan Committee shall have a clear understanding of the method, manner and basis of the projections and studies. All projections or feasibility studies shall be realistic and conservative in nature.

#### XIV. INVESTMENT EQUITY:

No loan shall be granted without any investment equity in the particular business or product or personal property to be obtained or invested in by the loan applicant. The investment equity shall be in the form of either: (1) cash, (2) personal property, or (3) cash plus the remaining interest in the asset or property given as security. The remaining interest in the asset shall be the difference between the loan amount, and the value of the assets given as security or its purchase price, whichever is lower. It is important that the Board require that the loan applicant invest a certain amount of money or cash for the working capital as part of the investment equity. In no event shall the Board allow any loan without the loan applicant having investment equity of at least ten percent (10%), even if the value of the asset being given as security has sufficient value to exceed the loan ratios required herein.

#### XV. AMOUNT OF LOAN:

Any commercial loan to the loan applicant shall be in such amounts as determined by the Board, however, in no event shall any one loan to any individual loan applicant be made in excess of the following:

1. Twenty percent (20%) of the total assets of the Fund during the first year of the Fund.
2. Fifteen percent (15%) of the total assets of the Fund during the second year of the Fund.
3. Ten percent (10%) of the total assets of the Fund during the third year of the Fund.

4. Five percent ~~5%~~ of the total assets of the Fund during the fourth year of the Fund, and for each year thereafter.

XVI. LOAN FEES:

A. Expenses: The loan applicants shall pay all loan fees necessary and incidental to the loan which may include but is not limited to recording fees, notary fees, appraisal fees, cost of the loan applicant's account or certified public accountant in the event such is required by the Board, loan application fees, and one-half (1/2) of the attorneys fees incurred by the Board for the drafting of the loan documents in the making of the loan.

B. Commitment Fee: In the event a loan applicant desires a loan commitment from the Board for financing of a project, then all the loan applications and approvals must be obtained as though it were a direct loan, however, a loan commitment fee shall be charged equal to the interest rate as decided by the Board of the duration of the commitment, plus such amounts sufficient to cover the full expenses of the Board's attorney's fees and all other incidental costs and expenses relating to the making of the commitment. Such shall be paid at the time the loan is granted or the commitment is made.

C. Points or Loan Charge: The Board shall assess each loan applicant a service charge for the making of each loan. Said charge being in the minimum of one percent (1%), but not in excess of three percent (3%) of the loan. Such shall be paid at the time of the loan closing. This charge shall not apply to small loans to farmers, fishermen

or cooperatives.

D. Interest: The Board shall assess interest on all loans at the maximum rate as shall be allowed by law.

XVII. AMOUNT OF LOAN GUARANTEES: The Board may approve loan guarantees in the event any commercial financial institution, licensed to do business in the Northern Mariana Islands, makes a loan to a particular borrower. Such loan guarantees shall be only for ninety percent (90%) of the direct loan as made to the borrower by the commercial financial institution, and in no event shall any loan guarantee be approved by the Board if such financial institution requires the Fund place a reserve in excess of twenty five percent (25%) of the amount guaranteed by the Fund be placed with the financial institution. Any funds placed with the financial institution as set forth as herein, shall accure interest at the highest rate obtainable from the financial institution and as may be negotiated by the Board. The fees from the borrower for such guarantee by the Fund, shall be one and one-half percent (1&1/2%) of the amount guaranteed by the Board or the maximum obligation of the Fund in the event of any default. Such guarantee fee shall be paid in full to the Fund by the borrower at the time of the closing of the loan with the private financial institution.

XVIII. DISBURSEMENTS:

A. No disbursements shall be made unless all the loan documents have been completed and executed and all fees, charges and other expenses have been paid.

has produced all the necessary information and copies of any other documents required as part of the loan including but not limited to all insurance policies, releases, etc., and shall have executed all loan documents, notes, mortgages, etc.

