

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
SAIPAN MARIANA ISLANDS

VOLUME 15 NUMBER 12



DECEMBER 15, 1993

COMMONWEALTH

REGISTER

COMMONWEALTH REGISTER
VOLUME 15 NUMBER 12
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COMMONWEALTH ZONING BOARD

P.O. Box 2109, Saipan, MP 96950
Tel. Nos. (670) 235-5018/5019 • Fax No. (670) 235-5020

Public Notice

Emergency Regulations Commonwealth Zoning Board

Emergency:

The Commonwealth zoning Board hereby finds for the reasons given and pursuant to 1 CMC Section 9104(b) that the public interest requires immediate adoption of emergency regulations, upon the concurrence of the governor, to establish a "Zoning Termination Schedule" to effectively implement the Saipan Zoning Law (Saipan Local Law 8-7), signed into law on April 29, 1993.

Authority:

The Commonwealth Zoning Board, acting through its Zoning Board Administrator, is authorized to promulgate these regulations pursuant to 2 CMC Section 7221(b)(4) and Section 7221 (d). these emergency regulations are being published in accordance with 1 CMC Section 9104(b) and they are effective immediately upon filing with the Registrar of Corporations. These emergency regulations are to be effective for a period of one hundred twenty (1200 days after promulgation, unless repealed or modified at an earlier time as provided by the laws of the Commonwealth.

Reason for Emergency:

The public interest requires adoption of these regulations upon fewer than thirty days notice. Sections 10001, 10100, 10102 and 10103 of the Saipan Zoning Law define nuisances and nonconforming uses, and set forth procedures for removal of off site signs, automotive repair facilities that are adjacent to residential uses and other nuisances. In order to effectively implement these sections of the law a schedule for removal is necessary to implement the procedures set forth in Section 10103 of the SZL.

Public Comments:

Notice is also hereby given of the Commonwealth Zoning Board's proposed adoption of these regulations. Pursuant to 1 CMC Section 9104, comments regarding the contents of these regulations may be sent to the Zoning Administrator, Commonwealth Zoning Board, P.O. Box 2109, Saipan, MP 96950, within thirty (30) days of the date of the publication in the Commonwealth Registrar.

Certification of Emergency regulations Regarding Zoning Removal Schedule:

I, Cynthia B. Camacho, Administrator of the Commonwealth Zoning Board, by signature below hereby certify that the Emergency Regulations regarding the Zoning Removal Schedule are true, complete and correct copy of the Emergency Regulations adopted by the Commonwealth Zoning Board.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on the 9th day of December, 1993 at Saipan, Commonwealth of the Northern Mariana Islands.

Certified By:  12-9-93
Cynthia B. Camacho, Administrator Date

Concurred By:  12/10/93
Lorenzo I. Deleon Guerrero, Governor Date

12/10/93
Date of Filing with Registrar


Registrar of Corporations

12/10/93
Date Received in the
Office of the Governor

By: 
Governor's Authorized Staff

Saipan Zoning Schedule of Removal of Nonconformities and Nuisances

Off-site Signs shall be removed within 30 days of receipt of notice from the Zoning Administrator under the procedures set forth in Section 10103.

Open or Enclosed automotive repair facilities that are adjacent to residential uses shall be removed within one hundred eighty (180) days of receipt of notice from the Zoning Administrator under the procedures set forth in Section 10103.

**NUTISIAN PUPBLIKU
REGULASION EMERGENCY
COMMONWEALTH ZONING BOARD**

GOTPE NA SINESEDI:

I Commonwealth Zoning Board ginen este ha sodda' na sigun gi rason ginen i 1 CMC Seksiona 9104 (b) na ginen interes pupbliku nisisariu manma adapta ensigidas i regulasion emergency, gipun kumonfotme i Gobietno, para u ma establese "Schedukle para Tetminasion gi Zoning" ni para u efektibu gi Lai Zoning (Saipan Local Law 8-7), ni ma fitma komu Lai Pupbliku gi Abrit 29, 1992.

ATURIDAT:

I Commonwealth Zoning Board, komu tinago' i Administradot Zoning Board, ma aturisa na para u cho'gue' este siha na regulasion sigun gi 2 CMC Seksiona 7221 (b) (4) yan Seksiona 7221 (d). Este siha na regulasion Emergency manmapupblika huyong sigun gi 1 CMC Seksiona 69104 (b) ya u fan efektibu ensigidas komu ha file i Registrar of Corporations. Este siha na regulasion emergency u fan efektibu gi halom sientu benti (120) dias despues di ma proklama huyong, solu ma diroga, osino tulaika gi lataftaf na tiempo anai pribeniya ni Lai Commonwealth.

RASON PUT EMERGENCY:

Ginen interes pupbliku na nisisariu ma adapta este siha na regulasion menos di trenta (30) dias na nutisia. Seksiona 1001, 10100, 10102 yan 10103 gi halom Lai Saipan Zoning ha difina i estotbo yan ti konfotme na uso, ya mana guaha kinalamten put manasuhan tapbleru siha, sagan mafamaolek kareta siha ni manggaige gi lugat residential yan otro siha na estotbo. Put i para u efektibu para u maimplementa este siha na seksiona gi lai guaha lista yanggen para u manasuha ya nisisariu para u maimplementa i kinalamten sigun i Seksiona 10103 gi SZL.

KOMENTUN PUPBLIKU:

Nutisia lokkue' mana'e ginen i Commonwealth Zoning Board put i mapropoponi para u ma adapta este siha na regulasion. Sigun gi 1 CMC Seksiona 9104, komentu put suhetun este siha na regulasion siha manma tuge' papa ya u manahanao guatu gi Administradot Zoning, Commonwealth Zoning Board, P.O. Box 2109, Saipan, MP 95950, gi halom trenta (30) dias despues di malaknos este na nutisia gi Commonwealth Register.

**SETTIFIKUN REGULASION EMERGENCY SCHEDULE PUT MANASUHAN
Hafa KAD SIHA**

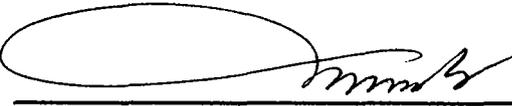
Guahu, Cynthia B. Camacho, Administradot i Commonwealth Zoning Board, u fitma na'an-hu gi sanpapa na u settifika na i Regulasion Emergency put i Listan A'pas para Zoning, magahet, kumplidu yan dinanche na kopian Regulasion Emergency ni ma adapta i Commonwealth Zoning Board.

Hu deklarara na gi papa chatmanhula na magahet yan dinanche este na deklarasion ya macho'gue guine na dia 9th gi este na mes Dicembre, 1993 giya Saipan, Commonwealth of the Northern Mariana Islands.

Sinettifikan:  12-9-93
CYNTHIA B. CAMACHO, ADMINISTRATOR Fecha

Inakonfotman:  12/10/93
LORENZO I. DELEON GUERRERO, GOVERNOR Fecha

12/10/93
FECHA NI HA FILE I REGISTRAR


REGISTRAR OF CORPORATIONS

12/10/93
FECHA NI MA RISIBI GI OFISINAN
GOBIETNO

Rinesibe as: 
I MA ATURISA NA EMPLEAO
GOBIETNO

**AREKLAMENTON SAIPAN ZONING PUT MANASUHAN I TI MANKONFOTME YAN
ESTOTBO SIHA**

I Off-site (tapleru) siha debi di u manafañuha gi halom trenta (30) dias despues di manma nutisia ni Administradot Zoning sigun gi singangan i Seksiona 10103.

I adbetto pat makokollat (open or enclosed) siha na sagan mafamaolek kareta ni manggaige gi lugat residential u fanmana'suha gi halom sienta ochenta (180) dias despues di manmana'e' nutisia gine Administradot Zoning sigun gi sinangan Serksiona 10103.

**ARONGORONGOL TOWLAP
ALLÉGHÚL EMERGENCY
COMMONWEALTH ZONING BOARD**

Emergency:

Schóól Saipan Zoning Board sáangi arongorong yeel nge re schuungi bwe sáangi ailéewal mille 1 CMC Táilil 9104 (b) bwe ghatchúúr towlap mille e fil bwe rebwe adaptááli alléghúl emergency ngáre Gubenko e angúungú bwe ebwe yoor "Zoning Termination Schedule" iye ebwe atotoolong ilól Alléghúl Saipan Zoning (Saipan Local Law 8-7), iye e allégheló wóól Abrid 29, 1993.

Bwángil:

Commonwealth Zoning Board, igha e mwóghut sáangi bwángil Zoning Board Administrator, nge eyoor bwángil bwe ebwe féerú allégh kkaal sáangi ailéewal 2 CMC Táilil 722 (b) (4) me Táilil ye 7221 (d). Alléghúl emergency kkaal nge e atotoowow sáangi bwángil 1 CMC Táilil 9104(b) nge ebwe allégheló ngáre schagh e toolong reel Registrar of Corporations. Allégh kkaal nge ebwe allégheló ilól ebwúghúw ruweigh (120) rál sáangi igha e toowow, me ngáre schagh eyoor lliiwel, fféer sefáál reel rebwe tabweey Alléghúl Commonwealth.

Bwúlúl Emergency:

Reel ghatchúúr towlap nge e fil bwe rebwe adaptááilil allégh kkaal inamwo igha ese ghula eliigh rál bwe ebwe rongoló. Táilil 10001, 10100, 10102 me 10103 mellól Alléghúl Saipan Zoning nge amatafaawow milikka ese alléew me ese ghatch reel igha aramas re súl ngáli iika sibwe ira bwe tableero (off site signs) me leliyeel fféerú ghareeta ikka elo órol leliyeer towlap (residential) me bwal akkááw. Reel ebwe ghi ghatch mwóghututughutul milleel nge ayoor schedule-ol igha rebwe mereey milikkaal igha rebwe tabweey bwángil Táilil ye 10103 mellól SZL.

Tipeer Me Mángemángiir Towlap:

Schóól Saipan Zoning Board rebwal arongaawow reel igha rebwe adatááli allégh kkaal. Sáangi bwángil me ailéewal 1 CMC Táilil 9104, nge emmwel schagh bwe towlap rebwe ischiitiw meta tipeer me mángemángiir reel ówtol allégh kkaal nge raa afanga ngáli Zoning Administrator, Commonwealth Zoning Board, P.O. Box 2109, Saipan, MP 96950, ilól eliigh (30) rál sáangi igha e toowow arongorong yeel mellól Commonwealth Registrar.

**APPELÚGHÚLÚGH REEL MIWOGHUTUGHUTUL MEREMER MELLÓL
ALLÉGHÚL EMERGENCY**

Ngaang, Cynthia B. Camacho, Adimistradoodul Commonwealth Zoning Board igha i mákkiitiw itey faal nge i alléghú bwe Alléghúl Emergency ye reel Zoning Removing Schedule nge ellet, schéschéél me kkopiyaal Alléghúl Emergency kkewe Commonwealth Zoning Board e adaptááilil.

I akkapalló, bwe faal perjury bwe tiliigh yeel nge e wel me schéschéél nge fféer ilól rááilil ye 9th maram ye December, 1993, Commonwealth of the Northern Mariana Islands.

Féerúyál: 
Cynthia B. Camacho, Administrator

12-9-93
Rái

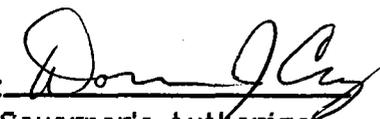
Alléghúyál: 
Lorenzo I. Deleon Guerrero, Governor

12/10/93
Rái

12/10/93
Rááilil Igha Registrar e File-11


Registrar of Corporations

12/10/93
Rááilil ye e tooló ilól Bwulasiyool
Gubenno

Aramas ye e risibi: 
Governor's Authorize
Staff

**SCHEDULE-UL SAIPAN ZONING REEL MEREMEREL MILIKKA
NONCONFORMITIES ME NUISANCES**

Tableero (Off-site) nge rebwe asúúwló 11Eol eliigh (30) rál sáangi igha Zoning Administrator e arongaar sáangi bwángil Tálil ye 10103.

Leliyeel Fféerúl Ghareeta kka e open me ngáre enclosed nge elo órol residential nge rebwe merel 11ól ebwúghúw waliigh (180) rál sáangi igha Zoning Administrator e arongaar sáangi bwángil Tálil ye 10103.



Commonwealth of the Northern Mariana Islands

Department of Public Health & Environmental Services
Division of Environmental Quality
P.O. Box 1304

Saipan, Mariana Islands 96950
PUBLIC NOTICE



Tels: (670) 234-6114/6984
Fax: (670) 234-1003

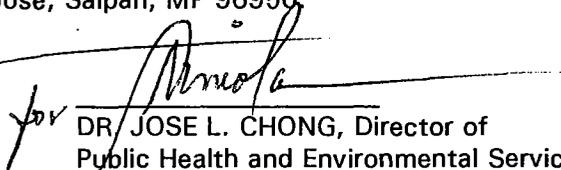
**PROPOSED REVISION OF THE CNMI PESTICIDES REGULATIONS
PROMULGATED UNDER THE AUTHORITY OF
2 CMC §§ 3101 to 3134, 1 CMC §§ 2601 to 2605, 2 CMC §§ 3311 to 3333 and
2 CMC §§ 3511 to 3521
by the
DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENTAL SERVICES
and by the
DIVISION OF ENVIRONMENTAL QUALITY**

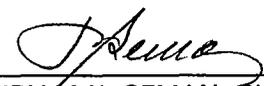
The Director of the Department of Public Health and Environmental Services, of the Commonwealth of the Northern Mariana Islands (CNMI), in accordance with 2 CMC §§ 3101 to 3134 and 1 CMC §§ 2601 to 2605, and the Chief of the Division of Environmental Quality (DEQ) in accordance with 2 CMC §§ 3311 to 3333 and 2 CMC §§ 3511 to 3521 propose to revise to the existing Pesticides Regulations. These changes conform with the requirements imposed on the Commonwealth in the Federal Insecticide, Fungicide, and Rodenticide Act.

Revisions to the Pesticides Regulations are major in that all aspects of the regulations have been revised. Revisions include an expanded definitions section, increased fees, and integrated pesticide management plans. In addition to major revisions additional sections have been added for workers protection, administrative procedures, and pesticide storage.

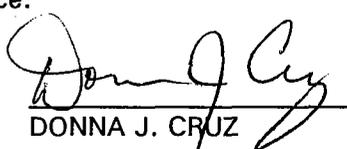
Comments, suggestions, and concerns about the proposed Revisions are encouraged and welcomed. All comments concerning the proposed Revisions must be submitted in writing to the Department of Public Health Environmental Services, Division of Environmental Quality, located on the third floor of the Morgen Building in San Jose, Saipan (P.O. Box 1304, Saipan, MP 96950), within thirty days of publication in the Commonwealth Register.

Copies of the proposed Revisions are available and may be obtained from the Department of Public Health Environmental Services, Division of Environmental Quality, located on the third floor of the Morgen Building in San Jose, Saipan, MP 96950.

Date: 12/7/93
for 
DR. JOSE L. CHONG, Director of
Public Health and Environmental Services

Date: 12/6/93

MIRIAM K. SEMAN, Chief of
Division of Environmental Quality

Filed by:
Date: 12/1/93
for 
SOLEDAD B. SASAMOTO
Registrar of Corporations

Received at Governor's Office:
Date: 12/7/93

DONNA J. CRUZ



Commonwealth of the Northern Mariana Islands

Department of Public Health & Environmental Services
Division of Environmental Quality
P.O. Box 1304
Saipan, Mariana Islands 96950



Tels: (670) 234-6114/6984
Fax: (670) 234-1003

**ARONGORONGOL TOWLAP
FFÉÉRÚL LLIWEL MELLÓL ALLÉGHÚL CNMI PESTICIDES
IWE E FFÉÉR SANGI BWÁNGIL
2 CMC §§ 3103 NGÁLI 3134, 1 CMC §§ 2601 NGÁLI 2605, 2 CMC §§ 3311 NGÁLI
3333 ME 2 CMC §§ 3511 NGÁLI 3521 MELLÓL
DIPATAMENTOOL PUBLIC HEALTH ME ENVIRONMENTAL SERVICES
ME BWAL
DIVISION OF ENVIRONMENTAL QUALITY**

Direktoodul Dipatamentool Public Health me Environmental Services mellól Commonwealth of the Northern Mariana Islands (CNMI), sáangi 2 CMC §§ 3101 ngáli 3134 me 1 CMC §§ 2601 ngáli 2605, me bwal Chief-il Division of Environmental Quality (DEQ), sáangi 2 CMC §§ 3311 ngáli 3333 me 2 CMC §§ 3511 ngáli 3521 nge ekke mángiyy bwe ebwe liwili ówtol Alléghúl Pesticides ye eyoor ighila. Lliiwel kkaal nge ebwe ghol fengál me tabweey akkúlé kka re ngalleey Commonwealth sáangi Federal Insecticides, Fungicide, me Rodenticide Act.

Lliiwel kka llól Alléghúl Pesticides nge a lap milikka ebwe lliiwel mellól. Lliiwel kkaal nge a pwal toolong táilil ye eghil ngáli ammataf sássáril abwos, aweweel lemelemil plónool pesticide. E bwal toolong táilil ye ebwe yoor bwalabwalúúr schóól angaang, mwóghutughutul lemelem, me aisiisil pesticide.

Mángemáng, me tiip reel lliiwel kkaal nge rebwal ghi abwura me awóóy. Alongal tiip me mángemáng reel lliiwel kkaal nge rebwe ischiitiw nge raa afanga ngáli Dipatamentool Public Health Environmental Services, Division of Environmental Quality, iye elo aiyeluuwal bibenda mellól Morgen Building me San Jose, Saipan (P.O. Box 1304, Saipan, MP 96950) llól eliigh (30) rál sáangi i gha e toowow arongorong yeel meelól Commonwealth Register.

Kkopiyaal lliiwel kkaal nge emmwel chagh bwe aramas ye e tipáli ebwe ló bweibwogh mellól Dipatamentool Public Health Environmental Services, Division of Environmental Quality, aiyeluuwal bibenda mellól Morgen Building me San Jose, Saipan, MP 96950

Rál: 12/07/93

Para ex

DR. JOSE L. CHONG, DIREKTOODUL
PUBLIC HEALTH ME ENVIRONMENTAL SERVICES

Rál: 12/6/93

MIRIAM K. SEMAN, CHIEF-IL
DIVISION OF ENVIRONMENTAL QUALITY

FILE-IIIYAL:

Rál: 12/9/93

fr:

SOLEDAD B. SASAMOTO

RE RISIBI ME BWULASIYOOL GUBENNO:

Rál: 12/7/93

DONNA J. CRUZ



Commonwealth of the Northern Mariana Islands

Department of Public Health & Environmental Services
Division of Environmental Quality
P.O. Box 1304
Saipan, Mariana Islands 96950



Tels: (670) 234-6114/6984
Fax: (670) 234-1003

NUTISIAN PUBLIKU

I MAMAPROPONI NA RIBISION GI REGULASION CNMI PESTICIDES NI MA'ESTBLESI SIGUN GI ATURIDAT 2 CMC §§ 3103 ASTA 3134, 1 CMC §§ 2601 ASTA 2605, 2 CMC §§ 3311 ASTA 3333 YAN 2 CMC §§ 3511 ASTA 3521 GINEN DIPATAMENTON PUBLIC HEALTH YAN ENVIRONMENTAL SERVICES YAN LOKKUE' I DIVISION OF ENVIRONMENTAL QUALITY

I Direktot Dipatamenton Public Health yan Environmental Services, gi Commonwealth of the Northern Mariana Islands (CNMI) sigun gi 2 CMC §§ 3103 asta 3134 yan 1 CMC §§ 2601 asta 2605, yan i Chief i Division of Environmental Quality (DEQ) sigun gi 2 CMC §§ 3311 asta 3333 yan 2 CMC §§ 3511 asta 3521 ha propoponi para u ribisa i presente na Regulasion Pesticides. Este siha na tinulaika u akonfotma yan hafa siha manmadimanda yan imposta gi Commonwealth ginene i Federal Insecticide, Fungicide, yan Rodenticide Act.

I ribision gi halom regulasion pesticides manmayot siha na tinulaika. I ribision enklusu para u ma'aomenta i seksionan difinision, aomenta i a'pas yan na dañña i planun minaneha para pesticide. Lokkue' fuera di i mayot na ribision guaha seksiona mana halom put proteksion i manmacho'cho', Administrative procedures, yan pesticide storage.

Komentu rekomendasion, yan interes put i mapropoponi na ribision manma sosohyu yan agradezi ginen i pupbliku. Todu komentu put i mapropoponi na ribision debi di u fanmatuge' papa yan u masubmiti halom gi Dipatamenton Public Health Environmental Services, Division of Environmental Quality, mina tres bibenda hulo gi halom Morgen Building, San Jose, Saipan (P.O. Box 1304, Saipan, MP 96950) gi halom trenta (30) dias despues di mapupblika huyong este na Nutisia gi halom Commonwealth Register.

Kopian i mapropoponi na ribision siña manmachule' gi Dipatamenton Public Health Environmental Services, Division of Environmental Quality, mina tres bibenda hulo gi halom Morgen Building giya San Jose, Saipan, MP 96950.

Fecha: 12/07/93

Para ai

DR. JOSE L. CHONG, DIREKTOT
PUBLIC HEALTH AND ENVIRONMENTAL SERVICES

Fecha: 12/6/93

MIRIAM K. SEMAN, CHIEF
DIVISION OF ENVIRONMENTAL QUALITY

ITA FILED SI:

Fecha: 12/9/93

f:
SOLEDAD B. SASAMOTO
REGISTRAR OF CORPORATIONS

MA'RISIBI GI OFISINAN GOBIETNO:

Fecha: 12/7/93

DONNA J. CRUZ

**COMMONWEALTH OF NORTHERN MARIANA ISLANDS
PESTICIDE REGULATIONS**

PART 1 GENERAL PROVISIONS

Authority and Scope. These regulations have been promulgated by the Department of Public Health and Environmental Services in accordance 2 CMC §§ 3101 to 3134 (*Commonwealth Environmental Protection Act*), 2 CMC §§ 3311 to 3333 (*Groundwater Management and Protection Act*), and 2 CMC §§ 3511 to 3521 (*Solid Waste Management Act*). These regulations and technical provisions shall have the force and effect of law and shall be binding on all persons and other legal entities subject to the jurisdiction of the Commonwealth of the Northern Mariana Islands.

PART 2 PURPOSE

The purpose of these regulations is to establish a system of control over the importation, distribution, sale, and use of pesticides by persons within the Commonwealth of the Northern Mariana Islands for the protection of public health and the prevention of environmental contamination.

PART 3 DEFINITIONS

- 3.1 "Acting for" in relation to pesticides handling under the Worker Protection Standards includes both employment and contractual relationships.
- 3.2 "Acts" mean the *Commonwealth Environmental Protection Act* 2 CMC §§ 3101 to 3134, *Groundwater Management and Protection Act* 2 CMC §§ 3311 to 3333, and *Solid Waste Management Act* 2 CMC §§ 3511 to 3521, unless otherwise stated.
- 3.3 "Active Ingredient" means:
 - 3.3.1 in the case of a pesticide other than a plant regulator, defoliant, or desiccant, an ingredient which will prevent, destroy, repel, or mitigate any pest.
 - 3.3.2 in the case of a plant regulator, an ingredient which, through physiological action, will accelerate or retard the growth or rate of maturation or otherwise alter the behavior of ornamental or crop plants or the product thereof.
 - 3.3.3 in the case of a defoliant, an ingredient which will cause the leaves or foliage to drop from a plant.
 - 3.3.4 in the case of a desiccant, an ingredient which will artificially accelerate the drying of plant tissue.
- 3.4 "Adulterated" means any pesticide if its strength or purity falls below the professed standard of quality as expressed on the labeling under which it is sold, or if any substance has been substituted wholly or in part for the pesticide, or if any valuable constituent of the pesticide has been wholly or in part abstracted.
- 3.5 "Agricultural Commodity" means any plant, or part thereof, or animal product, produced by a person (including farmers, ranchers, plant propagators, aquaculturists, flori-culturists, orchardists, foresters, or other comparable persons primarily for sale, consumption, propagation, or other use by man or animals.

- 3.6 "Agricultural Employer" means any person who hires or contracts for the services of workers for any type of compensation to perform activities related to the production of agricultural plants, or any person who is an owner of or is responsible for the management or condition of an agricultural establishment that uses such workers.
- 3.7 "Agricultural Establishment" means any farm, forest, nursery, or greenhouse.
- 3.8 "Agricultural Emergency" means a sudden occurrence or set of circumstances which the agricultural employer could not have anticipated and over which the agricultural employer has no control, and which requires entry into a treated area during a restricted-entry interval, when no alternative practices would prevent or mitigate a substantial economic loss. In the circumstance of typhoon's and tropical storms, it is not an emergency if an employer uses pesticides after a tropical storm has been named.
- 3.9 "Agricultural plant" means any grown or maintained for commercial or research purposes and included, but is not limited to: food, feed and fiber plants; trees; turfgrass; flowers, shrubs; ornamentals; and seedlings.
- 3.10 "Banned Pesticide" means any pesticide, the use of which for any purpose is prohibited by the Division of Environmental Quality or the U.S. Environmental Protection Agency.
- 3.11 "Banned Use" means any use which is prohibited by the Division of Environmental Quality, or any use which is suspended or canceled by the U.S. EPA.
- 3.12 "Biological Control Agent" means any living organism applied to or introduced into the environment that is intended to function as a pesticide against another organism declared to be a pest by the Administrator.
- 3.13 "Certified Pesticide Applicator" means any individual who is certified by the Chief to use any pesticide classified as restricted use pesticide as covered by his or her certification.
- 3.14 "Chemical-resistant" means allowing no measurable amount of the pesticide being used to move through the material during use.
- 3.15 "Chemical-resistant apron" means an apron that is made of chemical-resistant material and that covers the front of the body from mid-chest to the knees.
- 3.16 "Chemical-resistant footwear" means shoes, boots, or coverings for shoes or boots, that are made of chemical-resistant material. If chemical resistant footwear with sufficient durability and a tread appropriate for wear in rough terrain is not obtainable for workers, then leather boots may be worn in such terrain.
- 3.17 "Chemical-resistant headgear" means hood or hat with wide brim, that is made of chemical-resistant material.

- 3.18 "Chemical-resistant suit" means a loose-fitting one or two piece chemical-resistant garment that covers, at a minimum, the entire body except head, hands, and feet.
- 3.19 "Chemigation" means the application of pesticides through irrigation systems.
- 3.20 "Chief" means the Chief of the Division of Environmental Quality unless otherwise stated.
- 3.21 "CNMI" Commonwealth of the Northern Mariana Islands Government.
- 3.22 "Commercial Applicator" means certified applicator (whether or not he is a private applicator with respect to some uses) who uses any pesticide which is classified for restricted use for any purpose or on any property other than as provided by Part 7.
- 3.23 "Commercial Pesticide Handling Establishment" means any establishment, other than an agricultural establishment, that:
- 3.23.1 Employs any person, including a self-employed person, to apply on an agricultural establishment, pesticides used in the production of agricultural plants.
 - 3.23.2 Employs any person, including a self-employed person, to perform on an agricultural establishment, tasks as a crop advisor.
- 3.24 "Competent" means properly qualified to perform functions associated with pesticide application, the degree of capability required being directly related to the nature of the activity and the associated responsibility.
- 3.25 "Compensation" means pay or wages, payment through services or goods, or barter of services or goods. If only one person receives payment for the joint work of several people, all are considered to be compensated, and are employees.
- 3.26 "Coverall" means a loose-fitting one or two piece garment that covers, at a minimum, the entire body except head, hands, and feet; that is made of a cotton or a cotton polyester blend fabric; and are not chemical-resistant. The pesticide product labeling may specify that the coveralls be worn over a layer of clothing. If a chemical-resistant suit is substituted for coveralls, it need not be worn over a layer of clothing.
- 3.27 "Crop Advisor" means any person who is assessing pest numbers or damage, pesticide distribution, or the status, condition, or requirements of plants. Person must be competent to conduct such activities.
- 3.28 "Defoliant" means any substance or mixture of substances intended for causing the leaves or foliage to drop from a plant, with or without causing abscission.
- 3.29 "Desiccant" means any substance or mixture of substances intended for artificially accelerating the drying of the plant tissue.
- 3.30 "Director" means the Director of Public Health and Environmental Services unless otherwise specified.