C. All disbursements shall be subject to accounting procedures and policies as adopted by the Board.

D. In the event it is a construction loan, then with each increment payment, an amount equal to a minimum of ten percent (10%) of the increment shall be withheld to assure that all subcontractors, materialmen and suppliers have been paid. These funds shall be released after sixty (60) days after the project has been completed, provided that the Board or the Executive Director is satisfied that all of the materialmen, subcontractors and other suppliers have been paid.

E. In the event the loan proceeds involve construction of improvements, then prior to the disbursements of any funds, each increment shall be first approved according to the plans and specifications by the loan applicant or owner. Upon receipt of such approval, then such increment shall be inspected to the satisfaction of the Executive Director or his representative to see that the increment has been completed according to the plans and specifications. Upon acceptance of such increment by the Executive Director, the funds may be disbursed subject to the ten percent (10%) withholding as set forth above. The Executive Director shall be or may be assisted by outside consultants or architects or

engineers concerning the construction of such increments. Such consultants shall be used whenever possible to assure the soundness of any construction. Further, the Department of Public Works, Northern Mariana Islands, shall be required to inspect the increments or construction pursuant to the laws and regulations of the Northern Mariana Islands.

F. In the event the disbursements involve the purchase of equipment, materials or personal property, disbursements shall be made only upon the loan applicant producing satisfactory receipts and evidences concerning the costs and the receipt of such property.

G. At all times, the Executive Director and the Board shall assure that no funds shall be disbursed unless warranted and that all the terms and conditions of the loan agreement are satisfied.

XIX. INSURANCE:

All loans involving real property improvements as security shall have the necessary insurance proceeds insuring the improvements against any damage, against earthquake, fire, typhoon and any other casualties up to the full insurable value of the improvements provided, that at no time shall the insurance coverage be less than the amount of the outstanding loan balance. As to any construction loan, the loan applicant shall be required to produce a performance and payment bond covering the full value of the improvements and the construction cost. Any real estate loan shall also have title insurance policies if obtainable, naming the Fund as the loss payee. If title insurance is

not obtainable, then an attorney's title opinion or such other assurances shall be obtained by the loan applicant as the Board may require and as approved by the attorney for the Board. The expense of such title insurance, casualty insurance, title opinion, etc., shall be paid solely by the loan applicant.

XX. SERVICING OF LOAN:

A. The Executive Director shall institute such follow-up and tickler systems and accounting systems to assure that all the payments concerning the loans are received. The accounting systems as adopted by the Board shall be followed. Such systems shall include the follow-up on insurance payments, principal and interest payments and production of any financial statements required pursuant to the loan agreement.

B. All loans shall require at least semi-annual financial reports from all of the loan applicants, plus a status report of the business and the progress of their economic development. However, the Board, at its discretion, may require the loan applicant to submit monthly financial reports and balance sheets to the Executive Director and any other information from time to time showing the progress and status of the loan applicant. The Executive Director, or his representative, shall meet with each loan applicant at least semi-annually to discuss any problems with the loan applicant and to review his progress. The Executive Director shall submit to the Board such semi-annual progress report, or any other report as required by the Board concerning each loan applicant. The Board may require the Executive Director to submit such reports more than semi-annually if the Board deems it necessary. The Executive Director

shall file with the Board field reports on all ~~loans or individual~~

loans as prescribed by the Board.

C. The Board at its discretion may contract for the servicing and collection of all loans with a financial institution authorized to do business in the Northern Mariana Islands and as insured by the various Federal agencies. The terms and conditions of such servicing agreement shall be determined by the Board.

XXI. COLLECTION AND FORECLOSURES:

A. The Executive Director or his representative shall closely monitor the payment of all loans by the borrowers. All loans shall be due and payable on the first day of each month. If any payment is not received by the thirty (30) day of each month, then the Executive Director or his executive officer shall make personal contact with the borrowers immediately thereafter concerning the payment. The Executive Director shall also send out such letters of notice of default as may be necessary or required pursuant to the terms and conditions of the loan agreements and the various loan documents.

B. In the event any payments are more than ninety (90) days delinquent, then the matter shall be forwarded to its attorney for collection. The attorney shall be authorized to send such notices and letters of default to the loan applicant to protect the right of the Fund and to minimize delinquencies.