- 3.31 "Division" means the Division of Environmental Quality unless otherwise specified.
- 3.32 "Early Entry" means entry by a worker into a treated area on the agricultural establishment after a pesticide application is complete, but before any restricted-entry interval for the pesticide has expired.
- 3.33 "Employer" means for the purposes of the workers protection program, person who:
- 3.33.1 employs or contracts for the services of workers (including themselves and members of their family) for any type of compensation to perform tasks related to the production of agricultural plants; maintenance of resort establishments; or commercial pest control (e.g. rodent and termite extermination);
 - or
 - 3.33.2 owns or operates an agricultural, resort, or commercial pest control establishment.
- 3.34 "Environmental" includes water, air, land, all plants and man and other animals living therein, and the interrelationships which exist among them.
- 3.35 "EPA" or "USEPA" means the United States Environmental Protection Agency.
- 3.36 "Establishment" means an undertaking done for production of agricultural crops, including vegetables, small fruits, tree fruits and nuts, as well as on grass lands and non-crop agricultural lands; Resort Pest Control including maintenance of resort grounds, golf courses, or green houses; or Commercial including persons in the business of contracting to obtain pest controlling projects such as extermination of ants, termites, rodents, or plants.
- 3.37 "Farm" means any operation, other than a nursery or forest, engaged in the outdoor production of agricultural plants.
- 3.38 "Forest" means any operation engaged in the outdoor production of any agricultural plant to produce wood fiber or timber products.
- 3.39 "Fumigant" means any pesticide that is a vapor or gas or forms a product that is a vapor or gas on application and whose method of pesticidal action is through the gaseous state.
- 3.40 "Fungus" means all non-chlorophyll-bearing thallophytes including rusts, smuts, mildews, bacteria, molds and yeasts, except those on or living in man or other animals and those on or in processed foods, beverages, or pharmaceuticals.
- 3.41 "General Use Pesticide" means pesticide other than one designated a restricted use pesticide.
- 3.42 "Gloves" mean hand coverings that are the type listed on the pesticide label. Gloves or glove linings made of leather, cotton, or other absorbent materials are listed on the pesticide labeling as acceptable for such use.

- 3.43 "Greenhouse" means any operation engaged in the production of agricultural plants inside any structure or space that is enclosed with nonporous covering and that is of sufficient size to permit worker entry. This term includes, but is not limited to polyhouses, mushroom houses, rhubarb houses and similar structures. It does not include such structures as malls, atriums, conservatories, arboretums, or office buildings where agricultural plants are present primarily for aesthetic or climatic modification.
- 3.44 "*Groundwater Management and Protection Act*" means the *Commonwealth Groundwater Management and Protection Act*, 2 CMC §§ 3312 to 3333.
- 3.45 "Hand Labor" means any agricultural activity performed by hand or with hand tools that causes a worker to have substantial contact with surfaces (such as plants, plant parts, or soil) that may contain pesticide residues. These activities include, but are not limited to, harvesting, detasseling, thinning, weeding, topping, planting, sucker removal, pruning, disbudding, roguing, and packing produce into containers in the field. Hand labor does not include operating, moving, or repairing irrigation or watering equipment or performing the tasks of crop advisors.
- 3.46 "Handler" or "Pesticides Handler" means any person, including a self-employed person:
- 3.46.1 Who is employed for any type of compensation by an agricultural establishment or commercial pesticide handling establishment, or commercial resort and who is:
- A. Mixing, loading, transferring, or applying pesticides.
 - B. Disposing of pesticides or pesticide containers.
 - C. Handling opened containers of pesticides.
 - D. Acting as a flagger.
 - E. Cleaning, adjusting, handling, or repairing the parts of mixing, loading, or application equipment that may contain pesticide residues.
 - F. Assisting with the application of pesticides.
 - G. Entering a greenhouse or other enclosed area after the application and before the inhalation exposure level listed in the labeling has been reached or one of the ventilation criteria or in the labeling has been met:
 - i. operation of ventilation equipment.
 - ii. adjustment or removal of coverings used in fumigation.
 - iii. monitoring air levels.
 - H. Entering a treated area outdoors after application of any soil fumigant to adjust or remove soil coverings such as tarpaulins.
 - I. Performing tasks as a crop advisor.
 - i. During any pesticide application.
 - ii. Before any inhalation exposure level listed in the labeling has been reached or one of the ventilation criteria or in the labeling has been met.
 - iii. During any restricted-entry interval.

- 3.46.2 The term does not include any person who is only handling pesticide containers that have been emptied or cleaned according to pesticide product labeling instructions, or in the absence of such instructions, have been subjected to triple-rinsing or its equivalent.
- 3.47 "Handler Employer" means any person who is self-employed as a handler or who employs any handler, for any type of compensation.
- 3.48 "Hazard" means a situation where there exists a probability that a given pesticide will cause injury or have an adverse effect on the environment.
- 3.49 "*Hazardous Waste*" means any waste because of its quantity, concentration, or physical, chemical, or infectious characteristics may cause or significantly contribute to an increase in mortality or an increase in serious irreversible or incapacitating reversible illness or pose a substantial present or potential hazard to human health or to the environment when improperly collected, contained, stored, transported, processed, recovered, treated, disposed, handled, manipulated, or otherwise accidentally released into the environment. **This is inclusive of any waste described or identified as such under either EPA or DEQ regulations.**
- 3.50 "Immediate family" means only one's spouse, children, stepchildren, foster children, parents, brothers, and sisters. Cousins, uncles, aunts, and other relatives are not included in the definition of immediate family.
- 3.51 "Importation" means causing to be brought into the CNMI.
- 3.52 "Inert Ingredient" means an ingredient which is not an active ingredient.
- 3.53 "Ingredient Statement" means the name and percentage of each active ingredient, and the total percentage of all inert ingredients in the pesticide.
- 3.54 "Insect" means invertebrate animals belonging to the class insecta or other allied classes of arthropods, such as Arachnida and Chilopoda.
- 3.55 "Label" means the written, printed or graphic matter on, or attached, to, the pesticide or device or any of its containers or wrappers.
- 3.56 "Labeling" means all labels and all other written, printed, or graphic matter accompanying the pesticides, or to which reference is made on the label or in literature accompanying the pesticide, except to current official publications of the U.S. Environmental Protection Agency, the United States Departments of Agriculture and Interior, or the U.S. Department of Health and Human Services.
- 3.57 "Licensed Dealer" means any person who is licensed by the Chief to sell or distribute restricted use pesticides.
- 3.58 "MSDS" means Material Safety Data Sheets as required under the Occupational Safety and Health Act of 1970 [29 USC § 651 et sqq.] as amended and regulation promulgated pursuant to this act and amendments 29 CFR 1910.1200(g).

- 3.59 "Misbranded" means any pesticide if:
- 3.59.1 Its labeling bears any statement, design, or graphic representation relative thereto or to its ingredients which is false or misleading in any particular;
 - 3.59.2 Its labeling bears instructions for a banned use;
 - 3.59.3 It is contained in a package or other container or wrapping which does not conform to standards established by the EPA;
 - 3.59.4 It is an imitation of, or is offered for sale under the name of, another pesticide;
 - 3.59.5 Its label does not bear the EPA registration number;
 - 3.59.6 The labeling accompanying it does not contain, in English, instructions for use which are necessary, proper, and adequate for the protection of the public;
 - 3.59.7 The label does not contain warning or caution statements in English, which if complied with are adequate to protect health and the environment;
 - 3.59.8 The label does not bear an ingredient statement on the immediate container, or on the outside container or wrapper if such outside container or wrapper does not allow the ingredient statement on the immediate container to be clearly read;
 - 3.59.9 The label does not contain the following:
 - A. Name of Pesticide in bold letters;
 - B. Restricted use designation (if applicable);
 - C. Description of which pests are controlled;
 - D. Chemical name of Pesticide;
 - E. Active ingredients and percentages;
 - F. Inert ingredients;
 - G. EPA Registration number;
 - H. Patent numbers;
 - I. Appropriate signal words:
 - i. Caution;
 - ii. Warning; or
 - iii. Danger Poison;
 - J. Directions for proper use; and
 - 3.59.10 Any additional label which that was required by the Chief is not conspicuously displayed on each container.
- 3.60 "Nematode" means unsegmented roundworms of the class Nematode which inhabit soil, water, plants, or plant parts.

- 3.61 "Nursery" means any operation engaged in the outdoor production of any agricultural plant to produce cut flowers and ferns or plants that will be used in their entirety in another location. Such plants include, but are not limited to, flowering and foliage plants or trees; vegetable, fruit, and ornamental transplants; and turfgrass produced for sod.
- 3.62 "Owner" means any person who has a present possessory interest (e.g. fee, leasehold, rental, or other) in an agricultural, resort, or commercial pest control establishment. A person who has both leased such establishment to another person and granted that same person the right and full authority to manage and govern the use of such establishment is not an owner for purpose of this part.
- 3.63 "Person" means an individual, corporation, partnership, association, or governmental entity.
- 3.64 "Personal protective equipment" or "PPE" means apparel and devices worn to protect the body from contact with pesticides or pesticide residues, including:
- 3.64.1 coveralls;
 - 3.64.2 chemical-resistant suits;
 - 3.64.3 chemical-resistant gloves;
 - 3.64.4 chemical-resistant footwear;
 - 3.64.5 chemical-resistant aprons;
 - 3.64.6 chemical-resistant headgear;
 - 3.64.7 protective eye-wear; and
 - 3.64.8 respirators.

long-sleeved shirts, short-sleeved shirts, long pants, short pants, shoes, socks, and other items of work clothing are not considered personal protective equipment for purposes of this section and are not subject to the requirements of this section, although pesticide labeling may require that such work clothing be worn during some activities.

- 3.65 "Pest" means any insect, rodent, nematode, fungus, weed, or any other form of terrestrial or aquatic plant or animal life, or virus, bacteria, or other microorganism which the Chief declares to be a pest.
- 3.66 "Pesticide" means any substance or mixture of substances intended for preventing, destroying, repelling, or mitigating any pest, and any substance or mixture of substances intended for use as a plant regulator, defoliant, or desiccant, other than any article that:
- 3.66.1 is animal drug or feed that is:
 - A. a new animal drug under FFDCA § 201(w), or
 - B. an animal drug that has been determined by regulation of the Secretary of Health and Human Services not to be a new animal drug, or
 - C. an animal feed under FFDCA § 201(x) that bears or contains any substances described in paragraph(s) 3.66.1.A or 3.66.1.B;
 - 3.66.2 is not intended for use against "pests" as, if it is:

- A. A product intended for use only for the control of fungi, bacteria, viruses, or other microorganisms in or on living man or animals, and labeled accordingly;
 - B. A product intended for use only for control of internal invertebrate parasites or nematodes in living man or animals, and labeled accordingly;
 - C. Products that are intended to exclude pests only by providing a physical barrier against pest access.
- 3.67 "Plant Regulator" means any substance or mixture of substances intended, through physiological action, for accelerating or retarding the rate of growth or rate of maturation, or for otherwise altering the behavior of plants or the produce thereof, but shall not include substances to the extent that they are intended as plant inoculants, and soil amendments. Also, the term 'plant regulator' shall not be required to include any of such of those nutrient mixtures or soil amendments as are commonly known as vitamin-hormone horticultural products intended for improvement, maintenance, survival, health, and propagation of plants, and are not for pest destruction and are non-toxic, non-poisonous in the undiluted packaged concentration.
- 3.68 "Private Applicator" means a certified applicator who uses any pesticide which is classified for restricted use for purposes of producing any agricultural commodity on property owned or rented by him or (if applied without compensation other than trading of personal services between producers of agricultural commodities) on the property of another person.
- 3.69 "Protective Eyewear" means one of the following types of eyewear; goggles; face shield; safety glasses with front, brow, and temple protection; or a full-face respirator.
- 3.70 "Respirator" means a device that protects the respiratory system and is either 1) the type listed on the pesticide label or 2) more protective, and must be appropriate for the pesticide product being used and for the activity being performed.
- 3.71 "Restricted Use Pesticide" means a pesticide, one or more uses of which have been restricted by regulation under the Federal Insecticide, Fungicide; and Rodenticide Act, as amended, or by DEQ under these regulations, and which bears on its label the phrase 'restricted use pesticide'.
- 3.72 "Restricted-Entry Interval" means the time after the end of a pesticide application during which entry to the treated area is restricted.
- 3.73 "Rodent" means mammals of the order Rodentia, such as rats and mice.
- 3.74 "Sell or Distribute" means to distribute, sell, solicit, offer for sale, hold for sale, ship, or deliver for shipment any pesticide in the CNMI.
- 3.75 "*Solid Waste Management Act*" means the *Solid Waste Management Act*, 2 CMC §§ 3511 to 3521.
- 3.76 "Substantial economic loss" means a loss in profitability greater than that which would be expected based on the experience and fluctuations of crop yields in

previous years. Only losses caused by the agricultural emergency specific to the affected site and geographic area are considered. The contribution of mismanagement cannot be considered in determining the loss.

3.77 "Treated Area" means any area to which a pesticide is being directed or has been directed.

3.78 "Use" means in relation to pesticides handling under the Worker Protection Standards the following:

3.78.1 Preapplication activities, including, but not limited to:

- A. Arranging for the application of the pesticide:
- B. Mixing and loading the pesticide; and
- C. Making necessary preparations for the application of the pesticide, including responsibilities related to worker notification, training of handlers, decontamination, use and care of personal protective equipment, emergency information, and heat stress management.

3.78.2 Application of the pesticide.

3.78.3 Post-application activities necessary to reduce the risks of illness and injury resulting from handlers' and workers' occupational exposures to pesticide residues during the restricted-entry interval plus 30 days. These activities include, but are not limited to, responsibilities related to worker training, notification, and decontamination.

3.78.4 Other pesticide-related activities, including, but not limited to, providing emergency assistance, transporting or storing pesticides that have been opened, and disposing of excess pesticides, spray mix, equipment wash waters, pesticide containers, and other pesticide-containing materials.

3.79 "Virus" means any group of microscopic infective agents which cause diseases in plants and animals.

3.80 "Weed" means any plant growing where it is not wanted.

3.81 "Waterproof personal protective equipment" means it shall be made of material that allows no measurable movement of water or aqueous solutions through the material during use.

3.82 "Worker" means anyone who: (1) is employed (including self employed) for any type of compensation and (2) is doing tasks, such as harvesting, weeding, or watering, relating to the production of agricultural plants on a farm, forest, nursery, or greenhouse. This term does not include persons, who are crop advisors.

PART 4 ADMINISTRATION OF THE CNMI PESTICIDES REGULATIONS

The Chief is authorized to take such action as may be necessary in the administration and enforcement of these regulations.

PART 5 UNLAWFUL ACTS

5.1 General

5.1.1 Except as otherwise exempted in Part 5.2 it shall be unlawful for any person within the CNMI to import, sell or distribute, receive and (having so received) deliver or offer to deliver to any person, or use:

- A. any pesticide which is adulterated or misbranded; or
- B. any banned pesticide.

5.1.2 It shall be unlawful for any person:

- A. to detach, alter, deface, or destroy, in whole or in part, any labeling, unless such action is taken with the written approval of the Chief to correct an improper label or labeling;
- B. to refuse to keep any records required pursuant to Part 8, or to refuse to allow the inspection of any records pursuant to Part 8 or 13 to refuse to allow the Chief or his representative to observe pesticide use, investigate pesticide misuse, or take a sample of any pesticide pursuant to Part 13;
- C. to use any pesticide in a manner inconsistent with its labeling;
- D. to violate any order issued under pursuant to these regulations or the Acts;
- E. to violate any ban or prohibition issued under Part 10;
- F. to knowingly falsify all or part of any application for certification, license, or use permit, or any record required to be maintained pursuant to Part 8;
- G. to sell or distribute restricted use pesticides unless licensed to do so;
- H. to sell or distribute any restricted use pesticide to any person other than a licensed dealer or a certified applicator;
- I. to use, store, transport, mix or discard any pesticide or the containers of such pesticide in such a way as to pose a hazard to human health or the environment;
- J. to use or apply restricted use pesticides unless certified under Part 6;
- K. to use or apply pesticides for commercial purposes unless acting under the supervision of a certified applicator;
- L. to use for his or her own advantage or to reveal any information relative to formulas of products acquired in the administration of these regulations to persons other than proper officers or employees of the DEQ or U.S. Government, or to courts in response to subpoena, or to physicians, or, in emergencies, to pharmacists or other qualified persons for use in the preparation of antidotes; or
- M. To violate these regulations in any way including but not limited to storage, usage, record keeping, and worker's protection requirements provided in these regulations, by permit, labels, orders, certification, or law.
- N. No pesticide product bearing requiring amended labeling under 40 CFR 156 or as amended shall be distributed or sold by any registrant after April 21, 1994.

- O. No pesticide product bearing requiring amended labeling under 40 CFR 156 or as amended shall be distributed or sold by any person after October 23, 1995.

5.2 Exemptions. The penalties provided for a violation of Part 5.1 shall not apply to:

- 5.2.1 any carrier while lawfully shipping, transporting, or delivering for shipment any pesticide, if such carrier upon request of any person duly designated by the Chief shall permit such person to copy all of its records concerning such pesticide.
- 5.2.2 any person possessing, receiving, shipping or delivering to another person any pesticide while acting under the written instructions of or with the express written approval of the Chief.

PART 6 CERTIFICATION OF APPLICATORS

6.1 Class of Applicators. A certified applicator shall be classified as either a commercial applicator or a private applicator.

6.2 Commercial Applicator. Any person who uses or supervises the use of restricted use pesticides for the production of agricultural commodities and resort facilities (e.g. golf courses) unless such use is in accordance with that specified in paragraph 6.2.4 shall be classified as a commercial applicator in the following category:

6.2.1 Agriculture Pest Control

This category includes commercial applicators using restricted use pesticides, or using or supervising the use of general use pesticides in the production of agricultural crops, including vegetables, small fruits, tree fruits and nuts, as well as on grass lands and non-crop agricultural lands. Pesticide use in this category include but are not limited to the control of:

- A. Plants;
- B. Rodents; or
- C. Mosquitoes.

6.2.2 Resort Pest Control

This category includes commercial applicators using restricted use pesticides, or using or supervising the use of general use pesticides in the maintenance of resort grounds, golf courses, or green houses. Pesticide use in this category include but are not limited to the control of:

- A. Plants;
- B. Rodents;
- C. Mosquitoes
- D. Ants; or
- E. Termites.

6.2.3 Commercial Pest Control

This category includes commercial applicators using restricted use pesticides, or using or supervising the use of general use pesticides in the business of controlling pests. Pesticide use in this category include but are not limited to the control of:

- A. Plants;
- B. Rodents;
- C. Mosquitoes;
- D. Ants; or
- E. Termites.

6.2.4 Private Applicator.

Any person who uses restricted use pesticides for the purpose of producing any either agricultural commodity on property owned or rented by him or (if applied without compensation other than trading of personal services between producers of agricultural commodities) on the property of another person shall be classified as a private applicator.

6.3 Standards for Certification of Commercial Applicators.

Competence in the use and handling of pesticides shall be determined by written examination and, as appropriate, by demonstration, based upon standards which meet or exceed those set forth below.

6.3.1 General Standards for all Certified Commercial Applicators

- A. Label
 - i. Labeling Comprehension.
 - ii. The general format and terminology of pesticide labels and labeling.
 - iii. Understanding of instructions, warnings, terms, symbols, and other information commonly appearing on pesticide labels.
 - iv. Classification of the product, general or restricted.
 - v. Necessity for use consistent with the label.
- B. Safety Factors Including:
 - i. Pesticide toxicity and hazard to man and common exposure routes.
 - ii. Common types and causes of pesticide accidents.
 - iii. Precautions necessary to guard against injury to applicators and other individuals in or near treated areas.
 - iv. Need for and use of protective clothing and equipment.
 - v. Symptoms of pesticide poisoning.
 - vi. First aid and other procedures to be followed in case of a pesticide accident
 - vii. Proper identification, storage, transport, handling, mixing procedures, and disposal methods for pesticides and used pesticide containers, including precautions to be taken to

prevent children from having access to pesticides and pesticide containers.

- C. The potential environment consequences of the use and misuse of pesticides as may be influenced by such factors as:
 - i. Weather and other climatic conditions.
 - ii. Types of terrain, soil, or other substrate.
 - iii. Presence of fish, wildlife, and other non-target organisms.
 - iv. Drainage patterns.
- D. Pests related factors such as:
 - i. Common features of pest organisms and characteristics of damage needed for pest recognition.
 - ii. Recognition of relevant pests.
 - iii. Pest development and biology as it may be relevant to problem identification and control.
- E. Pesticides related factors such as:
 - i. Types of pesticides.
 - ii. Types of formulations.
 - iii. Compatibility, synergism, persistence, and animal and plant toxicity of the formulations.
 - iv. Hazards and residues associated with use.
 - v. Factors which influence effectiveness or lead to such problems as resistance to pesticides.
 - vi. Dilution procedures.
- F. Equipment related factors including:
 - i. Types of equipment and advantages and limitations of each type.
 - ii. Uses, maintenance and calibration.
- G.. Application Techniques including:
 - i. Methods used to apply various formulations of pesticides, together with a knowledge of which technique of application to use in a given situation.
 - ii. Relationship of discharge and placement of pesticides to proper use, unnecessary use, and misuse.
 - iii. Prevention of drift and pesticide loss into the environment.
- H. Worker Protection Factors including:
 - i. Ventilation
 - ii. Personal Protective Equipment
 - iii. Entry Intervals
- I. Laws and Regulations applicable to the CNMI including Federal laws and regulations.

- 6.4 Standards for Certification of Private Applicators. As a minimum requirement for certification, a private applicator must show that she/he possesses a practical knowledge of the pest problems and pest control practices associated with the operations, proper storage, use, handling, and disposal of the pesticide and containers, and her/his related legal responsibility. This practical knowledge includes ability to:
- 6.4.1 Recognize common pests to be controlled and damage caused by them.
 - 6.4.2 Read and understand the label and labeling information, including the common name of pesticides he applied, pest(s) to be controlled, timing and methods, of application, safety precautions, any pre-harvest or re-entry restrictions, and any specific disposal procedures.
 - 6.4.3 Apply pesticides in accordance with label instructions and warnings, including the ability to prepare the proper concentration of pesticide to be used under particular circumstances taking into account such factors as area to be covered and the quantity dispersed in a given period of operation.
 - 6.4.4 Recognize local environmental situations that must be considered during the application to avoid contamination.
 - 6.4.5 Recognize poisoning symptoms and procedures to follow in case of a pesticide accident.
- 6.5 Determination of Competency
- 6.5.1 Commercial Applicators. Application for certification as a private applicator shall be made to the Chief on a form provided for that purpose. The applicant may qualify for certification by passing a written examination or by satisfactorily demonstrating the ability to use pesticides and application equipment correctly and by passing an oral examination. Such examinations and demonstration requirements shall be based on standards contained in Part 6.3.
 - 6.5.2 Duration of Certification and Renewals. All certificates shall be valid for a period of three (3) years from the date of issuance unless earlier suspended or revoked by the Chief. Application for renewal shall be made to the Chief on a form provided for that purpose. The applicant shall be required to pass another examination and/or give a demonstration of proficiency in order to ensure that certified applicators continue to meet the requirements of changing technology and to assure a continuing level of competency and ability to use pesticides safely and properly.
- 6.6 Standards for Supervisor of Non-Certified Applicators by Certified Private and Commercial Applicators. Restricted use pesticides may be applied by a non-certified but competent person acting under the direct supervision of a certified applicator. The availability of the certified applicator must be directly related to the hazard of the situation. In situations where the certified applicator is not required to be physically present 'direct supervision' shall include verifiable instruction to the competent person including, but not limited to, detailed guidance for applying the pesticide properly and provisions for contacting the certified applicator in the event he is needed. In other situations, and as required by the label, the actual physical presence of a certified applicator may be required when application is made by a non-certified applicator. In either

situation, responsibility for proper application shall remain with the certified applicator.

6.7 Temporary Certification. The Chief may issue a temporary certificate valid for a period not to exceed ninety (90) days to a person who holds a valid pesticide applicator's certificate issued in another state or territory of the United States having an approved state plan. Written application for temporary certificate shall be made to the Chief on a form provided for that purpose. Temporary certification shall be limited to the same type and category of pesticide use for which the applicant is certified in the other state or territory. Except under such circumstances as the Chief may recognize, a temporary pesticide applicator certificate shall be non-renewable.

6.8 Denial, Suspension or Revocation, and Appeal.

6.8.1 The Chief will deny suspend or revoke a certificate and assess criminal and/or civil penalties for misuse of a pesticide or falsification of any records required to be maintained by a certified applicator.

6.8.2 The Chief may deny certification to:

- A. any person whose certificate is suspended or revoked.
- B. any person who has been found to be in violation of any part of these regulations.
- C. any person who has failed to pass the proficiency test.
- D. any person who fails to pay the required fees.
- E. failure to submit address change.

6.8.3 Any certification issued pursuant to this part will be reviewed for suspension or revocation by the Chief for violation of any condition of the certificate or of these regulations, of criminal conviction under Section 14(b) of amended FIFRA, a final order imposing civil penalty under Section 14(a) of amended FIFRA, or a CNMI enforcement action.

6.9 ADDRESS OF APPLICATOR

In the event that the certified applicator relocates or changes the address where they may be reached, the applicator must notify DEQ in writing of the change of address within thirty (30) calendar days.

6.10 APPEAL

Any person who has been denied certification pursuant to Part 6.8 or whose certificate has been suspended or revoked may appeal to the DEQ to set aside such denial, suspension, or revocation. The Chief's written decision on the matter shall be final.

6.11 FEES

- 6.11.1 Commercial applicators shall pay a non-refundable fee of three hundred dollars (\$300) for the processing of the application.
- 6.11.2 Private applicators shall pay a non-refundable fee of one hundred dollars (\$100) for the processing of the application.

- 6.11.3 Fees for Government Applicators may be waived, provided the Applicator only conducts such applications at Government projects.

PART 7 LICENSING OF RESTRICTED USE PESTICIDE DEALERS

Every person engaged in the sale or distribution of restricted use pesticides and every person importing restricted use pesticides who is not a certified applicator shall obtain a license from the Chief. Application for a license shall be made to the Chief on a form provided for that purpose and shall be accompanied by a fee of two hundred dollars (\$200.00), which is non-refundable, except that no fee is required of the Government of the CNMI. Each license shall expire one (1) year from the date of issue.

A dealer's license may be suspended or revoked by the Chief for any violation of these regulations whether committed by the dealer or an employee thereof. Any such violation during the three (3) years preceding the date of application for a license may serve as ground for rejection of same.

PART 8 RECORDS

- 8.1 Records to be kept by Commercial Applicators and Private . Commercial and Private Applicators shall keep and maintain for a period of not less than three (3) years, true and accurate records of the use and application of restricted use pesticides, including the following information:

8.1.1 At the time of purchase or receipt of a restricted use pesticide record of:

- A. the brand name, quantity, and EPA registration number of the product.
- B. the name and address of the person from whom purchased or received.
- C. the date of purchase or receipt.

8.1.2 At the time of application of a restricted use pesticide, a record of:

- A. the brand name and EPA registration number of the product, and the date of purchase or receipt.
- B. the amount of product used and, if the product is to be mixed with another substance prior to use, the name of the other substance and the total amount of mixture prepared.
- C. the site of use and purpose of use.
- D. the date and time of application.
- E. the signature of the certified applicator and, if the pesticide is used by a person acting under the supervision of the certified applicator, the name of the user.
- F. MSDS for the pesticide.
- G. Label of the Pesticide.

8.1.3 At the time of disposal of a restricted use pesticide product, container, or mixture, a record of:

- A. the brand name and EPA registration number of the product, and the date of purchase or receipt.