C. The Executive Director shall make a monthly report



of all delinquent accounts and as to the status and nature and as to what notices were given. Prior to the institution of any judicial or other legal proceedings for the actual foreclosure, such shall be first approved by the Board; however, unless good cause is shown, foreclosure proceedings shall be instituted if the loan is more than ninety (90) days delinquent.

D. The Board shall use every effort to collect the monies due to the Fund and it is intended that aggressive measures be used for collection. It is important that the Fund be maintained in a strong position at all times and that delinquencies remain at a minimum.

E. In the event a loan is in default, the loan applicant may request or the Board may recommend, a work-out situation with the loan applicant by modifying the terms and conditions of the loan. Provided, however, that such work-out or modification is reasonable and prudent and is to the benefit of the Fund. Commercial reasonableness shall be of a primary concern of the Board in considering any work-out situation. Any such amendments for a work-out must be with the approval of the Board. In consideration of such "work-out" or modification, a fee shall be charged by the Board in the amount of one-half percent (1/2%) of the remaining principal balance and such must be paid by the loan applicant or borrower immediately prior to any amendment being put into full force and effect.

F. Amendments: Any amendments to the terms and conditions of the loan, once granted, and regardless of whether or not it is in default,

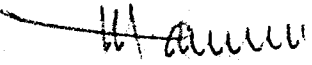
shall require approval of the Board. Further, the Board shall determine any fees or the amount of additional consideration it may require from the borrower for such amendment.

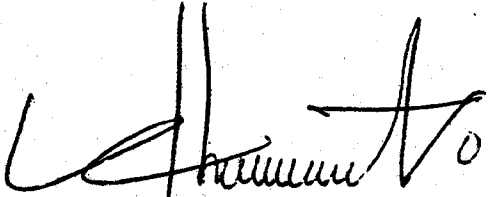
**XXII. AMENDMENT OF POLICY AND PROCEDURE MANUAL:**

This Policy and Procedure Manual may be amended from time to time upon recommendation of the Board and with the approval of the Governor.

**XXIII. EFFECTIVE DATE:**

These Regulation governing the policies and procedures for the Economic Development Loan Fund of the Commonwealth of the Northern Mariana Islands shall be effective upon publication in the Commonwealth Register.

  
\_\_\_\_\_  
Chairman  
EDLF Board of Director

  
\_\_\_\_\_  
Carlos S. Camacho  
Governor

Date: December 27, 1978

Date: December 27, 1978



**Commonwealth of the Northern Mariana Islands**  
**Office of the Governor**

Saipan, Mariana Islands 96950

Cable Address:  
**Gov. NMI Saipan**

**Economic Development Loan Fund**  
**Application for Loan**

Name and Address of Applicant <i>(Street, City, Zone, County and State)</i>   <p align="center">Telephone No. _____</p>	Date of Application: _____												
	Amount of Loan Requested: _____												
	Maturity Requested: _____												
Marital Status <i>(If not a corporation, give name of spouse for each married partner or owner)</i>  _____ _____													
<b>(1) BUSINESS</b> <span style="float:right">Date Established _____</span> (a) Principal Products or Service _____ (b) Employment — The number or present employees in the applicant's business is _____ and the applicant estimates the loan applied for would result in the additional employment of _____ (c) Principal stockholders — List names and addresses of principal stockholders with their respective current balance sheet properly signed. Certification may be required. <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:40%; text-align:left; border-bottom: 1px solid black;">NAME</th> <th style="width:30%; text-align:left; border-bottom: 1px solid black;">OFFICE HELD</th> <th style="width:30%; text-align:left; border-bottom: 1px solid black;">PER CENT OWNERSHIP</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </tbody> </table> (d) Receivership — Bankruptcy — Has applicant or any officer of the applicant affiliates or any other concern with which such officer has been connected ever been in receivership or adjudicated a bankrupt. <input type="checkbox"/> Yes <input type="checkbox"/> No. If "Yes" give names and details on separate sheet.		NAME	OFFICE HELD	PER CENT OWNERSHIP									
NAME	OFFICE HELD	PER CENT OWNERSHIP											
<b>(2) PURPOSE OF LOAN</b> Specific Uses For Which Loan Is Desired          Total <i>(This should agree with amount of loan requested)</i>	Amount          \$ _____												