- B. the amount of product or mixture disposed, or the number and type of containers disposed, and, if a mixture, the concentration of active ingredient(s).
- C. the date, site, and method of disposal.
- D. MSDS for the pesticide.
- E. Label of the Pesticide.

8.1.4 Submission of Records to DEQ

Applicators are required to submit quarterly pesticide reports to DEQ no later than 10 working days after the end of the fiscal quarter. fiscal quarter's end on December 31, March 31, June 30, and September 30. Reports shall include all of the information in 8.1 for that fiscal quarter.

- 8.2 Records to be kept by Licensed Dealers. Each licensed dealer shall keep and maintain for a period of not less than three (3) years true and accurate records of the receipt and sale or distribution of restricted use pesticides, including the following information:

8.2.1 Upon receipt of a restricted use pesticide, a record of:

- A. the brand name, EPA registration number, and number of containers.
- B. the net weight of each container, and the type of container construction (e.g., glass, metal, paper carton, paper bag, hard plastic, etc.).
- C. the name and address of the person from whom purchased or received.
- D. the date of receipt.
- E. MSDS for the pesticide.
- F. Label of the Pesticide.

8.2.2 Upon sale or distribution of a restricted use pesticide, a record of:

- A. the name, address, and certification number or dealer's license number of the person purchasing or receiving the pesticide.
- B. the date of sale or distribution
- C. the brand name, EPA registration number, and quantity of product sold or distributed.
- D. the signature of the person selling or distributing the pesticide.
- E. MSDS for the pesticide.
- F. Label of the pesticide.

8.2.3 Submission of Records to DEQ

Licensed Dealers are required to submit quarterly pesticide reports to DEQ no later than 10 working days after the end of the Fiscal Quarter. Fiscal Quarter's end on December 31, March 31, June 30, and September 30. Reports shall include all of the information in 8.1 for that fiscal quarter.

8.3 Notice of Disposal. Prior to the disposal of any pesticides, the applicator must submit to DEQ:

- 8.3.1 the brand name, EPA registration number, and number of containers.
- 8.3.2 the net weight of each container, and the type of container construction (e.g., glass, metal, paper carton, paper bag, hard plastic, etc.).
- 8.3.3 MSDS for the pesticide.
- 8.3.4 Label of the Pesticide.
- 8.3.5 Plan and method of Disposal.

Disposal shall not take place until DEQ has reviewed and approved the disposal plan.

8.4 Additional Records. Additional records, as found to be necessary for the enforcement of these regulations, may be prescribed by the Chief.

8.5 Access to Records. The Chief shall have access to such records at any reasonable time to examine, copy, or make copies of such records for the purpose of carrying out the provisions of these regulations. Unless required for the enforcement of the regulations, such information shall be confidential and, if summarized, shall not identify an individual person.

PART 9 IMPORTATION

9.1 Notice of Intent. Persons desiring to import a pesticide into the CNMI shall submit a notice of intent to the Chief on a form provided for that prior to arrival of the pesticide shipment. Form must be accompanied with the Material Safety Data Sheet and a copy of the pesticides label.

9.2 Inspection. Upon arrival of the shipment, the Chief's representative shall inspect the pesticide and shall compare the results of the inspection and the entry papers for the shipment with the information provided by the importer on the notice of intent. If no discrepancies are noted and the Chief has not instructed to the contrary, the shipment shall be released. However, any discrepancies shall be reported to the Chief, and the shipment may be detained until such discrepancies are resolved.

9.3 Shipments Arriving Without Notice. When a shipment of pesticide arrives in the CNMI without notice, the shipment shall be detained or denied access and the Chief shall be notified. The Chief shall then determine whether a notice of intent to import pesticides has been submitted and shall provide instructions for disposition of the shipment.

9.4 Detained, Denied, and Impounded Shipments. All expenses arising from detainment of a pesticide shipment due to failure of the importer to submit a notice of intent to the Chief in a timely manner shall be payable by the importer. Failure of the importer to pay assessed costs may result in impoundment of the shipment or of any future importation made by the importer.

Any pesticide shipment for which delivery is denied shall be disposed of by the Chief if not exported by the consignee within ninety (90) days of denial of delivery. All expenses for storage, cartage, labor, and shipping shall be payable by the consignee and in default of such payment shall constitute a lien against any further importation made by the importer.

If the owner of an impounded pesticide shipment does not satisfy any and all liens against such shipment within (90) days after notification in writing of the amount of said liens, the Chief with the approval of the Director, shall instruct the Attorney General to enter into such action as may be necessary to effect transfer of ownership of the shipment to the CNMI Government for satisfaction of said liens. This does not preclude recovery of any additional costs that may be expended by the Government.

PART 10 RESTRICTING AND BANNING OF PESTICIDES

- 10.1 Restricting of Pesticides. DEQ may restrict any use of any pesticide to application by a certified applicator or a person acting under the supervision of a certified applicator when misuse by non-certified applicators has produced or is deemed likely to produce substantial adverse effects on human health of or the environment. Any pesticide having had one or more uses restricted by the DEQ shall be a 'restricted use pesticide' for the purposes of these regulations and must be labeled as such.
- 10.2 Banning of Pesticides. DEQ may prohibit the importation, sale, distribution, and use of any pesticide or prohibit a specific use or uses of any pesticides when such use or uses has produced or is deemed likely to produce substantial adverse effects on human health or the environment. For the purposes of these regulations, any use suspended or canceled by the EPA shall constitute a banned use.

PART 11 STORAGE OF PESTICIDES

- 11.1 Pesticides shall be stored in the following manner:
- 11.1.1 In a cool, dry place out of direct sunlight.
 - 11.1.2 Locked up.
 - 11.1.3 In a location separate from food, feed, seed, or animals;
 - 11.1.4 In the original container with label, unless the container is damaged, then in a container with exactly the same contents.
 - 11.1.5 Area shall be supplied with absorbent materials such as sand or absorbent clay.
 - 11.1.6 Area shall be supplied with fire extinguisher.
 - 11.1.7 Incompatible pesticides and/or fertilizers must be stored in separate areas.
 - 11.1.8 Floor of storage area must be constructed in a manner that will not impact ground or surface waters.
- 11.2 Storage area must be approved by DEQ.

PART 12 WORKER PROTECTION STANDARDS

12.1 Applicability

The following standards are for worker's protection. Employers are responsible for the protection of their workers. In the event that the standards are not adhered to by either the employee, the workers, handlers, or employer, the employer is responsible. Workers Protection Standards apply when any pesticide product is used on an agricultural establishment, resort establishment,

commercial pest control, or private applicator in the controlling of pests. The standards do not apply when any pesticide is applied on an establishment in the following circumstances:

- 12.1.1 For mosquito abatement, Mediterranean fruit fly eradication, or similar wide-area public pest control programs sponsored by governmental entities approved by DEQ.
- 12.1.2 On livestock or other animals, or in or about animal premises.
- 12.1.3 For the purposes of this Worker Protection Standards, owners of establishments need not assure that the protection is provided to themselves and members of their immediate family.

12.2 General Duties

- 12.2.1 The employer or the handler employer as appropriate shall:
 - A. Assure that each worker subject to these regulations or each handler subject to these regulations receives the protection required.
 - B. Assure that any pesticide is used in a manner consistent with the labeling of the pesticide.
 - C. Provide, to each person who supervises any worker or handler, information and directions sufficient to assure that each worker or handler receives the protection required. Such information and directions shall specify which persons are responsible for actions required to comply with Worker Protection Standards.
 - D. Require each person who supervises any worker or handler to assure compliance by the worker or handler with the provisions of this part and to assure that the worker or handler receives the protection as required to comply with Worker Protection Standards.
- 12.2.2 Prohibited actions. The agricultural employer or the handler employer shall not take any retaliatory action for attempts to comply with Worker Protection Standards or any action having the effect of preventing or discouraging any worker or handler from complying with Worker Protection Standards.

12.3 Violations of the Worker Protection Standards

- 12.3.1 It is unlawful for any person "to use any registered pesticide in a manner inconsistent with its labeling." When this is referenced on a label, users must comply with all of its requirements except those that are inconsistent with product-specific instructions on the labeling.
- 12.3.2 A person who has a duty as referenced on the pesticide product label, and who fails to perform that duty, is subject to a civil penalty. A person who knowingly violates is subject to criminal sanctions. A person is liable for a penalty if another person employed by or acting for that person violates any part of the regulations.

12.4 Restrictions associated with pesticide applications.

- 12.4.1 Farms and forests. During the application of any pesticide on a farm or in a forest, the agricultural employer shall not allow or direct any person, other than an appropriately trained and equipped handler, to enter or to remain in the treated area.
- 12.4.2 Nurseries. In a nursery, during any pesticide application described in column A of Table 12.1, the agricultural employer shall not allow or direct any person, other than an appropriately trained and equipped handler, to enter or to remain in the area specified in column B of Table 12.1. After the application is completed, until the end of any restricted-entry interval, the entry-restricted area is the treated area.

Table 12.1 - Entry Restricted Areas in Nurseries During Pesticide Applications

A. During Application of a Pesticide:	B. Workers are Prohibited in:
1) (a) Applied: <ul style="list-style-type: none"> (i) Aerially, or (ii) In an upward direction, or (iii) Using a spray pressure greater than 150 psi, or (b) Applied as a: <ul style="list-style-type: none"> (i) Fumigant, or (ii) Smoke, or (iii) Mist, or (iv) Fog, or (v) Aerosol. 	Treated area plus 100 feet in all directions on the nursery
2) (a) Applied downward using: <ul style="list-style-type: none"> (i) A height of greater than 12 inches from the planting medium, or (ii) A fine spray, or (iii) A spray pressure greater than 40 psi and less than 150 psi. (b) Not as in 1 or 2(a) above but for which a respiratory protection device is required for application by the product labeling.	Treated area plus 25 feet in all directions on the nursery
3) Applied otherwise.	Treated area.

- 12.4.3 Greenhouses. When a pesticide application described in column A of this Table 12.2 takes place in a greenhouse, the agricultural employer shall not allow or direct any person, other than an appropriately trained and equipped handler, to enter or to remain in the area specified in column C of Table 12.2 has expired.
- 12.4.4 After the time specified in column C of Table 12.2 has expired, until the expiration of any restricted-entry interval, the agricultural employer shall not allow or direct any worker to enter or to remain in the treated area as specified in column D of Table 12.2, except as provided in 12.5.
- 12.4.5 When column C of Table 12.2 under specifies that ventilation criteria must be met, ventilation shall continue until the air concentration is measured to be equal to or less than the

inhalation exposure level the labeling requires to be achieved. If no inhalation exposure level is listed on the labeling, ventilation shall continue until after:

- A. Two hours of ventilation using fans or other mechanical ventilating systems;
- B. Four hours of ventilation using vents, windows or other passive ventilation; or
- C. Eleven hours with no ventilation followed by 1 hour of mechanical ventilation; or
- D. Eleven hours with no ventilation followed by 2 hours of passive ventilation; or
- E. Twenty-four hours with no ventilation.

Table 12.2 - Greenhouse Entry Restrictions Associated with Pesticide Applications

A. When a pesticide is applied	B. Workers are prohibited in:	C. Until:	D. After the expiration of time in column C until the restricted-entry interval expires, the entry-restricted area is:
1) As a fumigant	Entire greenhouse plus any adjacent structure that cannot be sealed off from the treated area	The ventilation criteria of 12.4.5 are met	No entry restrictions after criteria in column C are met
2) As a i) Smoke, ii) Mist, iii) Fog, or iv) Aerosol	Entire enclosed area	The ventilation criteria of 12.4.5 are met	Entire enclosed area is the treated Area
3) Not in 1 or 2 above, and for which a respiratory protection device is required for application by the project labeling	Entire enclosed area	The ventilation criteria of 12.4.5 are met	Treated Area

<p>4) Not in 1, 2, or, 3 above, and: i) From a height of greater than 12 inches from the planting medium, ii) As a fine spray, or iii) Using a spray pressure greater than 40 psi</p>	<p>Treated Area plus 25 feet in all directions in the enclosed area</p>	<p>Application is complete</p>	<p>Treated Area</p>
<p>5) Otherwise</p>	<p>Treated Area</p>	<p>Application is complete</p>	<p>Treated Area</p>

12.5 Entry Restrictions.

12.5.1 General restrictions.

- A. After the application of any pesticide on an establishment, the employer shall not allow or direct any worker to enter or to remain in the treated area before the restricted-entry interval specified on the pesticide labeling has expired, except as provided in this section.
- B. Entry restricted area in greenhouses are specified in column D in Table 12.2.
- C. When two or more pesticides are applied at the same time, the restricted-entry interval shall be the longest of the applicable intervals.
- D. The employer shall assure that any worker who enters a treated area under a restricted-entry interval as permitted by paragraphs (c), (d), and (e) of this section uses the personal protective equipment specified in the product labeling for early-entry workers and follows any other requirements on the pesticide labeling regarding early entry.

12.5.2 Exception for activities with no contact.

A worker may enter a treated area during a restricted-entry interval if the employer assures that both of the following are met:

- A. The worker will have no contact with anything that has been treated with the pesticide to which the restricted-entry interval applies, including, but not limited to, soil, water, air, or surfaces of plants; and
- B. No such entry is allowed until any inhalation exposure level listed in the labeling has been reached or any ventilation criteria established by 12.4.5 or in the labeling have been met.

12.5.3 Exception for short term activities.

A worker may enter a treated area during a restricted-entry interval for short term activities if the employer assures that the following requirements are met:

- A. No hand labor activity is performed.
- B. The time in treated areas under a restricted-entry interval for any worker does not exceed 1 hour in any 24 hour period.
- C. No such entry is allowed for the first 4 hours following the end of the application, and no such entry is allowed thereafter until any inhalation exposure level listed in the labeling has been reached or any ventilation criteria established by 12.4.5 or in the labeling have been met.
- D. The personal protective equipment specified on the product labeling for early entry is provided to the worker.
- E. The agricultural employer shall assure that the worker, before entering the treated area, either has read the product labeling or has been informed, in a manner that the worker can understand, of all labeling requirements related to human hazards or precautions, first aid, symptoms of poisoning, personal protective equipment specified for early entry, and any other labeling requirements related to safe use.
- F. The agricultural employer shall assure that:
 - i. Workers wear the personal protective equipment correctly for its intended purpose and use personal protective equipment according to manufacturer's instructions.
 - ii. Before each day of use, all personal protective equipment is inspected for leaks, holes, tears, or worn places, and any damaged equipment is repaired or discarded.
 - iii. Personal protective equipment that cannot be cleaned properly is disposed of in accordance with any applicable Federal and CNMI requirements.
 - iv. All personal protective equipment is cleaned according to manufacturer's instructions or pesticide product labeling instructions before each day of reuse. In the absence of any such instructions, it shall be washed thoroughly in detergent and hot water.
 - v. Before being stored, all clean personal protective equipment is dried thoroughly or is put in a well-ventilated place to dry.
 - vi. Any person who cleans or launders personal protective equipment contaminated with pesticides is kept separately and washed separately from any other clothing or laundry.
 - vii. Any person who cleans or launders personal protective equipment is informed that such equipment may be contaminated with pesticides, of the potentially harmful effects of exposure to pesticides, and of the correct way(s) to handle and clean personal protective equipment and to protect themselves when handling equipment contaminated with pesticides.
 - viii. All clean personal protective equipment is stored separately from personal clothing and apart from pesticide-contaminated areas.
 - ix. Each worker is instructed how to put on, use, and remove the personal protective equipment and is informed about the importance of washing thoroughly after removing personal protective equipment.

- x. Each worker is instructed in the prevention, recognition, and first aid treatment of heat-related illness.
- xi. Workers have a clean place(s) away from pesticide-storage and pesticide-use areas for storing personal clothing not in use; putting on personal protective equipment at the start of any exposure period; and removing personal protective equipment at the end of any exposure period.
- xii. When personal protective equipment is required by the labeling of any pesticide for early entry, the agricultural employer shall assure that no worker is allowed or directed to perform the early-entry activity without implementing, when appropriate, measures to prevent heat-related illness.
- xiii. During any early-entry activity, the agricultural employer shall provide a decontamination site.
- xiv. The agricultural employer shall not allow or direct any worker to wear home or to take home personal protective equipment contaminated with pesticides.

12.5.4 Exception for an agricultural emergency.

- A. A worker may enter a treated area under a restricted-entry interval in an agricultural emergency to perform tasks, including hand labor tasks, necessary to mitigate the effects of the agricultural employer assures that all following criteria are met:
 - i. A CNMI or Federal Agency having jurisdiction declares the existence of circumstances that could cause an agricultural emergency on that agricultural establishment.
 - ii. The agricultural employer makes a reasonable determination that agricultural establishments is subject to the circumstances of the agricultural emergency.
 - iii. The requirements of 12.5.3 except 12.5.3.A and 12.5.3.B.

12.5.5 Pesticide Handlers

A. Restrictions during applications.

- i. Contact with workers and other persons.

The handler employer and the handler shall assure that no pesticide is applied so as to contact, either directly or through drift, any worker or other person, other than appropriately trained and equipped handler.

- ii. Handlers handling highly toxic pesticides.

The handler employer shall assure than any handler who is performing any handling activity with a product that has the skull and crossbones symbol on the front panel of the label is monitored visually or by voice communication at least every two hours.

iii. Fumigant applications in greenhouses.

The handler employer shall assure:

- a. That any handler who handles a fumigant in a greenhouse, including a handler who enters the greenhouse before the acceptable inhalation exposure level or ventilation criteria have been met to monitor air levels or to initiate ventilation, maintains continuous visual or voice contact with another handler.
- b. That the other handler has immediate access to the personal protective equipment required by the fumigant labeling for handlers in the event entry into the fumigated greenhouse becomes necessary for rescue.

12.6 Notice of applications to employees.

Whenever workers and handlers are employed by a commercial pesticide handling establishment will be performing pesticide handling tasks, or before the application of any pesticide on or in an establishment the employer shall provide to the employee, or assure that the employee is aware of, the following information concerning any areas on the establishment that the employee may be in (or walk within 1/4 mile of) and that may be treated with a pesticide or that may be under a restricted-entry interval while the employee will be on the establishment:

- | | |
|--------|--|
| 12.6.1 | Specific location and description of the treated area. |
| 12.6.2 | Time and date of application. |
| 12.6.3 | Product name, EPA registration number, and active ingredient(s). |
| 12.6.4 | Restrictions on entering those areas. |
| 12.6.5 | Restricted-entry interval. |
| 12.6.6 | Whether posting and oral notification are required. |
| 12.6.7 | Any other product-specific requirements on the product labeling concerning protection of workers or other persons during or after application. |

12.7 Notice of applications.

- 12.7.1 Notification to workers of pesticide applications in greenhouses: The employer shall notify workers of any pesticide application in the greenhouse in accordance with his paragraphs.
- A. All pesticides applications shall be posted in accordance with this 12.7.1.E.
 - B. If the pesticide product labeling has a statement requiring both the posting of treated areas and oral notification to workers, the agricultural employer shall also provide oral notification of the application to the worker in accordance with 12.7.1.F.
 - C. Notice need not to be given to a worker if the employer can assure that one of the following is met:

- i. From the start of the application until the end of the application and during any restricted-entry interval, the worker will not enter, work in, remain in, or pass through the green house; or
 - ii. The worker applied (or supervised the application of) the pesticide for which the notice is intended and is aware of all information required by 12.7.1.F.
 - D. Notification to workers on farms, in nurseries, or in forests of pesticide applications. The employer shall notify workers of any pesticide application on the farm or in the nursery or forest as follows:
 - i. If the pesticide product labeling has a statement requiring both the posting of treated areas and oral notification to workers, the agricultural employer shall post signs in accordance with 12.7.1.E and shall provide oral notification of the application to the worker in accordance 12.7.1.F.
 - ii. For any pesticide other than those for which the labeling requires both posting and oral notification of applications, the employer shall give notice of the application to the worker either by the posting of warning signs in accordance 12.7.1.E or orally in accordance with 12.7.1.F, and shall inform the workers as to which method of notification is in effect.
 - iii. Notice need not be given to a worker if the agricultural employer can assure that one of the following is met:
 - a. From the start of the application until the end of the application and during any restricted-entry interval, the worker will not enter, work in, remain in, or pass through on foot the treated area or any area within 1/4 mile of the treated area; or
 - b. The worker applied (or supervised the application of) the pesticide for which notice is intended and is aware of all information required by 12.7.1.F.
 - E. Posted warnings signs. The agricultural employer shall post warning signs in accordance with the following criteria:
 - i. The warning sign shall have a background color that contrasts with red. The words "DANGER" and "PELIGRO," plus "PESTICIDES" and "PESTICIDAS," shall be at the top of the sign, and the words "KEEP OUT" and "NO ENTRE" shall be at the bottom of the sign. Letters for all words must be clearly legible. A circle containing an upraised hand on the left and a stern face on the right must be near the center of the sign. The inside of the circle must be red, except that the hand and a large portion of the face must be at least twice the height of the smallest letters. The length of the face must be only slightly smaller than the hand. Additional information such

as the name of the pesticide and the date of application may appear on the warning sign if it does not detract from the appearance of the sign or change the meaning of the required information.

- ii. The sign shall be at least 14 inches by 16 inches in size, and the letters shall be at least 1 inch in height unless a smaller sign and smaller letters are necessary because the treated area is too small to accommodate a sign of this size. If a smaller sign is used, it must meet the proportions and other requirements described in 12.7.1.E.i.
- iii. On farms and in forests and nurseries, the signs shall be visible from all usual points of worker entry to the treated area, including at least each access road, each border with any labor camp adjacent to the treated area, and each footpath and other walking route that enters the treated area. When there are no usual points of worker entry, signs shall be posted in the corners of the treated area or in any other location affording maximum visibility.
- iv. In greenhouses, the signs shall be posted so they are visible from all usual points of worker entry to the treated area including each aisle or other walking route that enters the treated area. When there are no usual points of worker entry to the treated area, signs shall be posted in the corners of the treated area affording maximum visibility.
- v. The sign shall:
 - a. Be posted no sooner than 24 hours before the scheduled application of the pesticide.
 - b. Remain posted through the application and entry restricted-entry interval.
 - c. Be removed within 3 days after the end of the application and any restricted-entry interval and before agricultural worker entry is permitted.
 - d. The signs shall remain visible and legible during the time they are posted.
 - e. When several contiguous areas are to be treated with pesticides on a rotating or sequential basis, the entire area may be posted.

F. Oral warnings. The agricultural employer shall provide oral warnings to workers in a manner that the worker can understand. If a worker will be on the premises during the application, the warning shall be given before the application takes place. Otherwise, the warning shall be given at the beginning of the worker's first work period during which the application is taking place or the restricted-entry interval for the pesticide is in effect. The warning shall consist of:

- i. The location and description of the treated area.
- ii. The time during which entry is restricted.

- iii. Instructions not to enter the treated area until the restricted entry interval has expired.

12.8 Providing specific information about applications.

When workers or handlers are on an establishment and, within the last 30 days, a pesticide has been applied on the establishment or a restricted-entry interval has been in effect, the employer shall display, in accordance with this section, specific information about the pesticide.

12.8.1 Location, accessibility, and legibility.

The information shall be displayed in the location specified for the pesticide safety poster in a specified location, and shall be accessible and legible.

12.8.2 Timing.

- A. If warning signs are posted for the treated area before an application, the specific application information for that application shall be posted at the same time or earlier.
- B. The information shall be posted before the application takes place, if workers will be on the establishment during application. Otherwise, the information shall be posted at the beginning of any handler or worker's first work period.
- C. The information shall continue to be displayed for at least 30 days after the end of the restricted-entry interval (or, if there is no restricted-entry interval, for at least 30 days after the end of the application) or at least until workers and handlers are no longer on the establishment, whichever is earlier.

12.8.3 Required information.

The information shall include:

- A. The location and description of the treated area.
- B. The product name, EPA registration number, and active ingredient(s) of the pesticide.
- C. The time and the date the pesticide is to be applied.
- D. The restricted-entry interval for the pesticide.

12.9 Pesticide Safety Training.

12.9.1 General requirement - Employer assurance.

The employer shall assure that each worker or handler as required by 12.9, has been trained as required by 12.9 during the last three years, counting from the end of the month in which the training was completed.

- A. Requirement for workers performing early-entry activities.

Before a worker enters a treated area on the establishment during a restricted-entry interval to perform early-entry activities and contacts anything that has been treated with the pesticide to which the restricted-entry interval applies, including but not limited to, soil, water, or surfaces of plants, the employer shall assure that the worker has been trained.

B. Requirement for other workers

i. Training before the 6th day of entry.

Except as provided in 12.9.1.A, before the 6th day that a worker enters any areas on the establishment where, within the last 30 days a pesticide has been applied or a restricted-entry interval for such pesticide has been in effect, the employer shall assure that the worker has been trained. This exception does not apply to handlers.

ii. Exception for first 3-year period.

Until February 25, 1997, and except as provided in 12.9.1.A, before the 16th day that a worker enters any areas on the establishment where, within the last 30 days a pesticide has been applied or a restricted-entry interval for such pesticide has been in effect, the employer shall assure that the worker has been trained. This exception does not apply to handlers. After February 25, 1997, this exception no longer applies.

C. Requirement for Handlers

Handlers are required to have been trained in accordance with this section prior to performing any handling tasks performs any handling task. Training must have been obtained during the last 3 years, counting from end of the month in which the training was completed.

12.9.2 Exception. A worker or handler who is currently certified as an applicator of restricted-use pesticides or who satisfies the training requirements.

12.9.3 Training programs.

A. General pesticide safety information shall be presented to workers and handlers either orally from written materials or audio-visually. The information must be presented in a manner that the workers can understand (such as through a translator) using nontechnical terms. The presenter also shall respond to worker's questions.

i. The person who conducts the training shall meet at least one of the following criteria:

(i) Be currently certified as an applicator of restricted-use pesticides.

(ii) Be currently designated as a trainer of certified applicators or pesticide handlers by a Federal Agency or DEQ.

- (iii) Have completed a pesticide safety train-the-trainer program approved by a Federal Agency and DEQ, or DEQ.
- ii. Any person who issues an approved Worker Protection Standard worker training certificate must assure that the worker who receives the training certificate has been trained in accordance with the following.
- (i) The training materials shall convey, at a minimum, the following information:
 - (a) Where and in what form pesticides may be encountered during work activities.
 - (b) Format and meaning of information contained on pesticide labels and in labeling.
 - (c) Hazards of pesticides resulting from toxicity and exposure, including acute and chronic effects, delayed effects, and sensitization.
 - (d) Routes through which pesticides can enter the body.
 - (e) Signs and symptoms of common types of pesticide poisoning.
 - (f) Emergency first aid for pesticide injuries or poisonings.
 - (g) How to obtain emergency medical care.
 - (h) Routine and emergency decontamination procedures, including emergency eye-flushing techniques.
 - (i) Prevention, recognition, and first aid treatment of heat related illness.
 - (j) Need for appropriate use of personal protective equipment.
 - (k) Hazards and environmental concerns from chemigation and drift.
 - (l) Environmental concerns of runoff and to wildlife.
 - (m) Hazards from pesticide residues on clothing.
 - (n) Warnings about taking pesticides or pesticide containers home.
 - (o) Safety requirements for handling, transporting, storing, and disposing of pesticides, including general procedures for spill cleanup.
 - (p) Requirements of Part 12 designed to reduce the risks of illness or injury resulting from workers' occupational

exposure to pesticides, including application and entry restrictions, the design of the warning sign, posting of warning signs, oral warnings, the availability of specific information about applications, and the protection against retaliatory acts.

(ii) Verification of training.

The requirements for verification have been met if the employer assures that a worker possesses an approved Worker Protection Standard worker training certificate, except if the agricultural employer is aware or has reason to know that an approved Worker Protection Standard worker training certificate has not been issued in accordance 12.9.3.A.ii, or has not been issued to the worker bearing the certificate, or the training was completed more than three years before the beginning of the current month.

12.10 Posted pesticide safety information.

12.10.1 Requirement.

When handlers or workers are on an establishment and, within the last 30 days, a pesticide has been applied on the establishment or a restricted-entry interval has been in effect, the employer shall display, in accordance with this section, pesticide safety information.