**A S S E T S**

**L I A B I L I T I E S**

Cash in _____	\$ _____
Cash on hand.....	\$ _____
*Notes Receivable and Trade Acceptance ....	\$ _____
*Accounts receivable -- Customer's.....	\$ _____
Merchandise-finished - how valued.	\$ _____
Merchandise-raw material -- how valued.....	\$ _____
Supplies on hand.....	\$ _____
Stocks and bonds(See Schedule A).	\$ _____
<b>TOTAL CURRENT ASSETS...</b>	<b>\$ _____</b>
Real estate (See Schedule B).....	\$ _____
Machinery \$ _____ Fixtures \$ _____	\$ _____
Automobiles and Trucks.....	\$ _____
*Due from partners, employees relatives, officers or stockholders	\$ _____
*Due from controlled or allied companies.....	\$ _____
*Cash value of life insurance.....	\$ _____
*Other Assets (Describe).....	\$ _____
<b>TOTAL</b>	<b>\$ _____</b>

Notes payable to banks .....	\$ _____
Notes payable to others.....	\$ _____
Accounts payable \$ _____	\$ _____
*Due to partners, employees, relatives, officers or stockholders	\$ _____
*Due to controlled or allied companies	\$ _____
*Chattel mortgages and contracts payable (describe) (monthly payments)	\$ _____
Federal and State Income Tax .....	\$ _____
Accrued liabilities (interest, wages, taxes, etc.).....	\$ _____
*Other Liabilities.....	\$ _____
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ _____</b>
Mortgages or liens on real estate (See Schedule B)	\$ _____
Reserve for depreciation	\$ _____
Reserve for doubtful receivables.....	\$ _____
Capital -- Paid in .....	\$ _____
Surplus -- Paid in.....	\$ _____
Surplus -- Earned .....	\$ _____
Net Worth (If unincorporated)	\$ _____
<b>TOTAL</b>	<b>\$ _____</b>

**\*ITEMIZE ON A SEPARATE SHEET ALL ITEMS MARKED WITH AN ASTERISK.**

**SCHEDULE A**

**STOCKS AND BONDS**

Describe fully. Use supplemental sheet if necessary. Indicate if common or preferred. Give interest rate and maturity of bonds.

No. of Shares Amount of Bonds	NAME AND ISSUED (Describe Fully)	BOOK VALUE		MARKET VALUE	
		Listed	Unlisted	Price	Value
		\$	\$	\$	\$
		\$	\$	\$	\$
		\$	\$	\$	\$
		\$	\$	\$	\$
	<b>TOTALS</b>	\$	\$	\$	\$

**SCHEDULE B LIST OF REAL ESTATE AND IMPROVEMENTS WITH ENCUMBRANCES THEREON**

DESCRIPTION, STREET NUMBER, LOCATION	TITLE TO PROPERTY IN NAME OF	ASSESSED VALUATION	BOOK VALUE		MORTGAGE OR LIENS	HOLDER OF LIEN
			Land	Improvements		

**(4) SUMMARY OF COLLATERAL OFFERED BY APPLICANT AS SECURITY FOR LOAN\***

Collateral Now Owned	Cost	Net Book Value (Costs Less Depreciation)	Applicant's Appraised Value	NOT TO BE USED BY APPLICANT	
				Appraised Value	Liquidating Value
<b>AND IMPROVEMENT</b>					
<b>BUILDINGS</b>					
<b>MACHINERY &amp; EQUIPMENT</b>					
<b>AUTOMOTIVE EQUIPMENT</b>					
<b>FURNITURE &amp; FIXTURES</b>					
<b>OTHER</b>					
<b>TOTAL NOW OWNED</b>					

To be acquired (Complete 1st and 2nd Columns Only)

**TOTAL OFFERED**

Existing Liens Not To Be Paid Off From EDLF Loan \$

\*Attach Listing of Collateral Offered

**ATTACH PHOTOGRAPH OF PROPERTY IF AVAILABLE**

If business is new and not yet in operation, submit set of income and cash projection covering a five (5) year period.

Please submit feasibility study indicating planned program and economic evaluation of potential as set forth in income and cash projections.

**Contracts, Notes and Mortgages payable:**

To Whom Payable	Original Amount	Original Date	Present Balance	Rate of Interest	Maturity	Monthly Payment	Security

**(5) AS ADDITIONAL SECURITY, PAYMENT OF THE LOAN WILL BE GUARANTEED BY**

Name and Address of Guarantors

Net Worth Outside of Interest in Applicant Company

*(Each principal must submit a signed personal balance sheet as of the same date as the applicant's balance sheet)*

\$

**(6) MANAGEMENT (1), Names of all officers, directors or partners and their annual compensation, including salaries, bonuses, fees, withdrawals, etc. (Complete all columns).**

Name	Annual Compensation	Office Held	Per cent Ownership	Net Worth Outside of Appl.	Insurance Carried for Benefit of Appl.

*\*ATTACH SEPARATE SHEET GIVING DETAILS*

**(7) RECENT EFFORTS TO OBTAIN CREDIT (For Direct Loan Applicants Only):**

EDLF is authorized to make loans to business enterprises only when the financial assistance is not otherwise available on reasonable terms, is also empowered to make loans in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis. Therefore, applicant must furnish the information required below regarding efforts made within 60 days preceding the filing of this application to obtain credit from banks or other sources. Letters declining to extend credit as well as declining to participate with EDLF must be obtained from the following lending institutions: (a) The applicant's bank of account; and (b) If the amount of the loan applied for is in excess of the legal lending limit of the applicant's bank or in excess of the amount that the bank normally lends to any one borrower, then a refusal from a corre-

spondent bank from any other lending institution whose lending capacity is adequate to cover the loan applied for. These letters must contain date of application, amount of loan requested and reasons for refusal, and be attached to this application.

CREDIT INFORMATION - Applicant expressly authorizes disclosure of all information submitted in connection with this application and any resulting loan to the financial institution agreeing below to participate in such loan or, in none, to its bank (s) of account and (Insert name of other financial institution, if desired)\_\_\_\_\_

PARTICIPATION - Will any Lending institution participate with EDLF in the loan requested? Yes  No  If "Yes" institution shall execute application for participation agreement at the bottom of this page.

(8) CERTIFICATION

I HEREBY CERTIFY THAT:

(a) The Applicant has not paid or incurred any obligation to pay directly, any fee or other compensation for obtaining the loan hereby applied for.

(b) All information contained above and in exhibits attached hereto are true and complete to the best knowledge and belief of the applicant and are submitted for the purpose of inducing EDLF grant a loan or to participate in a loan by a bank or other lending institution, to applicant. Whether or not herein applied for is approved. Applicant agrees to pay or reimburse EDLF for the cost of any surveys, title or mortgage examinations, appraisals, etc., performed by non-EDLF personnel with consent of applicant

(INDIVIDUAL, GENERAL, PARTNER, TRADE NAME OR CORPORATION)

By \_\_\_\_\_

Title \_\_\_\_\_

Corporate Seal

Attest \_\_\_\_\_  
(TITLE)

(FOR USE ONLY BY BANK OR OTHER FINANCIAL INSTITUTION)

APPLICATION FOR PARTICIPATION AGREEMENT

- We propose to make a (check on):
- Deferred participation loan Bank Share \_\_\_\_\_%  
EDLF Share \_\_\_\_\_%
  - Immediate participation loan with bank to make and service bank Share \_\_\_\_\_% EDLF Share \_\_\_\_\_%
  - Immediate participation loan with EDLF to make and service Bank Share \_\_\_\_\_%  
EDLF Share \_\_\_\_\_%

to the Applicant names on page 1 of this application. We hereby make application for the type of participation agreement checked above, subject to the following loan condition (use separate sheet if necessary):

Interest to be payable monthly at the annual of \_\_\_\_\_% on the unpaid principal amount of the loan advanced by the bank.