A. Pesticide safety poster.

A safety poster must be displayed that conveys, at a minimum, the following basic pesticide safety concepts:

- i. Help keep pesticides from entering your body. At a minimum, the following points shall be conveyed:
 - a. Avoid getting on your skin or into your body any pesticides that may be on plants and soil, in irrigation water, or drifting from nearby applications.
 - b. Wash before eating, drinking, using chewing gum or tobacco, or using the toilet.
 - c. Wear work clothing that protects the body from pesticide residues (long-sleeved shirts, long pants, shoes and socks, and a hat or scarf).
 - d. Wash/shower with soap and water, shampoo hair, and put on clean clothes after work.
 - e. Wash work clothes separately from other clothes before wearing them again.

eye-flushing. At all times when the water is available to workers, the employer shall assure that it is of a quality and temperature that will not cause illness or injury when it contacts the skin or eyes or if it is swallowed.

- B. When water stored in a tank is to be used for mixing pesticides, it shall not be used for decontamination or eye-flushing, unless the tank is equipped with properly functioning valves or other mechanisms that prevent movement of pesticides into the tank.
- C. The handler and worker employer shall provide soap and single-use towels at each decontamination site in quantities sufficient to meet employees' needs.
- D. Emergency Eye-flushing. To provide for emergency eye-flushing for pesticides which labeling requires protective eyewear, the handler and worker employer shall assure that at least 1 pint of water is immediately available to 1) each handler and 2) each worker who is performing early-entry activities. The eye-flush water shall be carried by the employee, or shall be on the vehicle or aircraft the handler is using, or shall be otherwise immediately accessible.
- E. The handler employer shall provide one clean change of clothing, such as coveralls, at each decontamination site for use in an emergency.

12.11.3 Location.

- A. The decontamination site shall be reasonably accessible to and not more than 1/4 mile from each worker or handler during the activities.
- B. The decontamination site shall not be in an area that is being treated with pesticides
- C. The decontamination site shall not be in an area that is or under a restricted-entry interval unless the employees are performing early-entry activities permitted by these regulations..
- D. Exception for mixing sites. For mixing activities, the decontamination site shall be at the mixing site.
- E. Exception for pilots. The decontamination site for a pilot who is applying pesticides aeriially shall be in the airplane or at the aircraft's loading site.

12.11.4 Decontamination after handling activities.

At the end of any exposure period, the handler employer shall provide at the site where handlers remove personal protective equipment, soap, clean towels, and a sufficient amount of water so that the handlers may wash thoroughly.

12.11.5 Decontamination after early-entry activities.

At the end of any exposure period for workers engaged in early-entry activities permitted by 12.5 and involving contact with anything that has been treated with the pesticide to which the restricted-entry interval applies, including, but not limited to, soil, water, air, or surfaces of plants, the agricultural employer shall provide, at the site where the workers remove personal protective

equipment, soap, clean towels, and a sufficient amount of water so that the workers may wash thoroughly.

12.12 Emergency Assistance.

If there is reason to believe that a person who is or has been employed and has been poisoned or injured by exposure to pesticides used on the establishment, including, but not limited to, exposures from application, splash, spill, drift, or pesticide residues, the employer shall:

- 12.12.1 Make available to that person prompt transportation from the establishment, including any labor camp on the establishment, to an appropriate emergency medical facility.
- 12.12.2 Provide to that person or to treating medical personnel, promptly upon request, any obtainable information on:
 - A. Product name, EPA registration number, and active ingredients of any product to which that person might have been exposed.
 - B. Antidote, first aid, and other medical information from the product labeling.
 - C. The circumstances of application or use of the pesticide on the establishment.
 - D. The circumstances of exposure of that person to the pesticide.

12.13 Knowledge of labeling and site-specific information.

- 12.13.1 Knowledge of labeling information.
 - A. The handler employer shall assure that before the handler performs any handling activity, the handler either has read the product labeling or has been informed in a manner the handler can understand of all labeling requirements related to safe use of the pesticide, such as signal words, human hazard precautions, personal protective equipment requirements, first aid instructions, environmental precautions pertaining to the handling activity to be performed.
 - B. The handler employer shall assure that the handler has access to the product labeling information during handling activities.
- 12.13.2 Knowledge of site-specific information.

Whenever a handler who is employed by a commercial pesticides handling establishment will be performing pesticide handling tasks on an establishment, the handler employer shall assure that the handler employer shall assure that the handler is aware of the following information concerning any areas on the establishment that the handler may be in (or may walk within 1/4 mile of) and that may be under a restricted-entry interval while the handler will be on the establishment:

- A. Specific location and description of any such areas; and
- B. Restrictions on entering those areas.

12.14 Safe operation of equipment

- 12.14.1 The handler employer shall assure that before the handler uses any equipment for mixing, loading, transferring, or applying pesticides, the handler is instructed in the safe operation of such equipment, including, when relevant, chemigation safety requirements and drift avoidance.
- 12.14.2 The handler employer shall assure that, before each day of use, equipment used for mixing, loading, transferring, or applying pesticides is inspected for leaks, clogging, and worn or damaged parts, and any damaged equipment is repaired or is placed.
- 12.14.3 Before allowing any person to repair, clean, or adjust equipment that has been used to mix, load, or transfer, or apply pesticides, that the handler employer shall assure that the pesticides residues have been removed from the equipment, unless the person doing the cleaning, repairing, or adjusting is a handler employed by the pesticide handling establishment. If pesticides residue removal is not feasible, the handler employer shall assure that the person who repairs, cleans, or adjusts such equipment is informed:
- A. That such equipment may be contaminated with pesticides.
 - B. Of the potentially harmful effects of exposure to pesticides.
 - C. Of the correct way to Handle such equipment.

12.15 Personal Protective equipment for Handlers

12.15.1 Requirements.

Any person who performs tasks as a pesticide handler shall use the clothing and personal protective equipment specified on the labeling for use of the product.

12.15.2 Exceptions

- A. Closed systems. If handling tasks are performed using properly functioning systems that enclose the pesticide to prevent it from contacting handlers or other persons, and if such systems are used and are maintained in accordance with that manufacturer's written operating instructions, exceptions to labeling-specified personal protective equipment for the handling activity are permitted as provided as follows:
 - i. Persons using a closed system to mix or load pesticides with a signal word of DANGER or WARNING may substitute a long sleeved shirt, long pants, shoes, socks, chemical resistant apron, and any protective gloves specified personal protective equipment.
 - ii. Persons using a closed system to mix or load pesticides other than those in 12.15.2.A.i or to perform other handling tasks may substitute a long-sleeved shirt, long pants, shoes, and socks for the labeling-specified personal protective equipment.

- iii. Persons using a closed system that operates under pressure shall wear protective eyewear.
- iv. Persons using a closed system shall have all labeling specified personal protective equipment immediately available for use in an emergency.

B. Enclosed cabs.

If handling tasks are performed from inside a cab that has a nonporous barrier which totally surrounds the occupants of the cab and prevents contact with pesticides outside of the cab, exceptions to personal protective equipment specified on the product labeling for that handling activity are permitted as provided as follows:

- i. Persons occupying an enclosed cab may substitute a long-sleeved shirt, long pants, shoes, and socks for the labeling specified personal protective equipment. If a respiratory protection device is specified on the pesticide product labeling for the handling activity, it must be worn.
- ii. Persons occupying an enclosed cab that has a properly functioning ventilation system which is used and maintained in accordance with the manufacturer's written operating instructions and which is declared in writing by the manufacturer's or by a governmental agency to provide respiratory protection equivalent to or greater than a dust/mist filtering respirator may substitute a long-sleeved shirt, long pants, shoes, and sock for the labeling specified personal protective equipment. If a respiratory protection device other than a dust/mist filtering respirator is specified on the pesticide product labeling, it must be worn.
- iii. Persons occupying an enclosed cab that has a properly functioning ventilation system which is used and maintained in accordance with the manufacturer's written operating instructions and which is declared in writing by the manufacturer or by a respiratory protection equivalent to or greater than the vapor-or gas-removing respirator specified on pesticide product labeling may substitute a long-sleeved shirt, long pants, shoes, and socks for the labeling specified personal protective equipment. If an air supplying respirator or a self contained breathing apparatus (SCBA) is specified on the pesticide product labeling, it must be worn.
- iv. Persons occupying an enclosed cab shall have all labeling specified personal protective equipment immediately available and stored in a chemical resistant container, such as a plastic bag. They shall wear such personal protective equipment if it is necessary to exit the cab and contact pesticide-treated surfaces in the treated area. Once personal protective equipment is worn in the treated area, it must be removed before reentering the cab.

C. Aerial Applications

i. Use of gloves.

Chemical resistant gloves shall be worn when entering or leaving an aircraft contaminated by pesticide residues. In the cockpit, the gloves shall be kept in an enclosed container to prevent contamination of the inside of the cockpit.

ii. Open cockpit.

Persons occupying an open cockpit shall use the personal protective equipment specified in the product labeling for use during application, except that chemical-resistant footwear need not be worn. A helmet may be substitute for protective eyewear.

iii. Enclosed cockpit.

Persons occupying an enclosed cockpit may substitute a long-sleeved shirt, long pants, shoes, and socks for labeling specified personal protective equipment.

12.15.3 Use of Personal Protective Equipment

The handler employer shall assure that:

- A. Personal protective equipment is used correctly for its intended purpose and is used according to the manufacturer's instructions.
- B. Before each day of use, all personal protective equipment is inspected for leaks, holes, tears, or worn places, and any damaged equipment is repaired or discarded.
- C. All protective equipment is cleaned according to the manufacturer's instructions or pesticide product labeling instructions before each day of reuse. In the absence of any such instructions, it shall be washed thoroughly in detergent and hot water. If any personal protective equipment cannot be cleaned properly, the handler employer shall dispose of the personal protective equipment in accordance with any applicable Federal, State, and local regulations. Coveralls or other absorbent materials that have been drenched or heavily contaminated with an undiluted pesticide that has the signal word DANGER or WARNING on the label shall be not reused.
- D. Contaminated personal protective equipment is kept separately and washed separately from any other clothing or laundry.
- E. The handler employer shall assure that all clean personal protective equipment shall be either dried thoroughly before being stored or shall be put in a well ventilated place to dry.
- F. All personal protective equipment is stored separately from personal clothing and apart from pesticide contaminated areas.
- G. When dust/mist filtering respirators are used, the filters shall be replaced:
 - i. When breathing resistance becomes excessive.
 - ii. When the filter element has physical damage or tears.
 - iii. According to manufacturer's recommendations or pesticide product labeling, whichever is more frequent.

- iv. In the absence of any other instructions or indications of service life, at the end of each day's work period.
 - H. When gas or vapor removing respirators are used, the gas or vapor removing canisters or cartridges shall be replaced.
 - I. Any person who cleans or launders personal protective equipment is informed:
 - i. That such equipment may be contaminated with pesticides.
 - ii. Of the potentially harmful effects of exposure to pesticides.
 - iii. Of the correct way(s) to clean personal protective equipment and to protect themselves when handling such equipment.
 - J. Handlers have a clean place(s) away from pesticides storage and pesticide used areas where they may:
 - i. Store personal clothing not in use.
 - ii. Put on personal protective equipment at the start of any exposure period.
 - iii. Remove personal protective equipment at the end of any exposure period.
 - K. Handlers are not allow or directed to wear home or to take home personal protective equipment contaminated with pesticides.
 - L. When the use of personal protective equipment is specified by the labeling of any pesticide for the handling activity, no handler is allowed or directed to perform the handling activity unless appropriate measures are taken, if necessary, to prevent heat related illness.
- 12.16 Crop advisors entering treated areas while a restricted-entry interval is in effect may wear the personal protective equipment specified on the pesticide labeling for early-entry activities instead of the personal protective equipment specified on the pesticide labeling for handling activities, provided:
- 12.16.1 Applications has been completed for at least 4 hours.
 - 12.16.2 Any inhalation exposure level listed in the labeling has been reached or any ventilation criteria or in the labeling have been met.

12.17 Hazard Information.

12.17.1 Requirement.

The employer shall make available hazard information concerning a pesticide, to any handler or worker who enters a pesticide treated area on an establishment where, within the last 30 days a pesticide has been applied or a restricted-entry interval has been in effect, or to any handler or worker who may be exposed to the pesticide during its normal conditions of use or in a foreseeable emergency.

12.17.2 Format of information.

Hazard information shall be in one of the following forms:

- A. A Material Safety Data Sheet for the product, or for each active and inert ingredient listed on the label of the product.
- B. A fact sheet has been prepared or approved by DEQ or a Federal agency for the pesticide.
 - i. Contents of fact sheets shall comply with 40 CFR 170.133(c).

12.17.3 Obtaining information.

The fact sheet or Material Safety Data Sheet for the formulated product or for each label-listed active and inert ingredient in the formulated product must be available at the time the product is purchased.

12.17.4 Maintaining Information.

The employer shall maintain the information specified in 12.17.1 at an appropriate central location, accessible to workers and handlers during working hours and readily obtainable in an emergency.

12.17.5 Providing Information.

The employer shall provide a written copy of the information specified in 12.17.2 within a reasonable amount of time, on the request of the worker, handler, DEQ, or medical personnel treating the worker.

PART 13 ENFORCEMENT

13.1 Rights of Entry. For purposes of enforcing the provisions of these regulations, the Chief is authorized:

- 13.1.1 to enter, at reasonable times, any establishment or other place where pesticides are stored, held for distribution or sale, or used.
- 13.1.2 inspect any pesticide, pesticide container labels and labeling, or application equipment.
- 13.1.3 collect samples of any pesticide, suspected pesticide, or pesticide labeling.
- 13.1.4 observe operations involving the use or disposal of any pesticide, or the disposal of pesticide containers.
- 13.1.5 investigate suspected misuse of any pesticide.
- 13.1.6 to enter any premises at any time if there is substantial reason to believe that any pesticide used, stored, or otherwise present on such premises is, through accident carelessness, or other circumstance, producing adverse effects on human health or the environment, for the purpose of taking such action as may be necessary to prevent or mitigate further adverse effects.

13.2 Seizure. A pesticide may be seized for condemnation by the Chief if:

- 13.2.1 it is adulterated or misbranded.
- 13.2.2 in the case of a restricted use pesticide, it is found in the possession of a person other than a licensed dealer or an employee of such dealer, or a certified applicator or a person acting under the supervision of a certified applicator.

No notice or hearing shall be required prior to the seizure. Proceedings for condemnation shall be held in either the CNMI Court system or in U.S. Federal District Court, depending on jurisdiction and the CNMI Government's discretion. If the pesticide is condemned it shall, after entry of the decree, be disposed of by the Chief, and court costs and fees, storage, and other proper expenses shall be awarded against the owner of the pesticide. If the pesticide is disposed of by sale, the proceeds shall be paid into the treasury of the CNMI. However, upon payment of the costs of the condemnation proceedings and the execution and delivery of a good and sufficient bond conditioned that the pesticide shall not be sold or otherwise disposed of contrary to the provisions of these regulations, the court may direct that such pesticide be delivered to the owner.

- 13.3 Stop Sale, Etc. Order. Whenever the Chief has reason to believe on the basis of inspection or tests that such pesticide is in violation of any of the provisions of these regulations, or that such pesticide has been or is intended to be distributed or sold in violation of any such provisions, or when EPA registration of the pesticide to meet a special local need is disapproved by the EPA or revoked by the DEQ, the Chief may issue a written or printed 'stop sale, use, or removal' order to any person who owns, controls, or has custody of such pesticide, and after receipt of such order no person shall sell, use, or remove the pesticide described in the order except in accordance with the provisions of the order.

PART 14 RESTRICTED FOR APPLICATION

- 14.1 Pesticide Use Classification. The following uses of pesticide products containing the active ingredients specified are classified for restricted use.
- 14.2 Additional Restricted Uses. Any other pesticide or pesticide formulation classified for restricted use under the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, shall be a restricted use pesticide for the purposes of these regulations.
- 14.3 List of Restricted Use Pesticide. The Chief shall prepare a list of all pesticides or pesticide formulations classified for restricted use and shall amend such list whenever necessary. Such list shall be made available to pesticide dealers, certified pesticide applicators, and to any person requesting such list.

15 PESTICIDE USAGE PLAN

All persons using restricted use pesticides or pesticides in quantities of greater than 100 pounds per year Resorts must submit a pesticide usage plan. The pesticide usage plan must include the following information:

- 15.1 Integrated Pest Management Plan for the area to reduce pesticide usage;
- 15.2 Pesticide Storage Plan;

- 15.3 Fertilizer usage plan;
- 15.4 MSDS for all pesticides to be used;
- 15.5 Long term environmental impacts of pesticides;
- 15.6 Impacts on pesticides to be used on endangered species in the area; and
- 15.7 Pesticide and fertilizer minimization plan.

Prior to the usage of pesticides the plan must be approved by DEQ. The plan must be revised and resubmitted on a bi-yearly basis, for DEQ's approval. Applicator will be required to follow the plan. Any derivations must be approved by DEQ in advance. Failure to follow the plan shall be considered a violation of these regulations punishable by a fine of \$1,000 per occurrence.

16 PENALTIES, FINES, SUSPENSION, REVOCATION, AND OTHER ORDERS

The Chief may institute civil actions through the Courts or by Administrative Orders issued by the Chief and the Director.

16.1 Penalty Authority

16.1.1 2 CMC § 3131 of the *Commonwealth Environmental Protection Act* empowers the Chief, pursuant to regulations issued by the Director, to issue any necessary order to enforce the provisions of the *Commonwealth Environmental Protection Act* any regulations, and any permit. This order may require that the person violating immediately cease and desist from such violation or within a stated period of time take such mitigating measures as necessary to reverse or reduce any significant adverse effect of such violation. **In the event that the person fails to comply with the order the person is liable for a civil penalty of not more than \$1,000 for each day of continuance of the failure. In addition the person is liable for an additional penalty for any amount expended by any agency of the Commonwealth in taking any necessary action to reverse or reduce the adverse effect of the violation when a person is unable or unwilling to do so.**

16.1.2 2 CMC § 3331 *Groundwater Management and Protection Act* empowers the Chief to issue any order to enforce provisions of the *Groundwater Management and Protection Act*. The Chief may order the person to do any of the following: 1) cease and desist from the violation; 2) take mitigating measures to correct the violation; or 3) pay a civil fine of not more that \$1,000 for each violation.

16.1.3 2 CMC § 3519 of the *Solid Waste Management Act* empowers the Chief to issue any order to enforce provisions of the *Solid Waste Management Act*. The Chief may order the person to do any of the following: 1) cease and desist from the violation; 2) take mitigating measures to correct the violation; or 3) pay a civil fine of not more that \$1,000 for each violation. Any person who violates any hazardous waste management provision of the *Solid Waste Management Act* or regulations issued under the authority of the *Solid Waste Management Act* or refuses or neglects to comply with an order issued by the Chief shall pay DEQ a civil penalty of not less than \$10,000 per day for each violation. Pesticides may be hazardous wastes depending on the characteristics and whether the expiration date of the pesticides has expired.

16.2 The Chief may suspend, revoke, or modify any permit, license, or certification issued by the Division for violation of these Acts, any regulations adopted pursuant to the Acts, any permit or license issued pursuant to the Acts and such regulations.

16.3 A person shall be liable for an additional penalty for any amount expended by any agency of the Commonwealth in taking any action necessary to mitigate or

reduce any significant adverse effect caused by the person's failure to comply with the Acts, regulations, permit, license, or any order issued thereunder.

- 16.4 Any person who knowingly and willfully commits any act in violation of the Acts, regulations, permit, or license, and who is found guilty by a court of competent jurisdiction may be punished by a fine of not more than \$50,000.00 or by imprisonment for not more than one (1) year, or both. Any other penalties or remedies provided by these regulations and ordered by the Chief shall also remain in effect.
- 16.5 The Chief may issue and order any person to pay a civil fine of not more than \$1,000.00 for each violation of these Acts, regulations adopted pursuant to the Acts, or any permit or license issued pursuant to the Acts and such regulations, except if the violation pertains to the hazardous waste management related circumstances. If the violations pertains to hazardous waste management related violations, the Chief may issue and order any person to pay a civil fine of not more than \$10,000.00 for each day of violation. Each day of continued violation is a separate offense
- 16.6 Procedures for Administrative Orders
- 16.6.1 Any person who is subject to civil penalties, revocation, or suspension pursuant to Section 15 may be served with an Administrative Order and Notice of Violation and may upon written request seek an appeal hearing before the Chief or designee. Request for appeal may be served upon the Division within seven (7) calendar days from receipt of the Administrative Order. Failure to request an appeal within seven (7) calendar days shall result in the person's waiving the right to any appeal or hearing.
- 16.6.2 The written request for a hearing shall serve as the answer to the complaint. The request for hearing or "answer" shall clearly and directly admit, deny, or explain each of the factual allegations contained in the complaint with regard to which the alleged violator (respondent) has any knowledge. Where respondent has no knowledge of a particular factual allegation and so states, the allegation is deemed denied. The answer shall also state (1) the circumstances or arguments which are alleged to constitute the grounds of defense, (2) the facts which respondent intends to place at issue, and (3) whether a hearing is requested. Failure to admit, deny, or explain any material factual allegation contained in the complaint constitutes an admission of the allegations. An oral answer may also be given at the time of hearing should a hearing be requested.
- 16.6.3 The respondent may also request and informal Settlement Conference. An Informal Settlement Conference shall not affect the respondent's obligation to file a timely request for hearing. If a settlement is reached the parties shall forward a proposed consent order for the approval of both the Chief and the Director.

- 16.6.4 If a hearing is conducted the Chief or his designee will reside over the hearing. The Chief shall control the taking of testimony and evidence and shall cause to be made an audio, audio-video, or stenographic record of the hearing. The type of record made shall be the discretion of the Chief. Evidence presented at such a hearing need not conform with the prescribed rules of evidence, but may be limited by the Chief in any manner the Chief reasonably determines to be just and efficient and promote the ends of justice. The Chief shall issue a written decision within (15) working days of the close of the enforcement hearing. The decision shall include written findings of fact and conclusions of law. The standard of proof for such a hearing and decisions shall be the preponderance of the evidence.
- 16.6.5 Upon issuance of the written decision, the respondent may seek a discretionary review of the decision by the Director. The request for the discretionary review must be filed within ten (10) working days of the date of issuance of the decision. The request must concisely state the specific objections to the decision. There is no right to a hearing before the Director. A copy of the request of review must be filed with the Chief on the same day it is filed with the Director. The Director may elect to review the case and issue a written decision or affirm the Chief's decision. The Chief will issue a written decision within thirty (30) calendar days.
- 16.6.6 The Director's decision shall be final. An appeal from the final enforcement decision shall be to the Commonwealth Superior Court within thirty (30) calendar days following service of the final agency decision.
- 16.6.7 For filing deadline purposes counting of the days shall start on the day after issuance or receipt (whichever is specified). If any filing date falls on a Saturday, Sunday, or Commonwealth Holiday, the filing date shall be extended to the next working day.
- 16.7 The Chief, shall have the responsibility to prepare, issue, modify, revoke and enforce orders for compliance with any of the provisions of these regulations or of any rules and regulations issued pursuant thereto and requiring the taking of such remedial measures as may be necessary or appropriate to implement or effectuate the provisions and purposes of these regulations.
- 16.8 The Chief may initiate civil actions through the Commonwealth Courts shall be transmitted through and with the approval of the Director and the Attorney General as necessary to enforce these regulations. The Attorney General will institute legal actions to enjoin a violation, continuing violation, or threatened violation of these regulations.
- 16.9 If the Chief has probable cause to believe there has been a violation of these regulations, upon receipt of an order or warrant from the Commonwealth Trial Court or the District Court, DEQ may enter upon and search any property, take necessary samples or readings therefrom, seize evidence found therein and examine or impound any book or record found therein or specified in such order or warrant.

16.10 The Chief may enter property for purposes specified in 16.9 if a violation has occurred or is imminent; the violation poses a serious, substantial and immediate threat to public health or welfare; or the process of obtaining a warrant or order would prolong or increase the threat, impair discovery of evidence of a violation or impair mitigation of the treat.

17 SEVERABILITY

Should any part, section, paragraph, sentence, clause, phrase, or application of these rules and regulations be declared unconstitutional or invalid for any reason by competent authority, the remainder or any other application of these rules and regulations shall not be affected in any way thereby.



Commonwealth of the Northern Mariana Islands

Department of Public Health & Environmental Services
Division of Environmental Quality
P.O. Box 1304
Saipan, Mariana Islands 96950



Tels: (670) 234-6114/6984
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PUBLIC NOTICE

PROPOSED AMENDMENTS TO WELL DRILLING AND WELL OPERATIONS REGULATIONS UNDER THE AUTHORITY OF 1 CMC §§ 2601 to 2605, 2 CMC §§ 3103 to 3134, 2 CMC §§ 3311 to 3333, and 2 CMC §§ 3511 to 3521 by the DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENTAL SERVICES DIVISION OF ENVIRONMENTAL QUALITY

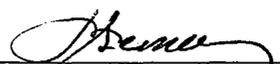
The Director of Public Health and Environmental Services and the Chief of the Division of Environmental Quality of the Northern Mariana Islands (CNMI), in accordance with 2 CMC §§ 3101 to 3134, 1 CMC §§ 2601 to 2605 propose to amend and revise the Well Drilling and Well Operation Regulations.

The proposed amendments and revisions to the regulations apply to all new and existing wells and activities within the CNMI. The proposed revisions are: 1) for clarity; 2) to modify the permitting process to add additional protection measures for the groundwater as a resource; 3) to add sections on groundwater protection; 4) to provide appropriate penalties for the pollution of the groundwater as a resource; and 5) to provide for proper administrative activities.

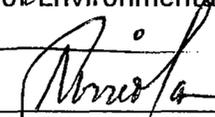
Comments, suggestions, and concerns about the proposed amendments are encouraged and welcomed. All comments must be submitted in writing to the Department of Public Health and Environmental Services, Division of Environmental Quality, located on the third floor of the Morgen Building in San Jose, Saipan (P.O. Box 1304, Saipan, MP 96950), within thirty (30) days of publication in the Commonwealth Register.

Copies of the proposed Regulations are available and may be obtained from the Department of Public Health and Environmental Services, Division of Environmental Quality, located on the third floor of the Morgen Building in San Jose, Saipan, MP 96950.

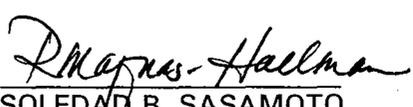
Date: 12/6/93


MIRIAM K. SEMAN, Chief
Division of Environmental Quality

Date: 12/7/93

for 
DR. JOSE L. CHONG, Director
Department of Public Health
and Environmental Services

Filed by:
Date: 12/7/93

for 
SOLEDAD B. SASAMOTO
Registrar of Corporations

Received at Governor's Office:

Date: 12/7/93


DONNA J. CRUZ



Commonwealth of the Northern Mariana Islands

Department of Public Health & Environmental Services
Division of Environmental Quality
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Saipan, Mariana Islands 96950



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NUTISIAN PUBLIKU

PUT I MAPROPOPONI NA AMENDASION GI REGULASION MANGUADUK TUPU YAN REGULASION OPERASION-ÑA SIGUN GI ATURIDAT 1 CMC §§ 2601 asta 2605, 2 CMC §§ 3103 asta 3134, 2 CMC §§ 3311 asta 3333 YAN 2 CMC §§ 3511 asta 3521 GINEN DIPATAMENTON PUBLIC HEALTH YAN ENVIRONMENTAL SERVICES YAN LOKKUE' I DIVISION OF ENVIRONMENTAL QUALITY

I Direktot Dipatamenton Public Health yan Environmental Services yan i Chief Division of Environmental Quality, gi halom Commonwealth of the Northern Mariana Islands (CNMI) sigun gi 1 CMC §§ 2601 asta 2605, 2 CMC §§ 3103 asta 3134, 2 CMC §§ 3311 asta 3333, yan 2 CMC §§ 3511 asta 3521 ha propoponi para uma amenda yan ribisa i Regulasion Manguaduk Yan Operasion Tupu.