Without the participation of EDFL to the extent applied for we would not be willing to make this loan. In our opinion, the financial assistance applied for is not otherwise available on reasonable terms.

---

(NAME AND ADDRESS OF BANK)

Date: \_\_\_\_\_ 19 \_\_\_\_\_

---

(AUTHORIZED OFFICER)





# NORTHERN MARIANA ISLANDS ECONOMIC DEVELOPMENT LOAN FUND

INCOME PROJECTION FOR \_\_\_\_\_  
 PERIOD \_\_\_\_\_

FIRST SIX MONTHS ACTIVITY						First 6 Months Total
1	2	3	4	5	6	
SALES OR INCOME						
COST OF SALES OR MFG						
GROSS PROFIT						
<u>OPERATING EXPENSES</u>						
Wages and Salaries						
Utilities						
Insurance						
Rent						
Depreciation and Amortization						
Maintenance and Repairs						
Supplies						
Professional Services						
Taxes and Licenses						
Interest						
Miscellaneous						
TOTAL OPERATING EXPENSES						
NET INCOME BEFORE TAXES						
INCOME TAXES						

PAGE 126 COMMONWEALTH REGISTER VOLUME 1 No. 4 JANUARY 16, 1979

# P E R S O N A L F I N A N C I A L S T A T E M E N T

As of \_\_\_\_\_, 19\_\_\_\_

Name: \_\_\_\_\_ Employed by: \_\_\_\_\_

Address: \_\_\_\_\_ Position: \_\_\_\_\_ Age: \_\_\_\_\_ Name of Spouse: \_\_\_\_\_

If Employed Less Than 1 Year, Previous Employer: \_\_\_\_\_

COMMONWEALTH REGISTER VOLUME 1 No 4 JA ARY 16, 1979 PAGE 127

ASSETS	DOLLARS	CENTS
Cash in bank _____ <small>(Give Name)</small>		
_____ <small>(Give Name)</small>		
Accounts Receivable—Good _____		
Stocks and Bonds (Schedule B) _____		
Notes Receivable—Good _____		
Cash Surrender Value Life Insurance _____		
Autos _____ <small>(Year-Make) (Year-Make)</small>		
Real Estate (Schedule A) _____		
Other Assets (describe)		
1. _____		
2. _____		
3. _____		
4. _____		
5. _____		
<b>TOTAL ASSETS</b>		

LIABILITIES	DOLLARS	CENTS
Notes payable _____ <small>(Give Name)</small>		
Notes payable _____ <small>(Other)</small>		
Accounts payable _____		
Taxes payable _____		
Contracts payable _____ <small>(To whom)</small>		
Contracts payable _____ <small>(To whom)</small>		
Real Estate Indebtedness (Schedule A) _____		
Other Liabilities (describe)		
1. _____		
2. _____		
3. _____		
4. _____		
<b>TOTAL LIABILITIES NET WORTH</b>		
<b>TOTAL</b>		

ANNUAL INCOME	DOLLARS	CENTS
Salary _____		
Salary (wife or husband) _____		
Securities Income _____		
Rentals _____		
Other (describe)		
1. _____		
2. _____		
3. _____		
4. _____		
5. _____		
<b>TOTAL INCOME</b>		
<b>LESS - TOTAL EXPENDITURES</b>		
<b>NET CASH INCOME</b> (Exclusive of ordinary living expenses) .....		

ANNUAL EXPENDITURES (Excluding Ordinary Living Expenses)	DOLLARS	CENTS
Real Estate payment (s) _____		
Rent _____		
Income Taxes _____		
Insurance Premiums _____		
Property Taxes _____		
Other (describe—include installment other than real estate)		
1. _____		
2. _____		
3. _____		
<b>TOTAL EXPENDITURES</b>		

*The undersigned certifies that the above statement (or in lieu thereof, the attached statement, as the case may be) and supporting, both printed and written, give a full, true, and correct statement of the financial condition of the undersigned as of the date indicated.*