I mamapropoponi siha amendasion yan ribision gi halom i Regulasion manaplikapble para todo parehu ha nuevo pat hagas ni manma u'usa' gi presente siha na tupu gi halom CNMI yan hafa na aktibidat ni ha afefekta i tupu siha gi CNMI. I mapropoponi na amendasion yan ribision i put para uma'nahalom un patte para proteksion Hanom siha ni manggaige gi papa edda' yan famatinas minot na ribision para u mas klaru yan asigura na ayu i manma'lisensia umatattiyi i kondision Lisensia para proteksion Hinemlo' Publiku yan uriya.

Komentu, rekomendasion, yan interes manma sosohyo ginen publiku henerat yan hayi interesante na petsona. Todu i komentu siha debi di u fanmatuge' ya uma'submiti guatu gi Dipatamenton Public Health yan Environmental Services, Division of Environmental Quality, mina tres bibenda hulo' gi Morgen Building giya San Jose, Saipan (P.O. Box 1304, Saipan, MP 96950), gi halom trenta (30) dias despuesdi mapubliku huyong este na nutisia gi Rehistran Commonwealth.

Kopian i mapropoponi na Regulasion, siña hayi interesao na petsona mañule gi Dipatamenton Public Health yan Environmental Services, Division of Environmental Quality, mina tres bibenda hulo' gi Morgen Building giya San Jose, Saipan, MP 96950

Fecha' 12/06/93

MIRIAM K. SEMAN, Chief
Division of Environmental Quality

Fecha' 12/7/93

DR. JOSE L. CHONG, Direktor
Public Health yan Environmental Services

Ma file as:

Fecha' 12/7/93

SOLEDAD B. SASAMOTO
Registrar of Corporations

Ma'risibi gi Ofisinan Gobietno:

Fecha' 12/7/93

DONNA J. CRUZ



Commonwealth of the Northern Mariana Islands

Department of Public Health & Environmental Services
Division of Environmental Quality
P.O. Box 1304

Saipan, Mariana Islands 96950

ARONGORONGOL TOWLAP

REEL FFÉÉRÚL LIIWELIL ALLÉGHÚL KKEILIL SCHAAL ME MWÓGHUTUGHUTUL ME
LEMELEMIL SÁNGI BWÁNGIL 1 CMC §§ 2601 to 2605, 2 CMC §§ 3101 to 3134, 2 CMC
§§ 3311 to 3333, ME BWAL 2 CMC §§ 3511 to 3521 SÁNGI
DIPATAMENTOOL PUBLIC HEALTH ME ENVIRONMENTAL SERVICES
DIVISION OF ENVIRONMENTAL QUALITY



Tels: (670) 234-6114/6984
Fax: (670) 234-1003

Direktoodul Dipatamentool Public Health me Environmental Services fengál me Chief il
Division of Environmental Quality mellól Commonwealth of the Northern Mariana Islands
(CNMI), reel rebwe tabweey ailéwal 1 CMC §§ 2601 ngáli 2605, 2 CMC §§ 3101 ngáli
3134, 2 CMC §§ 3311 ngáli 3333, 2 CMC §§ 3511 ngáli 3521, nge rekke fféer lliiwel
mellól ówtol Alléghúl kkelil Schaal me Lemelemil Schaal Kkel.

Lliiwel kkaal nge e ghil ngáli alongal eweewe fasúl me schaal kkel kka a fféetá mellól
CNMI. Fféerúl lliiwel kkaal nge ebwe atotoolong eew Patti reel Groundwater Protection me
a ppwal lliiwel eghús ówtol bwe ebwe ffat reel schó kka re lisensiya bwe rebwe tabweey
kundisiyoonul lisensiya me ebwe ghatch ngáliir towlap me weleyóroor.

Mángemáng me tiip reel fféerúl lliiwel kkaal nge re-bwal tingór sáangiir towlap bwe rebwe
atotooolong. Alongal tiip me mángemáng kkaal nge rebwe ischiitiw nge raa afanga ngáli
Dipatamentool Public Health me Environmental Services, Division of Environmental Quality,
aiyeluuwal bibenda mellól Morgen Building San Jose, Saipan (P.O. Box 1304, Saipan, MP
96950), llól eliigh (30) rál sáangi igha e toowow arongorong yeel mellól Commonwealth
Register.

Kkopiyaal lliiwel kkaal nge emmwel schagh bwe aramas ebweló bweibwogh sáangi
Dipatamentool Public Health me Environmental Services, Division of Environmental Quality
aiyeluuwal bibenda mellól Morgen Building San Jose, Saipan, MP 96950.

Rál 12/6/93

MIRIAM K. SEMAN, Chief-il
Division of Environmental Quality

Rál 12/7/93

DR. JOSE L. CHONG, Direktoodul
Public Health me Environmental Services

File-liiyal:
Rál 12/7/93

SOLEDAD B. SASAMOTO
Registrar of Corporations

Re Risibi mellól Bwulasiyool Gubenko:

Rál 12/7/93

DONNA J. CRUZ

3.30 "**Hazardous Waste**" is any waste because of its quantity, concentration, or physical, chemical, or infectious characteristics may cause or significantly contribute to an increase in mortality or an increase in serious irreversible or incapacitating reversible illness or pose a substantial present or potential hazard to human health or to the environment when improperly collected, contained, stored, transported, processed, recovered, treated, disposed, handled, manipulated, or otherwise accidentally released into the environment. **This is inclusive of any waste described or identified as such under either EPA or DEQ regulations.**

4.2 A non-refundable fee of ten thousand dollars (\$10,000.00), payable to the Division, shall accompany each application for a new Well Driller's License. A non-refundable fee of one thousand dollars (\$1,000.00), payable to the Division, shall accompany each Well Driller's License renewal application.

The fee may be waived for Government Agencies. However, the license for these agencies shall be limited to wells for government usage approved by DEQ. Failure to comply will result in the revocation of the license.

4.4 An applicant for a Well Driller's License must prove the following to the satisfaction of the Chief. The Chief shall have the discretion to require additional information as deemed necessary for a specific application.

a. ~~The applicant proves valid insurance coverage for comprehensive and general liability in an amount not less than \$250,000 each occurrence, and \$500,000 aggregate for the period in which the driller's license is valid.~~ The applicant is also required to carry Worker's Compensation coverage in accordance with local labor laws. The applicant must prove insurance coverage in the above amounts for the full period in which the Well Driller's License is to be valid.

b. The applicant is in possession of the necessary equipment to properly perform well drilling work and related tasks.

4.5 An applicant for a Well Driller's License must obtain a Performance Bond in the amount of Seventy-Five Thousand Dollars (~~\$275,000.00~~), to remain in effect for the full period in which the Well Driller's License is to be valid. The Bond shall be made payable to the Division, and the Chief shall use the proceeds from the Bond to pay for any corrective action to any well(s) not located or constructed in accordance with these Regulations.

The requirement may be waived for Government Agencies. However, the license for these agencies shall be limited to wells for government

usage approved by DEQ. Failure to comply will result in the revocation of the license.

4.15 "Provisional" or "temporary" well driller's licenses shall not be issued by the Chief, with the exception of such licenses to Local and Federal Agencies for studies as approved on a case by case basis by the Chief.

5.3 Well drilling permit application fees shall be in accordance with the following fee schedule. Payment of fees is required at the time of submitting each permit application, and is non-refundable. Fees shall be paid by check, and made payable to the Division. The Commonwealth Utilities Corporation is exempt from payment of permit application fees.

WELL DRILLING PERMIT APPLICATION FEE TABLE

<u>Application Type</u>	<u>Total Well Discharge Capacity Requirement¹</u>	<u>Application Fee²</u>
Test & Monitoring		\$50.00
New	less than 20 gpm	\$50.00
	21 gpm to 100 gpm	\$200.00
	101 gpm to 200 gpm	\$1000.00
	201 gpm to 350 gpm	\$2000.00
	351 gpm to 500 gpm	\$4000.00
	over 500 gpm	\$8000.00

Revised If discharge capacity requirements changes, the final cost to the applicant shall be based upon the above. If well location changes, no adjustment in fees is necessary.

Renewal There is no well drilling permit renewal fee.

NOTES FOR FEE TABLE:

(1) See Section 11 defining total well discharge capacity requirement.

(2) Fees for significantly modified wells shall be the incremental new application fee. For example, if a project is to be expanded, involving a well discharge capacity requirement increase from 80 gpm to 120 gpm, the fee is \$800.00

~~(3) There are no application fees for test wells or monitoring wells.~~

{4}(3) Lab fees are not included in the above. If the applicant wishes to utilize the Division's laboratory services for certain water quality sampling and analysis, the appropriate laboratory fees shall be paid to the Division at the time of application. **All lab fees must be paid in**

advance. Payment must be by separate check or money order from the well drilling and well operation fees. In the event that retesting or additional tests are required, the applicant shall be responsible for the additional fees in advance.

5.10 A map drawn at a scale of not more than one (1) inch equals one hundred (100) feet showing the following data FOR BOTH PUBLIC AND NON-PUBLIC WATER SUPPLIES:

- a. Location of property lines and survey monuments with ties to proposed well location.
- b. Name of property owner upon which well is to be located, and name of abutters of said property.
- c. A site location plan (no scale required) sufficiently accurate to allow Division staff to find the site.
- d. Describe existing land use(s).
- e. Sketch of existing and/or proposed access to well site(s).

~~FOR PUBLIC WATER SUPPLIES, ADD TO THE MAP REQUIRED BY 5.10 THE FOLLOWING INFORMATION:~~

- f. Ground surface topography, with contour intervals not to exceed ten (10) feet, within 150 feet of the proposed well location.
- g. Location of all existing or proposed public sewer lines, sewer pump stations, and other sewerage facilities, individual waste disposal systems, intermittent or perennial streams, ponding basins, other wells (either active or abandoned), buildings, storm water drains, and wetlands within a 2500 foot radius of the proposed well location. In addition, the applicant is responsible for certifying that the proposed PUBLIC WATER SUPPLY meets the minimum set-back requirements outlined in Section 6 of these regulations.
- h. Location and elevation of a temporary benchmark established by a registered land surveyor.
- i. A statement as to whether the proposed well is to be constructed within the 100-year flood plain area.
- j. Location of pump test well water discharge.

5.17 As a condition to all well drilling permits, the well driller and permittee are responsible for supplying to DEQ legible copies of drilling logs, pump test results, and other data as required by DEQ. Based on this information and any additional information required by DEQ, a determination shall be made on the pumping capacity of the well. There is no right to the operation of a well. Well operation shall be determined based on intended use and the wells possible degradation of groundwater quality.

6.1 PUBLIC WATER SUPPLY wellhead protection area requirements are:

<u>EXISTING LAND USE</u>	<u>MINIMUM DOWN/UPGRADIENT DIMENSIONS OF WELLHEAD PROTECTION AREA</u>
Above/Below Grade Structures	10/ 10
Road Drainage Course	50/ 100
Surface Water Body	150/ 150
Public/Private Sewer Line	100/ 200
Sewage Pump Station	150/ 300
Seepage Pit, Outhouse, Cesspool, Leachfield	150/ 300
Underground Fuel Storage Tank	500/ 500
Auto, Heavy Equipment, Engine Repair Facility	250/ 500
Underground Injection Well	250/ 500
IWDS Effluent Disposal (> 5,000 gpd)	500/ 500
Above Ground Fuel Storage Facility (< 2,000 gal) ¹	250/ 500
Above Ground Fuel Storage Facility (> 2,000 gal) ²	1000/2000
Above Ground Fuel Storage Facility ³	500/ 500
Above Ground Fuel Storage Facility ⁴	200/ 400
Landfill or Hazardous Waste Storage/Treatment Facility	1000/2000
Unsewered Industrial Process	1000/2000

Notes:

- ¹ This requirement pertains to existing tanks, constructed prior to the revision of these regulations. Depending on the terrain and site characteristics the Chief may impose additional measures to protect the groundwater. In the event that DEQ promulgates Aboveground storage tank regulations, they shall supercede these requirements.
- ² This requirement pertains to existing tanks, constructed prior to the revision of these regulations. Depending on the terrain and site characteristics the Chief may impose additional measures to protect the groundwater. In the event that DEQ promulgates Aboveground storage tank regulations, they shall supercede these requirements.
- ³ All existing and new tanks must be suitable as confirmed by the manufacturer for aboveground use for the storage of the product to be stored. Tank and ancillary equipment must be of materials industry recognized and compatible with the product to be stored. Plastic or fiberglass shall not be permitted for flammable or combustible liquids. Tanks must have secondary containment as approved by DEQ. Corrosion protection must be provided for the entire system. Piping shall be double walled, piping below grade shall be equipped with automatic leak detection. Adequate collision protection must be provided. Depending on the terrain and site characteristics the Chief may impose additional measures to protect the groundwater. In the event that DEQ promulgates Aboveground storage tank regulations, they shall supercede these requirements.
- ⁴ In addition to the requirements in note 3 above, only double walled tanks shall be installed. All tanks shall be precision/strength tested. Each tank shall be surrounded by a secondary containment berm that provides a containment volume of at least 110% of the AST storage volume. All double walled piping shall be placed in a below-grade vault to capture any leaks that may occur. Depending on the terrain and site characteristics the Chief may impose

additional measures to protect the groundwater. In the event that DEQ promulgates Aboveground storage tank regulations, they shall supercede these requirements.

7.1.3 Monitoring Wells

Monitoring wells shall be designed and installed in conformance with EPA Manual *Handbook of Suggested Practices for the Design and Installation of Ground-Water Monitoring Wells*, EPA/600/4-89/034, March 1991, or latest revision. The design and installation of the monitoring well must be approved by DEQ prior to installation.

7.1.4 Materials for Construction

Materials associated with the well and appurtenances shall be described in the application. Construction materials shall be consistent with the environmental conditions in the CNMI and approved by DEQ.

7.1.5. The following is for water wells only

Within thirty (30) days of the completion of well construction and prior to the application for a pump test, the applicant shall submit to the agency for review and approval a well construction report. The well construction report shall include the following information:

- a) Date/time to start and finish the well;
- b) Location of the well (include diagram of site in accordance with section 5.10);
- c) Elevation of ground surface;
- d) Name of driller, geologist and other personnel on site during drilling;
- e) Type of drilling equipment;
- f) Diameter of boring hole;
- g) Depth to water encountered during drilling;
- h) Depth to standing water;
- i) Well boring log that shows soil/rock classification and description;
- j) Total well depth;
- k) Well completion information to include:
 - i) a description of the well casing (include type of material, casing diameter, total length of casing, depth below ground surface, how sections are joined, and if an end cap was provided)
 - ii) a description of the well screen (include the type of screen material, screen diameter, slot size and length, and the depth to the top and bottom of the screen),
 - iii) a description of the filter pack (include the type/size of pack material, volume of material used, the depth to the top of the filter pack, and the method of placement),

- iv) a description of grout and/or sealant (include material composition, method of placement, volume placed, and the depth (top and bottom) of the grout interval in the well),
- v) a description of the backfill material (include the type of material, and the depth (top and bottom) of the backfilled interval),
- vi) a description of the surface seal (include the type of seal, and the dimensions of the seal),

This information is not required for exploratory pump tests. The Chief may require on a case by case basis that additional information be obtained and submitted for review and approval.

7.16 Wells located near areas of traffic must be provided with appropriate collision protection to ensure the security of the well-head.

9.2 At a minimum, a 36-hour pump test (24-hours for non-public water supplies), or "sustained yield test", shall be required on all water wells. The Chief may require a longer test duration, if the hydrogeologic characteristics of the site and the water requirements of the project warrant it. The pump test shall be conducted only after the well has been developed, flushed, and disinfected.

The driller has the option of conducting of conducting a preliminary pump test ("exploratory pump test") to determine if sufficient yeild is available from the well in question, provided the bore hole is stable and that all drilling fluid and materials can be recovered. If the driller chooses this option a final pump test must be conducted after well construction and development to determine well capacity.

9.4 The start of pump test must be scheduled with the Division at least two (2) working days in advance. Tests must begin and conclude during DEQ's normal working hours.

13.7 Permittee is responsible for proper maintenance and security of the well-head.

13.8 Permittee is responsible for groundwater clean-up if hazardous materials/waste are placed down the well.

13.9 Permittee is responsible to report any damage to the well-head to DEQ in writing within 24 hours. With the damage report the permittee must submit a schedule for the repair.

- 14.1 Well Siting Criteria. Down gradient and upgradient wellhead protection dimensions for seawater wells may be reduced **at the Chief's discretion** by up to 66 percent for existing land uses listed in Paragraph 6.1 and 6.2, down to no less than 50 feet, provided the well is constructed with at least 100 feet of solid casing. Seawater wells are exempted from the provisions of Paragraph 6.3.
- 15.1 Well Siting Criteria. Down gradient and upgradient wellhead protection dimensions for wells pre-determined to undergo reverse osmosis treatment may be reduced **at the Chief's discretion** by up to 66 percent for existing land uses listed in Paragraph 6.1 and 6.2, down to no less than 50 feet, provided the well is constructed with at least 100 feet of solid casing. Wells pre-determined to undergo reverse osmosis water treatment are exempted from the provisions of Paragraph 6.3.

SECTION 25. GROUNDWATER MANAGEMENT ZONES

RESERVED

SECTION 26. WATER SHORTAGE DECLARATION

- 26.1 The Chief, after consultation with the Commonwealth Utilities Corporation, may declare a water shortage and impose restrictions on permits to protect the public health, safety, and welfare.
- 26.2 When a water shortage is declared, the Chief shall cause notice thereof to be published in a prominent place within a newspaper of general circulation or otherwise through the media in the Commonwealth. Such notice shall be published each day for the first week of the shortage and once a week thereafter until the declaration is rescinded. Publication of notice shall serve as notice to all permittees in the area of a water shortage and any restriction on their permits.

SECTION 27. GROUNDWATER PROTECTION

In addition to the other groundwater protection measures within these regulations and the Act, to adequately protect the groundwater from contamination. Measures shall include but not be limited to:

- 27.1 Prohibition of disposal or spill of any hazardous wastes onto the ground or in any manner which has the possibility of contaminating groundwater.

27.2 Prohibition of storing of any hazardous wastes or materials in such a manner which has the possibility of contaminating groundwater.

27.3 Prohibition of storing or spilling hazardous materials/substances as defined by EPA, U.S. Department of Transportation, or DEQ in such a manner which has the possibility of contaminating groundwater.

Storage shall be done in a manner that to prevent possible contamination to groundwater. The Chief may require more prevention measures as determined necessary by the Chief.

SECTION 28. RESERVED

SECTION ~~24~~ 29. SEVERABILITY

~~24.1~~ 29.1 If any rule, section, sentence, clause, or phrase of these regulations or its application to any person or circumstance or property is held to be unconstitutional or invalid, the remaining portions of these regulations or the application of these regulations to other persons or circumstances or property shall not be affected.

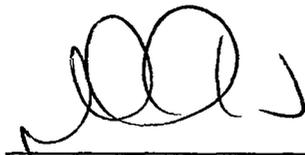
NORTHERN MARIANA ISLANDS RETIREMENT FUND
PUBLIC NOTICE
OF PROPOSED AMENDMENTS TO THE
RETIREMENT FUND'S ADMINISTRATIVE RULES AND REGULATIONS

The Board of Trustees of the NMI Retirement Fund hereby gives notice to the general public that it has adopted proposed amendments to the Fund's Administrative Rules and Regulations pursuant to its authority under 1 CMC 8315(f), Section 6 of Public Law 8-30, and the Administrative Procedure Act at 1 CMC 9101, et. seq.

The purpose of these amendments is to provide for the effective administration of Public Laws 8-24, 8-30, and 8-31, and to provide updates of the existing regulations, and for other purposes. The Board is soliciting comments and recommendations regarding these amendments, which must be received by the Fund within 30 days of first publication of this notice.

Copies of these proposed amendments are available and may be obtained at any of the Retirement Fund offices on Saipan, Tinian and Rota.

DATED this 30th day of November, 1993.



MICHAEL A. WHITE
Chairman



TOMAS B. ALDAN
Administrator

NORTHERN MARIANA ISLANDS RETIREMENT FUND

NOTICIAN PUBLIKO

POT I MAPROPOPONE NA TINILAIKA

GI AREKLAMENTO YAN REGULASION I RETIREMENT FUND

I Board of Trustees i NMI Retirement Fund man nana'e notisia para i henerat publiko na esta ha adopta i mapropone na tinilaika gi areklamento yan regulasion i Retirement Fund sigun gi atoridat gi papa' i lai gi 1 CMC 8315(f), Seksiona 6 gi Lai Publiko 8-30, yan i Administrative Procedure Act, gi 1 CMC 9101, et. seq.

I propositon esti na tinilaika pot para umas guaha efektibo na areklo yan atministrasion i Lai Publiko 8-24, 8-30, yan 8-31, yan pot para umana dinanche mas i gaigi pago na regulasion, yan otro lokue siha na proposito. I Board ha sosojo i publiko para ufan na' halom komentos yan rekomendasion pot esti i mapropopone na tinilaika, ya debi di uma resibi nui Retirement Fund gi halom 30 dias desdi i finenina na mapublikana esti na tinilaika.

Kopian esti i mapropopone na tinilaika gi areklamento sina ma chule' gi maseha manu na ofisinin i Retirement Fund giya Saipan, Tinian yan Luta.

Ma fecha gi dia 30th Nobiembre, 1993.



MICHAEL A. WHITE
Chairman



TOMAS B. ALDAN
Administrator

Northern Mariana Islands Retirement Fund
Certification of the Proposed Amendments to the
Fund's Administrative Rules and Regulations

I, Michael A. White, Chairman of the Board of Trustees, NMI Retirement Fund, which is promulgating the foregoing proposed amendments to the Fund's Administrative Rules and Regulations, by my signature below, do hereby certify that these proposed amendments are true, complete, and correct copy, formally adopted by the Board of Trustees.

I declare under penalty of perjury that the foregoing is true and correct.

DATED this 30th day of November, 1993.



Michael A. White
Chairman

OFFICE OF THE GOVERNOR:

Received by: _____

Date: _____



11/30/93

OFFICE OF THE REGISTRAR OF CORPORATIONS:

Received by: _____

Date: _____



11/30/93

Northern Mariana Islands Retirement Fund Proposed Amendments To The Administrative Rules And Regulations

The Board of Trustees for the Northern Mariana Islands Retirement Fund hereby promulgates these amendments to the Fund's Administrative Rules and Regulations pursuant to 1 CMC Section 8316(f), Section 6 of Public Law 8-30, and the Administrative Procedure Act, 1 CMC 9101, et. seq.

PART I. GENERAL PROVISIONS

Section 1. Authority. Under and by virtue of the provisions of 1 CMC Section 8315(f), the Board of Trustees for the Northern Mariana Islands Retirement Fund hereby promulgates these amendments to the Fund's Administrative Rules and Regulations.

Section 2. Purpose. To amend Parts 2, 4, and 6 of the Fund's Administrative Rules and Regulations to add new subsections to provide for the effective administration and enforcement of Public Laws 8-24, 8-30, 8-31, and for other purposes.

PART II. AMENDMENTS

Section 1. Amendment. Part 2 of the Fund's Administrative Rules and Regulations is hereby amended to add new subsections (l), (m), (n), and (o) to define the following terms:

"(l) "Annual salary" For purposes of the 30% bonus, this term shall mean the lower of the base salary earned for the last 26 pay periods immediately preceding the date of retirement or the annual salary stated on the employee's most recent personnel action. The base salary does not include lump sum payment of annual leave, overtime compensation, hazardous pay, differentials, hardship post, or any other extra pay." [Source: P.L. 8-30]

"(m) "Regular hours" For purposes of the credit granted for overtime and compensatory time pursuant to P.L. 8-24, this term means 2,080 hours per calendar year consisting of the actual hours worked, annual leave taken and paid, sick leave taken and paid or administrative leave taken and paid, and paid legal holidays. This term does not include annual leave paid in lump sum during the years of credited service or on the date of retirement; or sick leave converted into service credit." [Source: P.L. 8-24]

"(n) "Overtime or compensatory time" For purposes of P.L. 8-24, these terms mean the number of hours worked in excess of 2080 regular hours per year during any year of credited service, and for which payment was received and which have been certified by the Director of Finance or the head of the autonomous agency, as the case may be."

"(o) "Teacher" For purposes of P.L. 8-30, this term means an employee who is a certified or non-certified classroom teacher, instructor, or an employee holding such other occupational title whose primary duty is to teach students. This term does not include administrative or support personnel, teacher aides, or other professionals whose primary duty is not to teach."

Section 2. Amendment. To add the following new subsections to Part 4 of the Fund's Administrative Rules and Regulations:

Amendments To The Funds Rules and Regulations

"4.20 Vesting Service Credit for Overtime or Compensatory Time.

- (1) To receive vesting service credit for overtime or compensatory time, the following conditions must be met:
 - (a) Overtime or compensatory time hours must exceed 2,080 hours of regular hours worked within the calendar year (January to December of the same year). For example, if an employee work 2,000 regular hours and 200 hours of overtime or compensatory time for the year, the employee is entitled to 120 hours of additional vesting service credit (2,080 minus 2,200 hours equals 120 hours).
 - (b) Overtime and compensatory time must be paid to the employee.
 - (c) Overtime or compensatory time must be certified by the Director of Finance or the Head of the Autonomous Agency where overtime or compensatory was performed.
- (2) The members who are eligible are as follows:
 - (a) Active employees who were paid overtime from January 1, 1985 to the date of retirement.
 - (b) Retired members who are receiving benefits from the NMI Retirement Fund and who had worked overtime or compensatory time while employed by the government from January 1, 1985 to the date of retirement.
 - (c) Retirees or surviving spouse benefits may be adjusted when the overtime or compensatory time is certified to the NMI Retirement Fund.
 - (d) Former employees who are vested (members having 3 or more years of contributing membership service) in the NMI Retirement Fund will receive vesting service credit upon certification by the Director of Finance or certification from the Autonomous Agency Head that the member has overtime or compensatory time. If as a result of such certification the vested member becomes eligible for benefit, it shall be processed and the annuity shall begin from the date the certification of overtime or compensatory is received by the Fund.
- (3) Overtime or compensatory time and accumulated sick leave hours will be converted to vesting service credit by using the following Conversion Table:

Amendments To The Funds Rules and Regulations

VESTING SERVICE CONVERSION TABLE
For Sick Leave, Overtime Or Compensatory Time

No. Day	1 Dy & Up	1 Mo & Up	2 Mo & Up	3 Mo & Up	4 Mo & Up	5 Mo & Up	6 Mo. & Up	7 Mo & Up	8 Mo & Up	9 Mo & UP	10 Mo & Up	11 Mo & Up
0	--	173	347	520	693	867	1040	1213	1387	1560	1733	1907
1	6	179	352	527	699	872	1046	1219	1392	1566	1739	1912
2	12	185	358	532	705	878	1052	1225	1398	1572	1745	1918
3	17	191	364	537	711	884	1057	1231	1404	1577	1751	1924
4	23	196	370	543	716	890	1063	1236	1410	1583	1756	1930
5	29	202	376	549	722	896	1069	1242	1416	1589	1762	1936
6	35	208	381	555	728	901	1075	1248	1421	1595	1768	1941
7	40	214	387	560	734	907	1080	1254	1427	1600	1774	1947
8	46	220	393	566	740	913	1086	1260	1433	1606	1780	1953
9	52	225	399	572	745	919	1092	1265	1439	1612	1785	1959
10	58	231	404	578	751	924	1098	1271	1444	1618	1791	1964
11	64	237	410	584	757	930	1104	1277	1450	1624	1797	1970
12	69	243	416	589	763	936	1109	1283	1456	1629	1803	1976
13	75	248	422	595	768	942	1115	1288	1462	1635	1808	1982
14	81	254	428	601	774	948	1121	1294	1468	1641	1814	1988
15	87	260	433	607	780	953	1127	1300	1473	1647	1820	1993
16	92	266	439	612	786	959	1132	1306	1479	1652	1826	1999
17	98	272	445	618	792	965	1138	1312	1485	1658	1832	2005
18	104	277	451	624	797	971	1144	1317	1491	1664	1837	2011
19	110	283	456	630	803	976	1150	1323	1496	1670	1843	2016
20	116	289	462	636	809	982	1156	1329	1502	1676	1849	2022
21	121	295	468	641	815	988	1161	1335	1508	1681	1855	2028
22	127	300	474	647	820	994	1167	1340	1514	1687	1860	2034
23	133	306	480	653	826	1000	1173	1346	1520	1693	1866	2040
24	139	312	485	659	832	1005	1179	1352	1525	1699	1872	2045
25	144	318	491	664	838	1011	1184	1358	1531	1704	1878	2051
26	150	324	497	670	844	1017	1190	1364	1537	1710	1884	2057
27	156	329	503	676	849	1023	1196	1369	1543	1716	1889	2063
28	162	335	508	682	855	1028	1202	1375	1548	1722	1895	2068
29	168	341	514	688	861	1034	1208	1381	1554	1728	1901	2074

Amendments To The Funds Rules and Regulations

4.25 Early Retirement Bonus.

(1) **General Requirements.** Every member of the Fund shall be eligible for the bonus equal to 30% of the annual salary of the member pursuant to P.L. 8-30. General requirements for eligibility to elect and receive the bonus are as follows:

(a) Employees, except those specifically exempted by law, who have 20 or more years of vesting service credit with the NMI Retirement Fund on October 1, 1993 must elect to receive the bonus and retire within 90 days of October 1, 1993.

(b) Employees, except those specifically exempted by law, must elect and retire within 90 days of attaining 20 years of vesting service with the NMI Retirement Fund.

(c) Any member of the NMI Retirement Fund who is occupying an exempted position will be eligible for the bonus only upon attaining at least 20 years of vesting service with the NMI Retirement Fund and who elects to retire.

(d) Any employee who did not make the election and retire within 90 days of becoming eligible for the bonus, and who instead converts into a position or status which is exempted from making the immediate election to receive the bonus, is deemed to have waived his/her eligibility for the bonus.

(e) Any employee who, during the 90-day eligibility period, converts to a position not requiring an immediate election will continue to be eligible until the expiration of the 90 days. If such an employee fails to elect during the eligibility period and the employee continues to be employed, he/she is deemed to have waived the eligibility for the bonus.

(d) Any employee, except those exempted by law, who fails to elect and retire within 90 days of becoming eligible for the early retirement bonus shall forfeit the bonus.

(2) **Specific Election Requirements.** To receive the bonus, election must be made as follows:

(a) Any employee whose position is classified by the Civil Service Commission and has attained or upon attainment of 20 years of vesting service, must elect and retire within 90 days.

(b) Excepted service employees or employees who are under an employment contract and who have attained 20 years of vesting service, must elect and retire within 90 days of the expiration of the employment contract, or if renewed, within 90 days of the expiration of any renewed contract, or any subsequent new contract.

(c) Any elected official, or any department director appointed by the governor, or any special assistant to the governor, who has attained at least 20 years of vesting service, may elect and receive the bonus in December and retires on the expiration of his/her term of office in January of the following year.

(d) Employees appointed by elected officials who have attained 20 years of vesting service, may elect and retire within 90 days of the expiration of the term of the appointing elected official.

Amendments To The Funds Rules and Regulations

(e) For teachers, nurses, doctors or attorneys for the government and who have attained 20 years of vesting service, may, at anytime, elect to receive the bonus and retire.

(3) For purposes of eligibility for the 30% bonus, 20 years of vesting service shall consist of the following:

(a) Actual membership service.

(b) Credited prior service. Prior service that has not been credited or has not been fully paid will not be counted until it is fully paid and credited, except when the member elects to retire prior to full settlement.

(c) Certified overtime or compensatory time.

(4) Vesting service for education and military service shall not be included in the determination of bonus eligibility until the employee elects to retire. Sick leave balance will also be considered only at the time the employee elects to retire.

4.26 Procedure For Certification of Lack of Funds.

(1) Procedure to certify to the Administrator with respect to the lack of funds to pay for the 30% bonus is as follows:

(a) Employees within the executive, legislative and judiciary branches including federal programs and agencies whose payroll are processed and paid by the Director of Finance must be certified by the person with expenditure authority, concurred by the Director of Finance and the Special Assistant for Planning and Budget.

(b) Employees within the autonomous agencies whose payroll is processed and paid by such autonomous agencies must be certified by the head of the autonomous agency, concurred by its financial officer and approved by the respective Chairman of the Board or Commission.

4.27 Basis For The Payment of Bonus; Withholdings

(1) The 30% early retirement bonus shall be based on the lower of the annual salary received during the last 12 months consisting of 26 pay periods immediately preceding the date of retirement; or, the annual salary stated in the most recent personnel action.

(2) The early retirement bonus is subject to withholding for retirement fund contribution and all applicable taxes.

4.28 Reemployment After Bonus Was Received

(1) Any employee who retires pursuant to Public Law 8-30 and later returns to government service in any of the exempted positions must return all bonus received to the NMI Retirement Fund. The repayment shall be either lump sum or through payroll deduction as approved by the Administrator of the NMI Retirement Fund. The Administrator shall, on a monthly basis, remit all collections of repaid bonus to the Director of Finance, less any bonus amount paid by the Fund which remains unreimbursed by the government.

(2) Retirees prior to October 1, 1993, who subsequently return to government service on or after the effective date of Public Law 8-30 are not eligible for the early retirement bonus of 30%.

Amendments To The Funds Rules and Regulations

Section 3. Repealer. Section 4.3, entitled "Reemployment and Double Dipping", of the Fund's Administrative Rules and Regulations is hereby repealed in its entirety.

Section 4. Repealer And Reenactment. Part 6 of the Fund's Administrative Rules and Regulations is hereby repealed in its entirety and the Trustees hereby promulgates a new Part 6 to read as follows:

"PART 6. Other Benefits.

6.1 Cost of Living Allowance (COLA).

(1) All Class I, Class II and surviving spouses in receipt of benefit from the NMI Retirement Fund will have their annuity adjusted for COLA beginning January 1, and thereafter based on the following criteria:

(a) Those annuitants who are 55 years of age or older on January 1, 1994 will receive a COLA on January 1, 1994.

(b) Thereafter, annuitants turning 55 years of age during the year will receive their COLA on January 1 of the following year.

(2) The COLA rate will be adopted by the Board of Trustees which shall be that rate used for the beneficiaries of the United States Social Security System but not less than 2% per annum. Once the Board of Trustees adopts the COLA rate, it will be the same rate applied throughout the year (January to December of the same year).

(3) The COLA rate will be applied to the benefits based on compound interest formula.

6.2 Life Insurance Contributions and Level of Coverage.

(1) Persons in receipt of service or age retirement annuity shall have the option to elect, on a form prescribed by the Board of Trustees, to receive the same level of life insurance coverage in force at the time of their retirement. Premium for the excess coverage (amount in excess of what is presently being made available by the government insurance carrier for retirees) is subject to the current prevailing rate for an active government employee or as established by the Board of Trustees based on the prevailing rate for retirees.

(2) The premium cost shall be equally shared by the retiree and the NMI Retirement Fund for coverage period beginning October 1, 1993. However, if coverage is made retroactive to the date of retirement (prior to October 1, 1993), the one time cost of premium will be paid solely by the NMI Retirement Fund.

(3) The retroactive effective date does not apply to deceased annuitant's estate or cause added benefits to be paid to survivors of deceased annuitants.

(4) In the event the existing government life insurance carrier does not consent to provide the additional life insurance coverage, the Board of Trustees will establish a Life Insurance Trust Fund to meet the requirement of the law.

Amendments To The Funds Rules and Regulations

(5) A retiree who did not carry life insurance coverage immediately prior to retirement shall not be eligible for the option described in subsection (1) of this section.

6.3 Health Insurance Contributions.

(1) Recipients of service retirement and surviving spouse annuity shall be entitled to elect for health insurance coverage. Effective October 1, 1993, the NMI Retirement Fund will share the cost of health insurance premium equal to 52% of the total cost based on the premium under the Government Health Insurance Plan.

(2) The contribution of the NMI Retirement Fund to other health insurance plans shall be equal to the amount it pays under the Government Health Insurance Plan.

For example: If the NMI Retirement Fund pays \$15.00 for a family health insurance coverage under the Government Health Insurance Plan, it will only contribute \$15.00 for a family health insurance coverage under any other plan.

6.4 Survivor's Benefits Upon Death of a Terminated Vested Member

(1) Upon the death of a vested member who has separated from government service and leaving his/her retirement contribution with the Fund, the surviving spouse and children shall be entitled to survivors benefits pursuant to 1 CMC Section 8353, as amended by Public Law 8-31, if the terminated vested member is a Class II member; and if the terminated vested member is a Class I member, the survivors benefit shall be pursuant to 1 CMC 8351, as amended by Public Law 8-31."

PART III. EFFECTIVE DATE

These amendments to the Fund's Administrative Rules and Regulations shall be effective in accordance with the Administrative Procedure Act at 1 CMC 9101, *et. seq.*

DULY ADOPTED BY THE BOARD OF TRUSTEES ON Nov. 24, 1993.



MICHAEL A. WHITE
Chairman



NORTHERN MARIANA ISLANDS RETIREMENT FUND

P.O. Box 1247 • Saipan MP 96950
Tel: (670) 234-7228 • Fax: (670) 234-9624

Tomas B. Aldan
Administrator

Edward H. Mangiona
Deputy Administrator

NOTICE OF THE ADOPTED AMENDMENTS TO THE MEMBER HOME LOAN PROGRAM REGULATIONS

The Board of Trustees of the Northern Mariana Islands Retirement Fund hereby notifies the general public that it has amended the Member Home Loan Program Regulations as published in Volume 11, No. 6, dated June 15, 1989, and as amended in Volume 12, No. 3, dated March 15, 1990, and amended in Volume 13, No. 4, dated April 15, 1991, and further amended in Volume 15, No. 3, dated March 15, 1993, of the Commonwealth Register.

Dated this 14th day of November, 1993.



Michael A. White
Chairman
Board of Trustees
NMI Retirement Fund



Tomas B. Aldan
Administrator
NMI Retirement Fund



NORTHERN MARIANA ISLANDS RETIREMENT FUND

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Tomas B. Aldan
Administrator

Edward H. Manglona
Deputy Administrator

NOTICIA POT I MA ADOPTA NA AMENDASION I REGULASION YAN AREKLAMENTO I MEMBER HOME LOAN PROGRAM

I Board of Trustees, NMI Retirement Fund, man nanae noticia para i publico na ma propone tinilaika gi regulasion i Member Home Loan Program anai i ma publika gi Volume 11, No. 6, Junio 6, 1989, ya ma amenda gi Volume 12, No. 3, Matso 15, 1990, ya ma amenda gi Volume 13, No. 4, Abrit 15, 1991, ya ma amenda talo gi Volume 15, No. 3, gi Matso 15, 1993, Commonwealth Register.

Mafecha gi dia 24th Novembre, 1993.

Michael A. White
Chairman
Board of Trustees
NMI Retirement Fund

Tomas B. Aldan
Administradot
NMI Retirement Fund



NORTHERN MARIANA ISLANDS RETIREMENT FUND

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Tomas B. Aldan
Administrator

Edward H. Manglona
Deputy Administrator

NORTHERN MARIANA ISLANDS RETIREMENT FUND ADOPTED AMENDMENT TO THE MEMBER HOME LOAN PROGRAM REGULATIONS

The Board of Trustees of the NMI Retirement Fund hereby proposes to amend the Member Home Loan Program Regulations as published in the Commonwealth Register in Volume 11, No. 06, dated June 15, 1989, and as amended in Volume 12, No. 03, dated March 15, 1990, and as amended in Volume 13, No. 04, dated April 15, 1991, and as amended in Volume 13, No. 10, dated October 15, 1991 and as further amended in Volume 15, No. 03, dated March 15, 1993.

PART I. AUTHORITY

1. These proposed amendments have been adopted by the Board of Trustees by virtue of the authority provided under 1 CMC 8315(f), and the Administrative Procedures Act, at 1 CMC 9101, et. seq.

PART II. AMENDMENTS

Having been duly adopted by the Board of Trustees, the Member Home Loan Program Regulations are hereby amended as follows:

1. Part 3, Subsection 3.1(j) is hereby repealed in its entirety and re-adopted to read as follows:

"j. "Home improvement" means a major physical addition made to a principal home situated on improved real property, which upon completion, will substantially add to the life and value of the property. For purposes of the member home loan program, home improvement only includes the renovation of the principal home, in whole or in part, the addition of a bedroom, bathroom, a kitchen, a living room, a change from tin roofing to concrete roofing, or any combination thereof."

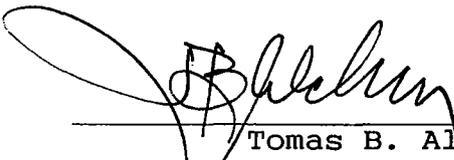
PART III. EFFECTIVE DATE

The effective date of these proposed amendments shall be pursuant to 1 CMC 9105(b).

Adopted as proposed amendments to the Member Home Loan Program Regulations by the Board of Trustees this 24th day of November, 1993.



Michael A. White
Chairman, Board of Trustees



Tomas B. Aldan
Administrator



NORTHERN MARIANA ISLANDS RETIREMENT FUND

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Tomas B. Aldan
Administrator

Edward H. Manglona
Deputy Administrator

CERTIFICATION OF THE AMENDMENTS REGARDING THE MEMBER HOME LOAN PROGRAM REGULATIONS

I, Tomas B. Aldan, the Administrator of the NMI Retirement Fund which is promulgating the Amendments regarding the Member Home Loan Program Regulations published in the Commonwealth Register on September 15, 1993, at pages 10830 to 10832, by signature below, hereby certify that the published Amendments are a true, complete and correct copy of the Amendments formally adopted by the Board of Trustees, NMI Retirement Fund.

I further request and direct that this Certification be published in the Commonwealth Register and then be attached by both the Office of the Registrar of Corporations and Offices of the Governor to the Amendment referenced above. I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on the 24th day of November, 1993 at Saipan, Commonwealth of the Northern Mariana Islands.

A handwritten signature of Tomas B. Aldan in black ink, written over a horizontal line.

Tomas B. Aldan
Administrator

Filed by:

A handwritten signature of Soledad B. Sasamoto in black ink, written over a horizontal line.

Soledad B. Sasamoto
Registrar of Crporations

A handwritten signature of Donna Cruz in black ink, written over a horizontal line.

Donna Cruz
Office of the Governor

OFFICE OF THE DIRECTOR OF BANKING
DEPARTMENT OF COMMERCE AND LABOR
FIRST FLOOR, ADMINISTRATION BUILDING, CAPITOL HILL
SAIPAN, MP 96950

FIFTH
ANNUAL REPORT
OF
THE DIRECTOR OF BANKING
FOR CALENDAR YEAR
ENDING DECEMBER 31,1992

JOAQUIN S. TORRES
Director of Banking

Prepared by Banking and Insurance Section

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The Honorable Lorenzo I. De Leon Guerrero

and

The Honorable Members of the Legislature

This annual report is prepared by the staff of the Banking and Insurance Section, Office of the Director, Director of Banking, Department of Commerce and Labor.

4 CMC Division 6 Section 6116. Annual Report requires the Director "to report to the Governor and the Legislature within 60 days after the end of each fiscal year." The report includes a summary of significant events in the banking industry since the previous report, consolidated statements, and a statement of the most recent reported condition of each bank. The Director has also included recommendations for banking legislation, a proposal to improve the function and operation of the Banking and Insurance Section, and procedural requirements, policy statements, and listing of concerns for and on all types of financial institutions doing business in the Northern Mariana Islands.

The Commonwealth Banking Act of 1984 has had only one amendment since its enactment. Our records show that the following House and Senate bills have been introduced since then:

- 1) House Bill 5-10, H.B.6-7, H.B.7-246 and Senate Bill 8-99 were titled Commonwealth Banking Acts and sought comprehensive banking amendments;
- 2) House Bill 7-223, H.B.8-104, and Senate Bill 8-88 called for the repeal of the 51% resident ownership requirement which was perceived to have prevented the entry of several banks to CNMI market;
- 3) House Bill 7-262 and H.B.8-45 attempted to amend Section 6215, providing for exemption of CNMI chartered banks from deposit insurance requirements; and
- 4) House Bill 8-214 called for the repeal of all offshore bank provisions and provide capital structure for CNMI banks.

Only S.B.8-88 became law, (Public Law 8-3) repealing the 51% resident ownership requirement of all banks in the CNMI.

PART A. SUMMARY OF SIGNIFICANT EVENTS IN 1992

I. Bank of Saipan vs. Guam Savings and Loan Association and Director of Banking.

Bank of Saipan filed a lawsuit against Guam Savings and Loan Association and the Director of Banking for an alleged violation of 4 CMC Div 6 Section 6205. The lawsuit stated that banks doing business in the CNMI, other than those state branches grandfathered by the 1984 Act, must be 51% owned by residents of the CNMI. The Director of Banking granted a license to Guam Savings and Loan Association when the association met all the application and banking requirements, including Section 6205 which provided a separate language for all state banks. The Superior Court issued a summary judgement in favor of Guam Savings and Loan Association and the Director of Banking. Bank of Saipan appealed to the CNMI Supreme Court and then withdrew its appeal when the Legislature and the Governor repealed Section 6205.

II. Repeal of 4 CMC Division 6 Section 6205. 4 CMC Division 6 Section 6205 had language requiring new banks to be 51% owned by residents of the CNMI. The Director of Banking read the Section to apply only to newly incorporated CNMI Chartered banks and not to state banks. However, the section had prevented several foreign banks from doing business in the CNMI, and the Director sought repeal of the section. Public Law 8-3 effectively repealed Section 6205 thus allowing entry of foreign banks with assets of \$100 billion or more. Hongkong and Shanghai Bank Corporation then expressed desire to do business in the CNMI.

III. First American Bank, Limited. This entity was an offshore bank licensed in the early 1980's by the Director of Banking. Since 1990, administrative orders had been issued against the bank's owner by the Director of Banking with the assistance of the Attorney General, as a result of the conviction of the bank owner on tax evasion charges in Georgia.

An arrangement between the bank owner and the Director of Banking was reached in 1991, requiring that the bank liquidate in a period of eighteen months. However, this was not accomplished and our Office conditioned and limited the license to June of 1992; the bank was not to be granted any license extensions thereafter. As of March of 1992, the US Securities and Exchange Commission (SEC) ordered the bank to be put under receivership. Our only report from the receiver indicated liabilities of about 25 million dollars.

Then Senator Al Gore initiated queries on a complaint received from one client in Mexico; companies in Canada called our Office regarding positions the government maintained on the offshore bank, and whether a class action lawsuit would be proper against the bank or against the government of the CNMI; the State of Alaska initiated orders against the bank on activities involving the bank's sale of annuities in that state. This offshore bank is no longer licensed by our Office, and as of May 1993 the corporation was dissolved.

- IV. Commonwealth Limited, Inc. This company, dba Pacific Rim Bank, submitted an application to do business as an offshore bank. Background and financial investigations were incomplete and certain documents revealed information contrary to information submitted in the application. Pressure from government officials and private individuals to issue a license were received by our Office and dealt with accordingly. However, an affidavit was produced by the applicant which was accepted and warranted approval of the application with conditions by the Director. Investigations continued and in November, findings were considered complete and the license was revoked. An Administrative Hearing was conducted with the assistance of the Office of the Attorney General and by the former Honorable Judge Hefner. Revocation was confirmed and an order to put the bank under receivership was issued; court proceedings on receivership and on criminal charges are ongoing.
- V. United States Territories Bank and Trust. Inquiries were received earlier in the year regarding the Charter of the bank. Mr. Kenneth Appleby, owner, and a buyer visited our Office and submitted a proposal to reinstate the Charter and license of the bank. The Director of Banking had made a determination that banks put under a receiver shall not be allowed to reinstate the charter nor obtain a bank license. This policy statement is included under listing of policies in Part B, No. 2 of this report. The Director of Banking has submitted a final accounting of all assets to the Office of the Attorney General and has requested that the Office file for the termination of receivership.
- VI. State Bank Branches Separate Audit and Financial Statements. Only in 1992 did state banks come to comply with the 4 CMC Div. 6 Section 6411 requirement. Prior to this enforcement state banks' branches were never separately audited, nor did branches submit separate reports. The separate audits were conducted by the banks' independent auditors and separate reports were submitted to the Director of Banking in 1992.

Objections were raised regarding additional costs, inability to allocate capital to Saipan branches, and the insignificance of separate audits since the consolidated financial statements should have taken into account all of the branches' financial activities, thereby making a separate audit an unnecessary burden.

The following findings arose out of this enforcement:

- 1) Certain audits are performed in accordance to generally accepted accounting principles, even without the allocation of capital to the branches.
- 2) One audit showed significant departure from GAAP.
- 3) The auditors and the branches are subject to and should be keen to the laws of the CNMI, if the audit was performed at the branch and not at the head office.
- 4) Certain banks do not allocate income earned from deposits originating in the CNMI; none allocate expenses incurred for investments of such funds.
- 5) A question was raised whether such banks should comply with the \$500,000 capital requirement mandated by the Banking Code. Our Office responded that such branches are not separate legal entities and therefore are not subject to separate capitalization. A suggestion was brought up that perhaps the Director of Banking should impose on all state bank branches a scheme to require branches to put up security deposits equivalent to the capitalization required of CNMI banks in lieu of allocated capitalization. The rationale behind the scheme is based on the perceived lack of access to any assets of the bank by the Director, should there be a bank failure.
- 6) A regular annual branch audit should help the Head Office monitor business performance of the branch and its compliance with local banking laws; and
- 7) There is a desire at the branch level to amend this audit requirement and allow only head office reports.

Concerns about the independent annual audit requirements are also noted under the listing of concerns of this report, Part B No. 2.

- VII. Complaints. Only four complaints were received by our Office in 1992, involving bank failure to transfer funds abroad, a bank's right to offset deposit accounts to an overdue loan, and a report of an unlicensed remittance. All four complaints were resolved with our assistance and interference.

A procedure to handle complaints is incorporated under No. 8 of the listing of procedural requirements, Part B of this report.

- VIII. Bank Examination and Special Audit. The Director of Banking conducted bank examinations and special audits on the two local banks. Findings were assessed, recommendations and determinations were produced by our Office with the assistance of the Public Auditor.

- IX. Bank of Hawaii. An automated teller machine (ATM) was installed at the Nauru building in Susupe.

The Puerto Rico main branch application was approved by our Office. The Puerto Rico branch will give Bank of Hawaii a second facility in the Northern Mariana Islands. It is anticipated the branch will open in December of 1993.

- X. Bank of Guam. The San Roque Tropical Plaza branch application was approved by our Office. The San Roque branch gives Bank of Guam its fifth branch facility in the Northern Mariana Islands.

- XI. Marianas Bank. Young J. Oh and Moses Quitugua acquired Marianas Bank through outright sale of stock from Shinji Inoue, Ikuo Yoshizawa, Benigno Sablan and Jack P. Villanueva in August of 1992.

The bank's name was changed to City Trust Bank and authorized shares were increased to 3,500,000 shares. The new bank owners were furnished a copy of the examination recommending improvements for operations.

Officers were elected as follows:

Pete A. Tenorio was elected President/Treasurer
Young J. Oh, Secretary
Moses B. Quitugua, Vice President
Luis P. Crisostomo, Director
Frank Tomokane, Director

- XII. Century Finance Company, an affiliate of L&T was granted a license to engage in the consumer financing business.

- XIII. Foreign Currency Exchange Amended Rules and Regulations were published in the Commonwealth Register, Vol.15 No.01 January 15, 1993.

- XIV. Deputy Director for Banking attended the 25th Annual Board of Governors Meeting of the Asian Development Bank in Hong Kong.

PART B. BANK PERFORMANCE ANALYSES

- I. Capital. State branch banks do not allocate capital to their Saipan branches. The branches are integral components of the entire bank network, therefore capital analysis cannot be performed at the branch level.

CNMI chartered banks are the only institutions providing information on capital accounts. The statements of condition of each bank show a consolidated composition of 12.3% of capital to total assets. In 1991, this ratio was 8.6%. The increase from the previous year is due in part to a decline in consolidated assets and earnings.

This analysis does not account for deficiencies in loan asset quality, which might significantly lower the capital to asset ratio.

- II. Assets. Total assets declined from \$488.9 million at the end of 1991 to \$438.3 million in 1992 year end. The decline is due to massive reductions in the "Due from Head Office" account.

Total loans increased from the previous year from \$148.7 million to \$160.6 million. Most of the increase occurred in consumer loans, however, commercial loans make up 50% of total loans. Consumer loans account for 44% of total loans, real estate 4%, and government agencies, the remaining 2%.

Real estate loans have reached the 1988 level of \$6.5 million after experiencing significant declines in the intervening years.

The ratio of loans to total deposits in 1990 was 26%; in 1991, it increased to 31%; by 1992 the loan percentage of total deposits increased to 37.4% mainly, because of the reduction in total deposits.

In 1991, the loans to deposits ratio, excluding government deposits, was at 40%. In 1992, this ratio increased to 49%, again, due primarily to a decrease in private deposits.

In 1990 and 1991 cash and cash items made up about 3% of total assets. 1992, saw a drop to about 2%. As a percentage to demand deposit (the measure for business activity), cash to demand deposit in 1990 and 1991 was 9.9% for both years. In 1992 this ratio declined to 8.3%

III. Liabilities. A slow growth in total deposits has been evident since 1990, but in 1992 a significant decline occurred. Private deposits experienced the severest decline between 1991 and 1992, from \$370 million to \$328 million.

Private savings deposits increased significantly in contrast to declines in demand and time deposits. Private savings deposits make up 36% of total deposits. Total government deposits make up 24% of all deposits. Private demand deposits and time deposits have steadily decreased since 1990. Private demand deposits make up 21% of total deposits, and time deposits account for 19%.

PART C. PROCEDURAL REQUIREMENTS, POLICY STATEMENTS, AND CONCERNS

I. PROCEDURAL REQUIREMENTS. The Director intends to establish standard operating procedures, and by reference herein adopts and institutes procedures on several items. Attached as appendices to this report are forms, opinions and instructions.

- 1) Applications for retail bank license, offshore bank, foreign banks, state chartered banks wishing to establish branches in the CNMI, CNMI chartered banks initial applications, renewals, and applications for additional branches. Appendices A1 to A4
- 2) Applications for finance companies, trust companies, investments and securities firms, broker-dealer and agents. Appendices B1 to B3
- 3) Mergers, consolidations, and significant events
 - a) Sale of Stocks. Notifications should be given to the Director,
 - b) Administrative Procedures. Assistance from Attorney General should be sought.
 - c) Revocation of License. Assistance from Attorney General should be sought. Orders, findings and determinations must be compiled by the Director before entering into any administrative action.
 - d) Receivership. Direct Attorney General to notify court of intent.
 - e) Court Proceedings. Assistance from Attorney General should be sought.

The events encountered with Marine Merchant Bank, Marianas Bank, City Trust Bank, First American Bank, Ltd., United States Territories Bank & Trust, Commonwealth Limited, Inc. dba Pacific Rim Bank, and other offshore banks provide sufficient background on how to handle such events. Currently, there are no set procedures. However, procedures should be formulated, and rules and regulations should be promulgated.

- 4) Independent Certified Public Accountant Audits on State Banks Branches:
 - a) Auditors must be verified and accepted by the Director.

- b) Generally Accepted Accounting Principles audit performance is required. "Special-purpose" audits will not be accepted.
- c) Disclosure/Publication. 4 CMC Div. 6 Section 6452

The recently enforced provision of the Banking Act brought about problems and concerns and necessitates the incorporation of procedures.

Appendices C1 to C3 are attached detailing responses to concerns, and procedures.

- 5) Examinations:
 - a) CNMI Chartered Banks. Examinations should be conducted annually.
 - b) FDIC Examination Reports for FDIC insured banks. Examinations reports are requested from FDIC San Francisco Regional Office.