\_\_\_\_\_  
DATE SIGNED

\_\_\_\_\_  
SIGNATURE





# Commonwealth of the Northern Mariana Islands

## Office of the Governor

Saipan, Mariana Islands 96950

Cable Address:  
Gov. NMJ Saipan

### ADDITIONAL INSTRUCTIONS FOR GUIDANCE OF APPLICANTS IN PREPARING EDLF LOAN APPLICATION

The information required by this loan application is the minimum necessary for proper evaluation and is similar to that required by most private banks not having previous knowledge of the applicant. These minimum requirements may be supplemented by any additional data which would be of mutual benefit to the applicant and EDLF. If additional space is required for completion of the information requested in the application, or additional data the applicant desires to submit, supplemental attachments should be prepared and submitted in the same number of copies as the application. Do not condense the information furnished at the expense of clarity.

Processing of a loan application will be delayed if it is not fully and properly completed.

A full explanation of the requirements of certain headings of the application is listed below:

**Item 1 — BUSINESS:** Attach to application a summary description of the business; include kind of business, industries sold, sales force employed or sales agents used, relative size and a brief history showing growth and changes, if any, in structure (i.e. individual to partnership, individual or partnership to corporation) and operations. Attach advertisements or catalogs, if available. State corporate reorganization or arrangements. **EMPLOYMENT:** If employment is seasonal with substantial difference between peak and low employment levels, show the average monthly employment during the past year.

**Item 2 — SPECIFIC USES FOR WHICH LOAN IS DESIRED:** Allocate the loan to specific purposes such as purchase of machinery, working capital, construction of building, etc.

On the supplemental attachment:

- (a) Comment briefly on the reasons for filing this loan application and the benefits which will accrue to the business if the loan is obtained.
- (b) If construction is involved, state cost and whether such cost is estimated or based on a firm bid, source of any additional funds which may be required to complete the construction. Furnish plans and specifications, if available at time of filing application, they must be submitted for EDLF approval prior to loan disbursement if loan is granted.
- (c) Where purchase of machinery and equipment is involved, furnish a detailed list of items to be purchased, name of vendor, the cost thereof, and expected date of delivery. If cost is based on firm bid or estimate, state source.

**Item 3 — BALANCE SHEET:** Detailed year-end balance sheets must be submitted for the past three years or all previous years if company is less than three years old. Personal balance sheets submitted by guarantors and/or principals or management must be signed by the persons whom they are submitted.

If an outside accountant is regularly employed, balance sheets and profit and loss statements shall be the complete reports as prepared by him, including his comments and certification or qualifying statements. Balance sheets prepared by others shall show the applicable date of the information; be signed by the proprietor, a partner or an authorized officer of the applicant and show the date so signed.

Balance sheets and profit and loss statements also must be submitted for affiliates and subsidiaries, if any. If affiliates or subsidiaries exist, furnish information concerning each, including percentage of ownership, manner of inter-company transactions, and methods of adjustment of inter-company transactions.

Fixed Assets: In the event any or all fixed assets have been written up in value, submit details including the amount, date effected, and justification for such appreciation.

Notes Payable to Officers, Directors and Stockholders: Show individual payees and the amount due each. Explain origin of debt and whether payees will agree not to require payment thereon during the term of the EDLF loan. If not, explain in detail.

Earned Surplus: Only net profits retained in the business are to be included in this account.

Capital Surplus: This account is to include all surplus except earned surplus as referred to above. (Paid in, revaluation of assets, etc.)

The application requires the following additional information for items marked with an asterisk:

Other Assets: Itemize and comment, if necessary.

Due From Controlled or Allied Companies: Itemize these headings separately.

Due From Officers, Directors and Stockholders: Explain how such items originated and when they are to be paid. If secured, furnish details. If collection is not anticipated, furnish estimate of probate loss.

Notes & Accounts Receivable: Itemize these headings separately. Show notes and accounts receivable by ageing - under 30 days, 30 - 60 days, etc.

Accounts Due Officers or Stockholders: Show individual payees and the amount due each.

Accounts and Notes Due Affiliates: Explain origin of debt and whether payees will agree not to require payment thereon during the term of the EDLF loan.