The details of examination procedures are included in the various reports, proposals, and examinations which were conducted and are separate from this report. Examination reports are confidential and are not to be disclosed to the public. Law enforcement officers, bank board of directors, and the Director of Banking are accorded access to the examination reports conducted by the Director of Banking. Standard operating procedures will be formulated and put in writing. The Office has made it a priority to promulgate rules and regulations on examination powers of the Director.

- 6) Quarterly Reports by all banks. The quarterly report forms are required to be filled in and submitted by all banks within 30 days after the last day of each quarter. Facsimiles are acceptable. All forms must be signed by a bank officer. The form is labeled Appendix D. Consolidated financial statements are prepared by the Banking and Insurance Section and should be reported to the Division of Statistics and to the Planning and Budget Office within 60 days after each quarter.
- 7) Payment of fees. All application forms or amendments must first obtain the review and approval of the Special Assistant for Insurance, the Administrative Specialist, or the Deputy Director for Banking. A payment slip is attached to the application bearing date, applicant's name, amount, type of account, and approval of the above Banking and Insurance staff. See Appendix E

- 8) Complaints. Although it is not the responsibility of the Director of Banking to resolve consumer complaints, the Director, nevertheless, entertains and attempts to resolve complaints filed with him. Appendices F1 to F2 describe in detail the procedures involved in handling a complaint. An opinion from the Office of the Attorney General is incorporated as an additional attachment.
- 9) Public information of files with the Director of Banking. A listing of documents and information held by the Banking and Insurance Section is attached as Appendix G and confidential portions are noted.
- 10) Apparent Crime Reports should be filed with the Director of Banking immediately upon filing with appropriate agencies. The Director maintains the report as confidential information. This requirement is in accordance with Section 353 of the FDIC Regulation. All banks are hereby notified of this requirement.
- 11) Communication. Each bank is required by the Director to provide a listing of bank officers with telephone numbers. Guam offices or main office numbers must also be provided with names to contact in case of emergency.
- 12) Foreign Currency Exchange. Established and published rules and regulations set out procedures on the application process and on all requirements and concerns for foreign currency exchange businesses.

The Director of Finance is urged to review Section 19 of the regulation which permits the Director of Banking to use funds collected as fees for enforcement of the regulations, and to request the Director of Finance to provide procedures as to how funds can be availed.

II. POLICY STATEMENTS

- 1) Banks chartered by the CNMI prior to 1984 (except for Bank of Saipan, City Trust Bank, and United States Territories Bank and Trust) were all dissolved by the Registrar of Corporations as of May 20, 1993. These banks are: Colonial Bank of Commerce, Ltd., Commercial Bank of the Americas, Ltd., Consolidated Bank & Trust Corporation, First American Bank Ltd., First American Bank of Commerce, Ltd., Franklin Banking Corporation, Inc., Global Bank & Trust Co., Ltd., International Bank of Marianas, Inc., Island Bank of Commerce, Ltd., Kingly Bank, Ltd., Mid-Pacific, Inc., Pacific Bank of Commerce, Ltd., Republic Bank & Trust Co., Ltd., United World Bank of Commerce, Ltd.

Banks not listed but which received a CNMI charter prior to 1984, or a CNMI charter in 1984 and prior to December 1992, are not qualified to be licensed by the Director of Banking.

- 2) Banks placed under receiver by an order of a court shall cause the Director of Banking to pursue dissolution of charter, thus barring such entity from any attempt to obtain a future bank license. Any attempt to reinstate a charter or a license shall be just cause for the Director of Banking to deny such request.
- 3) An opinion from the Office of the Attorney General dated 06/19/90 regarding Federal Deposit Insurance was forwarded to our Office. Relevant excerpts are as follows:

4 CMC §6215. Except for those banks covered by §6216, a Commonwealth bank which is also a retail bank shall obtain insurance on its deposits by the United States or any agency thereof prior to conducting any banking business and may acquire and hold membership in the Federal Reserve System.

Section 6216(a) exempts banks engaging in banking business on the effective date of the Banking Act from the requirement to obtain deposit insurance.

Section 6216(b) provides: "If the Director certifies that Commonwealth Government or private depositor insurance or bonding is available to the Commonwealth banks, they shall obtain the bonding or insurance within six months of such certification..."

It is evident that FDIC and FSLIC deposit insurance are available to any bank doing business in the Commonwealth. All retail banks, except for Marine Merchant Bank (now City Trust Bank) and Bank of Saipan have deposit insurance.

There is no Commonwealth Government insurance for deposits. A recommendation was received that a collaboration between the CNMI Government with the banking industry or insurance companies could be worked out to provide deposit insurance service to the two non- FDIC local banks. This type of system would bring about more stability and promote public confidence in the banking industry.

In addition to the two local banks, there are now finance companies which sell corporate or investment notes which are, nonetheless, similar to deposits and are not insured. These entities should also be accorded such deposit insurance services.

It is anticipated that there will be disagreements over the definition of "private depositor insurance." The Director of Banking accepts a definition which denotes "private depositor insurance" to an institution insuring private deposits. FDIC is an institution insuring private deposits. This definition qualifies the Federal Deposit Insurance Corporation to insure deposits at the two local banks.

However, it may be argued that the FDIC is not a private institution and does not fall within the definition.

The Director of Banking in 1984 did not consider certifying the availability of deposit insurance. The publication of this opinion is to notify the affected banks and finance companies that the Director of Banking intends to produce such certification and affected banks and finance companies should "put their affairs in order... to meet requirements for deposit insurance."

- 4) Trust Business. It is determined by the Director of Banking that under 4 CMC Div.6 Section 6531, trust companies are not incorporated in the CNMI, nor are they separate and independent from banking entities. Only banks may conduct trust business in the Commonwealth. Hawaiian Trust Company, Ltd. and Bishop Trust Company, Ltd. are the only two trust companies admitted and licensed to do business in the CNMI.

Applicants seeking to incorporate a trust company or form a trust company are hereby instructed of this policy determination. A trust entity cannot be independently incorporated nor operate separately from a bank.

Applicants filing appeals and protests to this policy are directed to the Office of the Attorney General.

- 5) Finance companies selling investment notes and certificates are instructed not to use the term "deposits," "certificate of deposits" or any language indicating that deposits are accepted at the institution.

Isla Financial Services and Pacific Financial Corporation are the only finance companies authorized by the Director to accept liabilities in the form of investment notes or similar debt instruments.

The following asset composition is suggested as acceptable structure by the Director of Banking:

- a) Receivables or loans shall always exceed funds collected from sales of corporate notes by more than 30%. At most, 60 to 70 percent corporate notes to loans receivables ratio shall constitute acceptable composition;
- b) Affiliate companies' borrowings shall not be supported by notes sold to the public;

Forms, notes, certificates, informational materials must meet and comply with all CNMI and federal securities laws. A statement from the firm's legal counsel setting forth compliance to CNMI and applicable federal securities laws must be submitted to the Director of Banking.

- c) There are no Commonwealth Security Registration Laws. The Federal Security laws do apply in the Commonwealth of the Northern Mariana Islands; and
- d) Audited financial statements of the finance company and the parent company shall be submitted annually.

Finance companies are also instructed not to use the word "trust" in the name of their business.

- 6) Tinian and Rota. Applications for licenses for retail banks, offshore banks, investments and securities broker/dealers and agents, finance and trust companies, and foreign currency exchange business shall be forwarded to the Office of the Director of Banking. Review, recommendation, approval and denial and granting of licenses shall only be done at the Banking and Insurance Section, Office of the Director. Applications to open business in Rota, Tinian or anywhere in the Northern Marianas shall be processed by the Banking and Insurance Section. Concerns and discussions are enumerated in the proposal submitted as part of this report.

- 7) **Term Conditions On Licenses.** The Director of Banking is instituting a policy for new applicants and for those institutions already licensed to do business in the CNMI, placing a term limitation on the conditioning of a license. This policy parallels the intent of 4 CMC Div.6 Sections 6212, 6225 and 6226. The Director shall not extend or renew a license if the licensee has not obtained and equipped a place of business, or fails to commence business within three years after issuance of a license.

First Hawaiian Bank, Inc. and Hongkong and Shanghai Banking Corporation are currently affected by this policy and are urged to take note of this position.

- 8) **Branches. 4 CMC DIV.6 SECTION 6260. "Reciprocity".**
This provision applies to those state banks which are licensed in the Commonwealth, and desire to establish additional branches in the Commonwealth. It does not apply to banks seeking entry to the Commonwealth.
It further implies that only if a Commonwealth bank is seeking to "engage in branch banking in its territory..." should this "reciprocity" provision become operable.

At present, the Director is not aware of any Commonwealth bank seeking entry into any other jurisdiction, and therefore CNMI licensed state chartered banks are allowed to establish branches in the CNMI provided they meet all requirements.

- 9) **Automated Teller Machines (ATMs),** are for purposes of CNMI law, considered to be branches if the facility is to be located away from the premises of the branch or bank.
- 10) **Capitalization. CNMI Chartered Bank.** The Commonwealth Banking Code Section 6203 - Capital structure, requires a bank to have paid-in cash capital of not less than \$500,000 at all times. The Director of Banking has defined "paid-in cash" as total equity contributions. Furthermore, it is determined that banks must maintain a liquid net worth of \$500,000 at all times.
- 11) **Offshore Banking.** The Director of Banking has taken a policy position that the establishment of an offshore banking facility can only be accomplished by an entity involved in substantial international banking activity. In addition that entity must duly incorporate a separate offshore banking corporation solely for the business of offshore banking. No other person or entity is allowed to set up an initial corporation for this specific purpose. The offshore facility can only be a subsidiary of a well-established banking institution, and no other. The Director continues to request that the Legislature repeal all provisions dealing with offshore banks.

- 12) Dormant Accounts. It is the responsibility of each bank to adhere to the provisions of 4 CMC Div.6 Section 6513. Rules and regulations necessary to implement provisions of this section have not been promulgated; however, it remains the banks' responsibility to notify the Director of any account remaining inactive for ten (10) years.
- 13) Borrowing restrictions. Reference is made to Title 18 Section 212, US Code. Criminal Laws and Procedures of the FDIC Regulations, "offer of loans or gratuities to bank examiners." This section applies to all public examiners and assistant examiners (including state examiners) who examine insured financial institutions. In the event loans are or have been made to examiners, the examiner in question should be prohibited from examining the insured branches until the loans are paid off. The Deputy Director for Banking has been delegated by the Director to perform the examinations on all banks. This delegation effectively prohibits the Deputy Director from obtaining any type of loan from any of the FDIC insured banks. Furthermore, the Deputy Director for Banking is prohibited in procuring a loan from any licensed bank in the CNMI. Examiners shall also be subject to this prohibition.

III. CONCERNS:

- 1) The Director of Banking continues to be concerned with CNMI chartered banks' insider lending activities. The existing banking laws allow extensions of loans to insiders, provided the board of directors of the bank indicate their approval. The Director of Banking has witnessed several "near bank failures" as a result of excessive insider transactions involving extension of loans and overdrafts in demand deposits.

Regulation O of the Federal Deposit Insurance Regulations, regulates insider transaction. Only an amendment to the banking code could allow the adoption of certain applicable sections of Regulation O. The Director of Banking is recommending such an amendment to prohibit "insider transactions."

- 2) Audits of State Bank Branches by Independent Certified Accountants and Separate Audit Reports. It is the concern of the banks that such a provision ought to be repealed because of its additional cost burden. The Director does not desire any change on this requirement.

The Director is directing affected banks to have independent auditors perform audits in accordance to generally accepted accounting principles. "Special audits" are not acceptable reports.

- 3) **Branches.** In certain US states and US territories, limitations are imposed on the number of branches each bank may set up in a particular state or territory. This limitation is based on the belief that banks chartered in a particular state should be encouraged and given the widest range of opportunity to grow within its domiciled state. Competition is thus limited by statutes and regulations. The CNMI branching provision is believed to be quite relaxed and beneficial to the CNMI and allows for virtually unlimited branching opportunity, provided certain basic requirements are met.

Automated Teller Machines (ATMs) are considered branches in the CNMI.

The Director of Banking has proposed to limit the number of branches state banks are to be allowed in the CNMI, but would permit unlimited ATMs in the CNMI. This proposal is included in the Comprehensive Banking Amendment Proposals submitted to the 7th and 8th Legislature.

- 4) **Employees.** The Director of Banking is concerned with the practice of hiring nonresident workers in the financial industry. The Director proposes to prohibit the hiring of nonresident workers in this industry. The basis for this proposal is that the financial sector is an expanding industry and is not, in our opinion, a labor intensive industry but rather a capital intensive one. The financial industry requires a higher level of expertise and financial management skills. A survey conducted by our Office in 1991 showed that wages paid by banks for entry level ranged from \$4.00 to \$6.00 per hour.
- 5) **License Fees.** The Director of Banking continues to be concerned with the very low license fees assessed on banks, finance, trust, investments, insurance companies, and on the foreign currency exchange companies.

Since 1984, the statutory license fees for banks has remained fixed at \$1,000 annually, regardless of how many branches a bank has in the CNMI.

The Director of Banking has proposed, in his submission of the Comprehensive Banking proposal, a mechanism in which fees would be assessed through regulations which the Director would promulgate. This mechanism would allow the Director to measure market conditions and change fees accordingly through regulations. The proposal, attached to this report, attempts to illustrate a schedule of desired fees.

- 6) Training. The Director continues to request for funds to continue training staff on bank examinations. Our Office continues to receive the least attention when it comes to funding for training. The Department of Interior, Office of Territorial and International Affairs (OTIA) has funded two training programs for Bank Examination I and II, and has explicitly demanded and notified our Office that local sources should fund the remaining phases of the examination training schools. The attached proposal includes an automatic mechanism in which fees collected are allocated in a budget to fund annual training costs.
- 7) The Director of Banking continues to encourage banks to formulate and implement arrangements with some of the CNMI and federal government agencies involved in the extension of real estate and housing loans. The arrangement between Guam Savings and Loan Association and the Mariana Islands Housing Authority should be emulated by other banks and similar government agencies.

The Retirement Fund's Housing Program and the Commonwealth Development Authority are other potential sources of funds or investment funds for housing loans. The banks could act as servicing agents for such agencies, thus reducing government involvement in a program which could otherwise be accommodated by financial institutions.

- 8) Mortgage, Investment, Finance, Trust, Securities Companies, and Credit Unions.

These institutions, because of their business nature, are reviewed and licensed by the Director of Banking. However, there are no statutes mandating the Director to supervise or regulate such institutions. The Director included these institutions in his proposed amendments. The concern is that the Director may not have any authority to decide matters associated with these types of institutions. Nevertheless, the Director has formulated policies and instituted various procedural requirements for such entities.

- 9) The Director of Banking is concerned with satellite businesses which are not licensed in the CNMI, yet render and sell services to financial institutions in the CNMI. Of particular concern are the sale of credit information via electronic means, audit services by firms outside the CNMI, and check printing and other services done outside the CNMI.

- 10) Examinations. The Director of Banking shall not call upon the Office of the Public Auditor to conduct bank examinations. The Office of the Director of Banking is charged with the responsibility to do all audits and examinations of banks and to make determinations on the safety and soundness of each institution. There is no qualified auditor on the staff of the Director of Banking capable of examining a bank. The Deputy Director for Banking, with limited resources, would perform examinations; and upon completion and promulgation of rules and regulations on examinations hire independent auditors and initiate examinations on all banks.

The incorporation of significant events in 1992 and analyses of banks' performances has always been part of the annual report. Recommendations have also been included in the reports, but sparingly. The 1992 annual report attempts to include procedures, policy statements, and concerns. This compilation seeks to institute a coherent organization of what is currently practiced procedures, opinions and positions into actual policy statements, and concerns of which the Director holds and exercises. This is in line with our efforts to improve our regulatory supervision over all financial industry firms.

JOAQUIN S. TORRES, Director of Banking

This report is followed by a proposal from the Deputy Director for Banking to improve the Banking and Insurance Section's operations.

PROPOSAL

The Deputy Director for Banking proposes the following improvements for the Banking and Insurance Section at the Office of the Director of Commerce and Labor and Director of Banking.

At present, through delegation of authority, the Deputy Director for Banking reports directly to the Director of Banking who is also the Director of Commerce and Labor; the Deputy Director for Banking supervises the Special Assistant for Insurance Commissioner and Administrative Specialist. The Special Assistant for Insurance is delegated certain responsibilities by the Insurance Commissioner, who is the same as the Director of Commerce and Labor and Director of Banking.

The Office needs additional funds for staffs, training and annual membership meetings and conferences, transportation, expert legal assistance for the promulgation of rules and regulations, equipment and furniture, and subscriptions to relevant periodicals. These are but a few of our requests.

The Office has recently relocated to a more spacious office at the old Donni Hill apartment, thanks to the efforts of the Department's Deputy Director.

Work has increased over the years and the Office has remained as efficient as it could possibly be, but the number of employees in the Section has remained at three. Our Office has been requesting for two examiners and an assistant to the Administrative Specialist for several years. Moreover, additional responsibilities were to be added to either the Director of Banking or the Insurance Commissioner by legislation, such as the Mandatory Automobile Insurance Act, Workers' Compensation, and other similar bills.

The following factors contributed to the increase in work:

- A) A more stringent regulation on foreign currency exchange businesses resulted in increased supervision and enforcement. Our Office also verifies all receipts issued to customers sending money abroad. There has been an absolute increase in the number of licensees as dealers and as agents: in 1990, there were 24 foreign currency exchange dealers with 47 agents; in 1991, 28 dealers and 36 agents were licensed; in 1992, 27 dealers and 59 agents were licensed; and by 1993, 26 dealers and 75 agents were licensed. There is a drive to include all retailers accepting yen at the cash register under the Foreign Currency Exchange Rules and Regulations. This will allow the Director to assess how much yen is currently being traded or circulated in the Northern Mariana Islands.

B) There is continued and expanded supervision of all the banks in the CNMI. On several occasions, the Office of the Public Auditor was called in on an emergency basis to conduct audits on banks and insurance companies. Our Office does not have the time nor the expertise to continually audit all of these institutions, yet our laws require us to conduct the audits on a regular basis. We have attempted to hire outside auditors but the process involved in engaging an independent audit is time-consuming and costly and may not be allowable under the current law. Regulations may have to be promulgated to allow independent examiners, however, difficulties may still be expected. We have attempted to obtain reports which we can use in lieu of conducting the audits but the reports are not as comprehensive enough to meet requirement. The following listing of costs summarizes the expenses incurred to resolve problems associated with bank failures, audits, scams, and other problems:

1. Cost of Administrative Hearing on Commonwealth Limited dba Pacific Rim Bank, an offshore bank;
\$4,724,00 - Judicial Services, Plus
(JSP 212-119 statement)
2. Cost of bringing one government witness from outside the Northern Mariana Islands; \$2,101.00 (TA A 30412)
3. Time charges of audits by the Office of the Public Auditors on Commonwealth banks:
 - a) Bank of Saipan - one loan document, 70 hours;
 - b) Audit on Marianas Bank, Ltd.'s cash operation 117 hours; and
 - c) Financial condition audit on City Trust Bank 730 hours
4. Proposal to conduct audits on two CNMI chartered banks; (SGV - 4/15/93 facsimile) \$30,000
5. Costs incurred on FDIC Examiner Trainings on phases I and II. (TAs)
Examiner Training School I - two persons.. \$9,000.00
Examiner Training School II - one person... \$5,761.77
6. Independent legal counsel two weeks service: \$6,403.25

This office is proposing that the banking law be amended to allow the Director to hire independent auditors to do audits and provide funding for all audits, and requiring examined banks to reimburse Director for costs incurred.

Regulations may have to be promulgated, and it is hoped that hiring of independent examiners (auditors) may be allowed.

- C) Traffic of inquiries and correspondences has increased, yet to date our Office shares a telephone, fax, copy machine, and often times, certain supplies with the Statistics Division and other divisions of the Department. We are also requesting for an additional administrative staff. Our Office is now located at the old Donni Hill apartments and transportation is a burden. We are constantly demanded to enter into the facilities of the banks, insurance companies, foreign currency exchange companies and finance companies, and to the CNMI courts, to verify, inspect, resolve, do audits and examinations on the books, ledgers and other documents. We are burdened by the lack of readily accessible transportation; even to pick up our mail from the main office. We are forced to use our own cars and, when our personal cars are not available, we are disadvantaged and risk public safety if a bank should close. The Banking and Insurance Section staff will always have to request vehicles assigned to Labor staff which are often times not available. The vehicles assigned to this Department are also old and hazardous and the government is risking safety of this Department's employees.

Another problem, associated with lack of funding and attention to the Banking and Insurance Section is the inability of the Department to fund even the most simple of requests. As an example, it was recently required that we purchase two padlocks and two 3ft. long chains in order to be prepared for an institution failure. However, our Deputy Director had to use her own personal funds to purchase these, even though it was an emergency.

Funding should be provided to meet basic necessities. This includes having ready access to a vehicle.

The demands required of supervising the banks are overwhelming and a great burden is placed on our Office as we must continually regulate other industries with only one staff.

The public safety is being threatened by the lack of sufficient funding to have our Office provide a service required by the banking code.

- D) The task of writing up the rules and regulations of both the Banking Code and the Insurance Act has not even been initiated due to constraints on expertise in legal and financial aspects. The Deputy Director has attempted on several occasions to devote his energies to promulgating rules but is often times hindered by other administrative matters.

The Deputy Director believes rules and policies are possible if sufficient time is set aside. To accomplish this, the additional staff requested must be hired to conduct examinations and inspections, thus reserving the tasks of policy promulgating and decisions for the Deputy Director. The absence of rules and regulations will continue to hinder the ability of the Director of Banking in his enforcement of the banking law. The Deputy Director for Banking has identified areas of the law requiring rules and regulations but, as stated above, legal assistance, continuous training in banking, and time are necessary ingredients for promulgating sound and reasonable regulations. The Office attempted to retain the services of an attorney to assist the Director in promulgating rules and regulations, but cannot do so because of lack of funds.

- E) Our Office will continue to request for two examiners and an assistant to the Administrative Specialist. The two examiners will be required to do all audits on a continual basis on all banks, insurance companies, foreign currency exchange dealers and agents, finance companies, securities broker-dealers companies, and also perform other projects. The two examiners do not have to possess any audit experience; four (4) year college degree in any field would suffice. There will be on-site and off-island training, provided funds are available. A program within the Department could be established where by examiners could eventually move up in their careers. A contract with the Department for two-year or three-year periods could be instituted in which examiner could continue to improve and develop professionally, go through all the training which is necessary to obtain the skills of an examiner, and eventually decide on many career options, such as becoming a manager within any of the related banking and financial institutions. There are many possibilities once our Section is given the chance to enhance its role in the regulation of the financial industry. We believe a similar program would greatly benefit the residents of the Commonwealth and provide the business sector the skills for good financial managers. Examiners are an essential component in a well-functioning regulatory agency.

The following is an excerpt from the 1989 DC&L FY '89 Budget* which is still very true today and is incorporated here as part of this proposal.

Office of Banking and Insurance:

To understand the goals and objectives of the Bank and Insurance Examiners, one must know its purposes.

What are the purposes of bank or insurance examinations? Although many answers to this question could be given, several fundamental reasons can be identified.

The first relates to the maintenance of public confidence in the integrity of the banking system and on the individual banks. Such confidence is clearly essential because the system's customers serve as the source of funding, without which banks would be unable to meet their most fundamental objective of providing financial services. The existence of unhealthy or deteriorating conditions, which may threaten this integrity, should be disclosed through the examiner's evaluation of the bank's capital adequacy, asset quality, management, liquidity position, and earnings capacity.

Second, the periodic on-premise examination provides the best means of determining the bank's adherence to laws and regulations. Compliance with statutory and regulatory requirements should be given high priority by the Banking Director and the legislators.

Third, the examination process can help prevent problems situations from remaining uncorrected.

Finally, the examination supplies the Banking Director with an understanding of the nature, relative seriousness and ultimate cause of a bank's problems, and thus provides a factual foundation to soundly base corrective measures, recommendations and instructions. The examination thus plays a very key role in the supervisory process itself.

There are six (6) banks and thirty-five (35) insurance companies now operating in Saipan which are regulated by the Banking Code and the Insurance Code, respectively.

In order to properly implement both the Banking and Insurance Laws, we must start training our people for these positions. The Federal Deposit Insurance Corporation (FDIC) has an excellent training center in Arlington, Virginia, which trains Federal and State examiners. We have written to the FDIC whether we could participate on their FDIC/State Examiner Training Program. The FDIC/State Examiner Training Program is attached for your reference.

Estimated Cost Factors: For Assistant Examiner School I (3 weeks)

1. Per diem.....	\$112.00 X 23 days (2 days travel time) =	\$2,576.00
2. Lodging.....	\$55.00 X 21 days =	\$1,155.00
3. Tuition.....	\$250.00 =	\$ 250.00
4. Transportation.....	\$1,253.00 =	<u>\$1,253.00</u>
 Total Cost.....		 \$5,234.00

This investment will preclude us from hiring off-island in the future.

For the reasons of complexity and the magnitude of the responsibilities mandated by the Banking Act (P.L. 3-104), Insurance Act (P.L. 3-107) and the Foreign Currency Exchange Regulations (Commonwealth Register Vol. 9 No.4, April 15, 1987), we are here seeking for a favorable approval of this Committee to our request for the positions of Administrative Assistant and an Administrative Specialist. These new positions are essential administrative support to assist the Director of Banking in his delegation of authority given to the Deputy Director for Banking and the Special Assistant for the Insurance Commissioner. For the past three years, this office has made tremendous sacrifices in its efforts to serve the community of the financial sector. This sector has experienced tremendous growth and expansion since 1985.

Furthermore, we respectfully request this Committee to help us train our staffs to attend FDIC training in banking and NAIC training in insurance. This need to train capable staff is crucial, necessary and worthy investment as we have attempted to clarify above.

***NOTE: SOURCE 1989 FY ANNUAL BUDGET PROPOSAL PREPARED BY THE DIRECTOR OF COMMERCE AND LABOR IN 1989, MR JESUS R. SABLAN**

PROPOSALS

Training: Our Office has recognized two training institutions, the Federal Deposit Insurance Corporation's Examiners Schools and the US Graduate School of Agriculture (USDA Graduate School) both are in the Washington, D.C. area.

There are other possible training sources located in Asia and in the U.S. A Central Bank School situated in Bangkok trains Central Bank staffers in the region and the Asian Development Bank sponsors several training courses. The Bankers Association has a Pacific Coast Banking Institute in the Seattle area in Washington state. The National Association of Insurance Commissioners (NAIC) also provides training for members and nonmembers. It is ironic that both Banking and Insurance Laws require the Director of Banking and the Insurance Commissioner to enforce the Laws which require compliances to several federal and national standards and requirements, and yet the Offices are not accorded the means.

Our Office would be capable of funding training costs if an amendment is accepted by the legislature which would increase license and other fees on banks, and of which could allocate in the budget a certain percentage for the training of staff.

Fees could be collected on fines for noncompliance and examination costs. Licenses and applications fees, and other fees collected by the Banking and Insurance Section could be allocated in the annual budget. If license fees are increased as recommended in this proposal, the Banking and Insurance Section could generate annual revenue in excess of \$200,000. This figure would be more than sufficient to cover expenses for the three additional personnel hires. A rough approximation of annual expenses is as follows:

- 1) 2 Examiners at \$25,000 each..... = \$ 50,000
- 2) Administrative Assistant..... = \$ 18,000
- 3) Automobile Assigned to Banking & Insurance
one time, plus annual maintenance..... = \$ 25,000
- 4) Training: FDIC Examiners Schools..... = \$ 12,000
NAIC..... = \$ 5,000
USDAGS..... = \$ 13,000
- 5) Workshops, Conferences, and Annual Meetings... = \$ 15,000
- 6) Annual on-site visits to Guam's and the
State of Hawaii's Banking and Insurance
regulatory agencies..... = \$ 5,000

- 7) Installation of telephones, blinds, and additional two computer work stations, and a sign outside the building showing the location of the Banking and Insurance Section.....= \$ 7,000
 - 8) Additional working chairs, furniture, tables, and an enclosed conference room.....= \$ 2,000
 - 9) Subscriptions to Financial Times and other relevant periodicals.....= \$ 2,000
 - 10) Membership dues to NAIC and to other organizations.....= \$ 10,000
- Total expected expenses (rough estimates).....= \$164,000

Extensions of our responsibilities

At present, the Director of Banking is not legally authorized to issue licenses to the following financial institutions. However, due to the nature of the business activities, the Director is obligated to supervise, issue licenses, respond to concerns and address problems associated with such companies:

- 1) Securities Broker-Dealers and Agents
- 2) Trust Companies and corporations
- 3) Credit Unions
- 4) Finance Companies - both consumer loan oriented and deposit taking entities
- 5) Mortgage and Investment Companies

The nature of these financial institutions demands the Director of Banking to attend to their business activities. The Business Licensing Section which is subject to Public Law 3-11 does not license nor intend to regulate nor supervise these entities.