Contingent Liabilities: Accounts or notes receivable discounted or sold with endorsement or guarantee and all other contingent liabilities must be listed with explanation.

Litigation: Details must be given of any pending litigation, whether applicant be plaintiff or defendant or which involve the management.

**Item 4 - SUMMARY OF COLLATERAL OFFERED BY APPLICANT AS SECURITY FOR THE LOAN:**

This is a summarization of the detailed listing on Item 4.

If collateral is to be acquired with proceeds of loan or otherwise, describe the collateral in detail (Serial Number may be omitted) with the notation "To be acquired".

Show exact cost. If assets were acquired from a predecessor company at a price other than cost less depreciation, give details.

The figures to be entered in the net book value column must agree with the figures shown in the balance sheet, on page two (2) of the application, except for the assets, if any, not being offered as collateral and non-business assets, if any, which are being offered to secure guarantees.

If a recent appraisal has been made of the collateral offered, it should be submitted with the application and the summary figures entered in the column headed Applicant's Appraised Value. If a recent appraisal is not available, ask the EDLF office if it is necessary to have an appraisal made.

Any leases on land and buildings must be described, giving date and term of lease, rental, name and address of owner, past due rent, if any, and whether or not the owner holds a stock or other interest in the applicant.

**LIST THE FOLLOWING INFORMATION ON A SUPPLEMENTAL ATTACHMENT:**

Name of Insurance Company	Type of Coverage	Amount and Expiration Date
---------------------------	------------------	----------------------------

**Item 6 -- MANAGEMENT:** For each person listed give age, education, technical training, the length of time associated with applicant and resume of business experience with other firms. Personal balance sheets submitted by proprietors, partners and each stockholders with 20 percent or more ownership, must be signed by the person for whom they are submitted.

**Item 7 -- RECENT EFFORTS TO OBTAIN CREDIT:** The EDLF provides that loans can be made only if the financial assistance applied for is not otherwise available on reasonable terms. Such availability of credit not only refers to banks and other normal sources but also to the personal credit and/or personal assets of the owner, partners or stockholders, as well as to the sale of additional capital stock. Therefore, it must be shown clearly that such sources are unavailable to provide, in whole or in part, the financing desired by the applicant.

**BANK PARTICIPATION:** A bank or other financial institution willing to participate in the loan applied for in this application, should indicate its willingness to participate by signing the application for a particular agreement on page four (4) of application. It should also outline any conditions deemed advisable for the protection of the Bank and EDLF. The EDLF, in its discretion, may impose additional disbursement on account of the proposed loan.

If the applicant is indebted to the bank, the bank must further state whether any portion of the indebtedness is to be paid out of the proceeds of the proposed loan. It must also state whether any officer of the bank has a financial interest in the borrower and if so the extent thereof. It must indicate whether its correspondent banks are interested in banking the participation offered to EDLF.

After Execution of this application the bank participation in the loan should retain one copy for its files.

**GENERAL:** Upon receipt of this application EDLF will proceed with its analysis and may call upon the bank or applicant to furnish additional information considered necessary for proper evaluation of the credit factors involved. As soon as action has been taken on the loan, the applicant will be notified and, if approved, will be furnished with a formal loan authorization setting forth the terms of the loan. Disbursement will be made as soon thereafter as the borrower can comply with the terms of the authorization.





Commonwealth of the Northern Mariana Islands  
Office of the Governor

San Juan, Mariana Islands 96950

Cable Address:  
Gov. NMI

**Economic Development Loan Fund**

**AUTHORITY TO RELEASE INFORMATION**

The undersigned hereby authorizes the Northern Mariana Islands Economic Development Loan Fund (EDLF) to obtain from and/or disclose to the Government of the Northern Mariana Islands or the Federal Government or its designated representative or other sources all information in my case files either provided by the Undersigned, obtained collaterally or originated by EDLF in conjunction with the request for financial assistance or investment incentive (Qualifying Certificate) or land lease with EDLF pursuant to its programs.

DATED: \_\_\_\_\_

By \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_