The alternative to this proposal is to remain burdened with demands otherwise not obligated by law, threatening the safety of the financial industry and threatening public safety.

A scenario depicted below could become a reality if our Office continues under these circumstances:

*A bank run could occur at any time, threatening not only confidence in the banking industry but as well as safety of lives;

*Abuse within finance companies, credit unions, trust companies, securities firms, brokers and dealers, investments firms and banks, including offshore banks, may plausibly become rampant through the taking of funds from residents or nonresidents without significant supervision. Technically, most of these institutions do not fall under the supervision of the Director of Banking, but because of impending dangers to the public, the Director of Banking has taken it upon himself to impose procedural guidelines and policies in granting licenses to and supervising these entities.

The Director proposed to include all of these companies under his regulatory umbrella in several recommendations to the legislature and continues to request that they be included. Otherwise, such entities ought to be reverted back to the Business Licensing Section and have our Office concentrate only on banks, foreign exchange and insurance companies. The danger with this alternative is the absence of any regulatory supervision. This would be an irresponsible position.

The Director of Banking should insist that the Legislature increase fees and proposes the following schedule:

Application Fees

Bank:	Retail.....	\$10,000.00	initial
		\$15,000.00	annual
	Branches.....	\$ 1,000.00	annual
	Offshore.....	\$25,000.00	initial
		\$30,000.00	annual
Foreign Currency Exchange:	Dealer...	\$ 500.00	
	Agent....	\$ 50.00	
Securities:	Dealer.....	\$ 2,000.00	
	Agent.....	\$ 500.00	
Finance Company.....		\$ 1,000.00	
Trust Company.....		\$ 2,000.00	
Investment Company.....		\$ 1,000.00	

This proposal is intended to prompt awareness of potential liabilities this government might incur as a result of failures to promulgate rules and regulations; failure to adequately enforce banking and insurance laws; and failure to adequately monitor, examine and audit, supervise and promote healthy financial policies. Such potential liabilities are revealed in recently resolved concerns involving offshore banking scams, problems experienced by local banks, and the inability of certain insurance companies to pay obligations demanded where labor problems arose, and even with certain government projects.

The proposal seeks to find solutions to pending concerns and potential problems inherent in the regulations of the financial industry. This proposal is submitted to the Director of Commerce and Labor, the Governor and the Legislature as an integral part of the annual banking report.

CONSOLIDATED FIGURES OF RETAIL BANKS
FROM 1983 TO 1992

IN MILLIONS

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
I. DEPOSITS:										
1. Demand	13.2	21.5	26.7	33.3	47.1	55.4	94.0	127.3	113.2	103.8
2. Regular Savings	9.8	13.0	13.2	23.0	41.4	57.5	75.5	105.2	175.1	242.0
3. Time Certificate of Deposit	81.2	57.9	72.6	68.0	72.9	110.2	157.3	240.5	192.1	83.7
TOTAL	104.2	92.4	112.5	124.3	161.4	223.1	326.8	473.0	480.4	429.5
II. LOANS:	28.1	22.1	26.7	29.1	32.0	38.9	43.4	52.6	64.1	71.3
1. Consumer	12.9	15.2	22.1	27.0	34.7	40.4	57.4	63.9	76.4	79.8
2. Commercial	5.6	7.8	7.4	4.6	6.2	6.5	2.0	1.4	4.9	6.5
3. Real Estate	N/A	N/A	N/A	N/A	-0-	-0-	-0-	-0-	N/A	-0-
4. Non-Local	2.6	2.5	4.3	4.4	5.3	2.2	3.8	3.6	3.3	3.0
5. Government Agencies	49.2	47.6	60.5	65.1	78.2	88.7	107.1	121.5	148.7	160.6
TOTAL										
III. INTEREST PAID ON ALL DEPOSIT ACCOUNTS..	6.3	6.3	7.6	6.0	5.2	10.1	14.1	22.0	23.7	16.0
IV. INTEREST PAID BY BORROWERS ON LOANS....	10.7	6.1	8.4	6.1	5.9	9.1	14.2	12.8	14.7	16.6

CONSOLIDATED FIGURES OF RETAIL BANKS
AS OF DECEMBER 31, 1992

IN THOUSANDS (OMITTED 000)

I. DEPOSITS:	1ST QRT 03/31/92	2ND QRT 06/30/92	3RD QRT 09/30/92	4TH QRT 12/31/92
1. Demand	94,779	99,150	102,536	103,819
2. Regular Savings	232,122	217,280	219,356	241,958
3. TCD	130,794	120,783	100,165	83,672
Total	457,695	437,213	422,057	429,449
II. LOANS:				
1. Consumer	69,661	67,776	69,237	71,260
2. Commercial	74,303	74,429	71,433	79,832
3. Real Estate	5,291	7,244	6,194	6,510
4. Non-Local	-0-	-0-	-0-	-0-
5. Government	3,226	1,831	3,078	3,014
Total	152,481	151,280	149,942	160,616
III. Interest paid on all deposit accounts.....	16,026			
IV. Interest paid by borrowers on loans.....	16,589			

LOAN 160,616
DEPOSIT 429,449 = 37% with government deposit

LOAN 160,616
DEPOSIT 327,971 = 49% without government deposit

NOTE: BASED ON REPORTS SUBMITTED EVERY QUARTER BY ALL THE BANKS.

*CONSOLIDATED REPORT OF CONDITION
OF STATE BANKS' BRANCHES DOING BUSINESS IN THE CNMI
AS OF DECEMBER 31, 1992

IN THOUSANDS (000 OMITTED)

ASSETS	BANK OF GUAM	BANK OF HAWAII	UNION BANK	TOTAL
Cash and cash equivalents.....	4,256	1,195	1,672	7,123
Loans: a) Commercial.....	30,045	16,349	28,375	74,769
b) Consumer.....	24,641	21,259	13,356	59,256
c) Real Estate.....	558			558
d) Government.....	1,708			1,708
e) Other.....	908		49	957
Premises and Equipment.....	4,167		519	4,686
Accrued interest receivables.....	468	214	-0-	682
Due from head office.....	108,790	48,132	83,578	240,500
Provisions for losses/unearned income.....	(1,357)	(21)		(1,378)
Other assets.....	311	98	141	550
Total assets.....	174,496	87,226	127,690	389,411
Standby letters of credit.....	115			115
Commercial LC's.....	146			146
Commitments to extend credit.....	10,324			10,324
Interest received from borrowers.....	5,600	3,799	3,472	12,871

*NOTE: BASED ON INDEPENDENT AUDITED FIGURES

*CONSOLIDATED REPORT OF CONDITION OF
STATE BANKS' BRANCHES DOING BUSINESS IN THE CNMI
AS OF DECEMBER 31, 1992

IN THOUSANDS (000 OMITTED)

LIABILITIES	BANK OF GUAM	BANK OF HAWAII	UNION BANK	TOTAL
Deposits.....	174,259	87,048	126,481	387,788
a) Non-interest bearing deposits (Demand)...	26,217	29,438	30,515	86,170
b) Interest bearing deposits.....	148,042	57,610	95,966	301,618
1) Demand.....	5,235	6,164		11,399
2) Regular savings.....	134,701	23,614	62,314	220,629
3) Time deposits.....	7,999	27,832	33,652	69,483
4) other interest bearing deposits...	107			107
Accrued interest payable.....	57	117	771	945
Other liabilities.....	180	61	438	679
Total liabilities.....	174,496	87,226	127,690	389,412
Liabilities on acceptances.....				
Interest paid to depositors.....	6,329	2,402	5,171	13,902

*NOTE: BASED ON INDEPENDENT AUDITED FIGURES

CONSOLIDATED STATEMENT OF CONDITION OF
SAVINGS AND LOAN ASSOCIATIONS LICENSED IN THE CNMI
AS OF DECEMBER 31, 1992

IN THOUSANDS (000 OMITTED)

ASSETS	FIRST SAVINGS & LOAN	GUAM SAVINGS & LOAN	TOTAL
Cash and cash equivalents.....	448	22	470
Loans: a) Commercial.....			
b) Consumer.....	987	106	1,093
c) Real Estate.....	749	441	1,190
d) Government.....	1,306		1,306
e) Other.....			
Premises and Equipment.....	26	221	247
Accrued interest receivables.....			
Due from head office.....	8,355	8	8,363
Provisions for losses/unearned income.....			
Other assets.....	30	1	31
Total assets.....	11,901	799	12,700
Standby letters of credit.....			
Commercial LC's.....			
Commitments to extend credit.....			
Interest received from borrowers.....	377	35	412

NOTE: BASED ON 4TH QUARTER REPORTS SUBMITTED TO THE DIRECTOR OF BANKING

CONSOLIDATED STATEMENT OF CONDITIONS OF
SAVINGS AND LOAN ASSOCIATIONS LICENSED IN THE CNMI
AS OF DECEMBER 31, 1992

IN THOUSANDS (000 OMITTED)

LIABILITIES	FIRST SAVINGS & LOAN	GUAM SAVINGS & LOAN	TOTAL
Deposits.....			
a) Non-interest bearing deposits (Demand)...			
b) Interest bearing deposits.....			
1) Demand.....	3,454		3,454
2) Regular savings.....	3,959	820	4,779
3) Time deposits.....	3,688	107	3,795
4) Other interest bearing deposits...			
Accrued interest payable.....	249	5	254
Other liabilities.....			
Total liabilities.....	551	(133)	418
Liabilities on acceptances.....	11,901	799	12,700
Interest paid to depositors.....	463	N/A	463

NOTE: BASED ON 4TH QUARTER REPORTS SUBMITTED TO THE DIRECTOR OF BANKING

CONSOLIDATED STATEMENT OF CONDITION OF CNMI CHARTERED BANKS
AS OF DECEMBER 31, 1992

IN THOUSANDS (000 OMITTED)

ASSETS	BANK OF SAIPAN	CITY TRUST BANK	TOTAL
Cash & cash items in process of collection	889	31	920
Securities: a) US Treasuries.....	4,308		4,308
b) US Government agencies.....			
c) Other.....	4,234		4,234
Balances with other banks.....	4,503	868	5,371
Accrued Interest receivables.....		32	32
Loans: a) Commercial.....	7,395	551	7,946
b) Consumer.....	8,182	937	9,119
c) Real Estate.....	3,155	328	3,483
Premises & Equipment.....	261	79	340
Other real estate owned.....			
Provision for losses/unearned income.....	(449)	(91)	(540)
Other assets.....	824	111	935
Total assets.....	33,302	2,896	36,198
Standby letters of credits.....		50	50
Commercial letters of credits.....			
Commitment to extend credit.....			

NOTE: BASED ON THE QUARTERLY REPORTS SUBMITTED TO THE DIRECTOR OF BANKING

CONSOLIDATED STATEMENT OF CONDITIONS OF CNMI CHARTERED BANKS
AS OF DECEMBER 31, 1992

IN THOUSANDS (000 OMITTED)

LIABILITIES AND CAPITAL	BANK OF SAIPAN	CITY TRUST BANK	Total
Deposits: a) Non-interest bearing deposits.....			
b) Interest bearing deposits.....			
1) Demand.....	7,586	627	8,213
2) Regular savings.....	10,861	205	11,066
3) Time deposits.....	9,126	1,300	10,426
Due to other banks: head office or branch.....	48		48
Liabilities on acceptances executed.....		50	50
Accrued interest payable.....	1,854	25	1,879
Other liabilities.....		80	80
Capital stock.....	288	700	988
Capital surplus.....	2,565		2,565
Undivided profits.....	974	(91)	883
Convertible subordinated debts.....			
Total Liabilities and Capital.....	33,302	2,896	36,198
Interest received from borrowers.....	3,083	223	3,306
Interest paid to depositors.....	1,553	108	1,661

NOTE: BASED ON THE QUARTERLY REPORTS SUBMITTED TO THE DIRECTOR OF BANKING

CONSOLIDATED REPORTS OF CONDITION OF ALL BANKS
DOING BUSINESS IN THE CNMI
AS OF DECEMBER 31, 1992

IN THOUSANDS (000 OMITTED)

ASSETS	STATE BANKS	CNMI BANKS	SAVINGS & LOAN	TOTAL
Cash & cash items in process of collection	7,123	920	470	8,513
Securities: a) US Treasuries.....		4,308		4,308
b) Other.....		4,234		4,234
Balances with other banks.....		5,371		5,371
*Loans: Government.....	1,708		1,306	3,014
Consumer.....	59,256	9,119	1,093	69,468
Real Estate.....	558	3,483	1,190	5,231
Commercial.....	74,769	7,946		82,715
Other.....	957			957
Premises & Equipment.....	4,686	340	247	5,273
Other real estate owned.....				
Due from banks - head office.....	240,500		8,363	248,863
Provision for losses/unearned income.....	(1,378)	(540)		(1,918)
Other assets.....	1,232	1,017	31	2,280
Total assets.....	389,411	36,198	12,700	438,309
Interest received from borrowers.....	12,871	3,306	412	16,586

*NOTE: FIGURES ARE NOT ACCOUNTED FOR IN THE 4TH QUARTER REPORT SUBMITTED TO THE DIRECTOR OF BANKING BY STATE BANK BRANCHES.

CONSOLIDATED REPORTS OF CONDITIONS OF ALL BANKS
DOING BUSINESS IN THE CNMI
AS OF DECEMBER 31, 1992

IN THOUSANDS (000 OMITTED)

LIABILITIES	STATE BANKS	CNMI BANKS	SAVINGS & LOAN	TOTAL
Deposits: a) Demand deposits - Govt & agencies	11,953		170	12,123
b) Other.....	79,379	8,213	4,104	91,696
c) Regular savings - Govt & agencies	87,001			87,001
d) Other.....	139,825	11,066	4,066	154,957
e) TCD - Govt & agencies.....	2,283		71	2,354
f) Other.....	67,275	10,426	3,617	81,318
*Due to other banks - head office.....	71	48		119
Liabilities on acceptances executed & outstanding.....		50		50
Accrued interest payable & other liabilities..	1,624	1,959	254	3,837
Capital stock.....		988		988
Capital surplus.....		2,565		2,565
Undivided profits.....		883	418	1,301
Convertible subordinated debts & FSLIC contrib				
Total liabilities and capital.....	389,411	36,198	12,700	438,309
Interest paid to depositors.....	13,902	1,661	463	16,026

*NOTE: FIGURES ARE NOT ACCOUNTED FOR IN THE 4TH QUARTER REPORT SUBMITTED TO THE DIRECTOR OF BANKING BY STATE BANK BRANCHES.

COMPARISON FROM 1990, 1991 AND 1992

IN THOUSANDS (000 OMITTED)

ASSETS	1990	1991	1992
Cash & cash items in process of collection	12,613	11,189	8,513
Securities: a) US Treasuries.....			4,308
b) Other.....	4		4,234
Balances with other banks.....	21,706	24,127	5,371
Loans: Government.....	3,560	3,299	3,014
Consumer.....	52,628	64,130	69,468
Real Estate.....	1,412	4,880	5,231
Commercial.....	63,859	76,401	82,715
Other.....			957
Premises & Equipment.....	5,677	5,311	5,273
Other real estate owned.....			
Due from banks - head office or branches..	305,529	305,618	248,863
- Other.....	3	19	
Provision for losses/unearned income.....	(1,343)	(7,884)	(1,918)
Other assets.....	18,707	1,768	2,280
Total assets.....	484,355	488,858	438,309
Interest received from borrowers.....	12,834	14,730	16,586

COMPARISON FROM 1990, 1991 AND 1992
IN THOUSANDS (000 OMITTED)

LIABILITIES	1990	1991	1992
Deposits: a) Demand deposits - Govt & agencies	20,494	11,450	12,123
b) Other.....	106,817	101,786	91,696
c) Regular savings - Govt & agencies	3,029	49,919	87,001
d) Other.....	102,168	125,179	154,957
e) TCD - Govt & agencies.....	53,062	49,525	2,354
f) Other.....	187,392	142,562	81,318
Due to other banks - head office or branches..			119
- Other.....	1	500	
Liabilities on acceptances executed & outstanding.....			50
Accrued interest payable & other liabilities..	6,128	3,971	3,837
*Capital stock.....	1,087	1,088	988
*Capital surplus.....	2,562	2,565	2,565
*Undivided profits.....	1,615	313	1,301
Convertible subordinated debts & FSLIC contrib			
Total liabilities and capital.....	484,355	488,858	438,309
Interest paid to depositors.....	22,115	23,741	16,026

*NOTE: CNMI CHARTER BANKS ONLY

BANK OF SAIPAN
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 1992

ASSETS		1992	1991	LIABILITIES AND STOCKHOLDERS' EQUITY		1992	1991
Cash and due from banks.....	\$	3,470,184	\$ 3,729,972	Deposits: Savings.....	\$12,665,414	\$ 6,263,098	
Interest bearing deposits.....		4,856,622	20,014,132	Time.....	8,343,478	17,491,623	
Investment securities.....		4,308,107	-0-	Demand.....	<u>7,378,712</u>	<u>8,299,493</u>	
Receivables:				Total Deposits.....	28,387,604	32,054,214	
Loans.....		19,024,290	12,393,385	Accounts payable.....	862,202	1,006,459	
Interest.....		341,961	139,779	Accrued interest and			
Other.....		279,082	238,854	other liabilities.....	<u>359,419</u>	<u>600,330</u>	
Prepaid income taxes.....		185,500	143,300	Total liabilities.....	29,609,225	33,661,003	
Other prepaid expenses.....		12,218	45,492	Stockholders' equity:			
Property and equipment, net of				Common stock, \$1 par value			
accumulated depreciation and				Authorized: 500,000 shares;			
amortization of \$236,911 in 1992				Issued and outstanding			
and \$183,679 in 1991.....		<u>301,759</u>	<u>295,878</u>	286,960 shares.....	286,960	286,960	
TOTAL ASSETS.....		<u>\$32,779,723</u>	<u>\$37,000,792</u>	Additional paid-in capital	2,564,725	2,564,725	
				Retained earnings.....	<u>318,813</u>	<u>488,104</u>	
				Total stockholders'			
				equity.....	<u>3,170,498</u>	<u>3,339,789</u>	
				TOTAL LIABILITIES.....	<u>\$32,779,723</u>	<u>\$37,000,792</u>	

CITY TRUST BANK (MARIANAS BANK, LTD.)
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 1992

ASSETS

	1992	1991
Cash and due from banks.....	\$ 109,141	\$ 34,026
Interest bearing deposits.....	266,989	84,200
Restricted time certificate of deposit.....		500,000
Loans,.....	1,251,762	1,886,413
Interest receivable.....	31,200	15,640
Other receivable.....	67,880	20,590
Prepaid expenses.....	3,511	3,616
Property and equipment.....	78,457	89,902
Security deposit.....	<u>2,500</u>	<u>2,500</u>
TOTAL ASSETS.....	<u>\$1,811,440</u>	<u>\$2,636,887</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

	1992	1991
Deposits: Demand.....	\$ 297,308	\$ 366,401
Savings.....	204,964	620,332
Time.....	<u>1,300,226</u>	<u>1,049,350</u>
Total deposits.....	1,802,498	2,036,083
Note payable.....		500,000
Obligations under capital leases.....	4,780	9,631
Accrued interest.....	23,734	20,632
Other accrued liabilities....	<u>105,573</u>	<u>6,554</u>
Total liabilities.....	<u>1,936,585</u>	<u>2,572,900</u>
Stockholders' Equity:		
Common stock, \$1 par value; 3,500,000 and 1,000,000 authorized shares; 1,500,000 shares paid for but not issued and 800,000 issued and outstanding at December 31, 1992 and 1991, respectively.....	1,500,000	800,000
Deficit.....	<u>(1,625,145)</u>	<u>(736,013)</u>
Total stockholders' equity (deficiency).....	<u>(125,145)</u>	<u>63,987</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY.....	<u>\$1,811,440</u>	<u>\$2,636,887</u>

BANK OF GUAM
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 1992

IN THOUSANDS

ASSETS:	1992	1991	LIABILITIES AND SHAREHOLDERS' EQUITY	1992	1991
Cash and due from banks.....	\$ 30,045	\$ 28,178	Deposits: Non-interest bearing.....	\$185,529	\$133,253
Interest bearing deposits in other banks....	15,326	42,477	Interest bearing.....	<u>384,649</u>	<u>422,603</u>
Federal funds sold.....	5,100	31,200	Total deposits.....	570,178	555,856
Investment securities.....	201,667	186,638	Accrued interest payable.....	421	1,158
Loans.....	340,202	280,326	Other liabilities.....	<u>3,625</u>	<u>3,276</u>
Less allowance for possible loan losses.....	<u>7,007</u>	<u>5,526</u>	Total liabilities.....	<u>574,224</u>	<u>560,290</u>
Net loans.....	<u>\$333,195</u>	<u>\$274,800</u>	Shareholders' Equity:		
Accrued interest payable.....	4,061	5,135	Perpetual preferred stock, \$100 par value authorized 300,000 shares, issued and outstanding		
Premises and equipment.....	30,037	29,337	70,000 shares of Series A, 11% cumulative	7,000	7,000
Other Assets.....	8,976	8,120	30,000 shares of Series B, 9% cumulative	3,000	3,000
TOTAL ASSETS.....	<u>\$628,407</u>	<u>\$605,885</u>	Capital stock, \$.4167 par value		
			Authorized 24,000,000 shares, issued and outstanding		
			4,862,179 shares in 1992 and		
			4,834,154 shares in 1991.....	2,026	2,014
			Paid-in surplus.....	12,307	11,820
			Retained earnings.....	<u>29,850</u>	<u>21,761</u>
			Total shareholders' equity.....	<u>54,183</u>	<u>45,595</u>
			Commitments and contingencies.....	-0-	-0-
			TOTAL LIABILITIES & SHAREHOLDERS' EQUITY.	<u>\$628,407</u>	<u>\$605,885</u>

BANK OF GUAM
 SAIPAN BRANCH
 STATEMENT OF FINANCIAL CONDITION
 DECEMBER 31, 1992

IN THOUSANDS (000 OMITTED)

ASSETS			LIABILITIES & RESULTS OF CNMI OPERATIONS			
	1992	1991		1992	1991	
Cash & Due from banks.....	\$ 4,256	\$ 4,159	Deposits: Non-interest Bearing...	\$ 26,217	\$ 24,277	
Loans.....	57,860	54,578	Interest Bearing.....	<u>148,042</u>	<u>141,285</u>	
Less Allowance for possible Loan losses.....	<u>(1,357)</u>	<u>1,079</u>	Total Deposits.....	174,259	165,562	
Net Loans.....	60,759	53,499	Accrued interest payable.....	<u>57</u>	<u>322</u>	
Accrued Interest Receivable..	469	509	Other liabilities.....	<u>180</u>	<u>385</u>	
Premises and Equipment.....	4,167	4,240	Total liabilities.....	174,496	166,269	
Other Assets.....	<u>311</u>	<u>367</u>	Profit/Loss - current year.....	_____	<u>357</u>	
Due from Headquarters.....	108,790	103,851	TOTAL LIABILITIES AND RESULTS OF CNMI OPERATIONS.....	<u>\$174,496</u>	<u>\$166,626</u>	
TOTAL ASSETS.....	<u>\$174,496</u>	<u>\$166,626</u>				

**BANK OF HAWAII
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 1992**

IN THOUSANDS

ASSETS	1992	1991	LIABILITIES AND SHAREHOLDERS' EQUITY	1992	1991
Interest bearing deposits	\$ 1,340,257	\$ 1,060,185	Domestic Deposits:		
Investment securities	2,941,497	2,456,185	Demand - non-interest bearing.....	\$1,243,751	\$1,250,795
Funds sold	615,569	333,136	Demand - interest bearing.....	1,741,224	1,710,044
Loans	6,098,532	5,882,413	Savings.....	1,008,124	821,187
Unearned income	(124,244)	(105,332)	Time.....	1,936,063	3,286,989
Reserve for possible			Foreign deposits.....	<u>1,164,177</u>	<u>783,499</u>
loan losses	(112,018)	(100,118)	Total deposits.....	7,093,339	7,852,514
Net loans	<u>5,862,270</u>	<u>5,676,963</u>	Securities sold under		
Total earning assets	10,759,593	9,526,469	agreements to repurchase.....	2,294,608	607,582
Cash and non-interest			Funds purchased.....	1,113,356	805,018
bearing deposits	384,510	479,830	Other short-term borrowing.....	165,857	185,918
Premises and equipment	136,655	123,223	Bank's acceptances outstanding..	26,041	22,505
Customers' acceptance liability	26,041	22,505	Advance from parent.....	-0-	-0-
Accrued interest receivable ...	87,351	86,115	Accrued pension costs.....	25,324	24,670
Other real estate	3,820	428	Accrued interest payable.....	30,790	43,224
Goodwill	262	298	Income taxes payable.....	107,928	115,841
Trading securities	111,820	11,136	Other liabilities.....	70,791	62,451
Other assets	<u>102,719</u>	<u>76,433</u>	Long-term debt.....	<u>-0-</u>	<u>921</u>
TOTAL ASSETS	<u>\$11,612,771</u>	<u>\$10,326,437</u>	Total liabilities.....	10,928,034	9,720,644
			Shareholder's equity:		
			Capital stock.....	14,908	14,908
			Surplus.....	419,820	419,820
			Unrealized valuation		
			adjustments.....	(3,248)	(2,370)
			Retained earnings.....	<u>253,257</u>	<u>173,435</u>
			Total shareholder's equity.....	<u>684,737</u>	<u>605,793</u>
			TOTAL LIABILITIES AND		
			SHAREHOLDER'S EQUITY.....	<u>\$11,612,771</u>	<u>\$10,326,437</u>

**BANK OF HAWAII
SAIPAN BRANCH
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 1992**

IN THOUSANDS

	ASSETS		LIABILITIES	
	1992	1991	1992	1991
Loans	\$37,608	\$ 40,682	Demand - non-interest bearing	\$29,438
Reserve for possible loan losses	<u>(21)</u>	<u>-0-</u>	Demand - interest bearing	6,164
Net loans	<u>37,587</u>	<u>40,682</u>	Savings	23,614
Total earning assets	<u>37,587</u>	<u>40,682</u>	Time	<u>27,832</u>
Cash and non-interest bearing deposits	1,195	3,838	Total deposits	<u>87,048</u>
Accrued interest receivable	214	294	Accrued interest payable	117
Due from Head Office	48,132	43,915	Other liabilities	<u>61</u>
Other assets	<u>98</u>	<u>57</u>	TOTAL LIABILITIES	<u>\$87,226</u>
TOTAL ASSETS	<u>\$87,226</u>	<u>\$ 88,786</u>		<u>\$ 88,786</u>

UNION BANK
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 1992

IN THOUSANDS

ASSETS	1992	1991
Cash and due from banks.....	\$ 893,576	\$ 1,337,252
Interest bearing deposits.....	1,201,000	500,000
Federal funds sold and securities purchased under resale agreements.....	<u>386,230</u>	<u>616,400</u>
Total cash and cash equivalents.....	2,480,806	2,453,652
Trading accounts assets.....	45,074	61,072
Investment securities (market value of \$1,004,951 and \$1,143,304 as of December 31, 1992 and 1991 respectively).....	954,343	1,075,622
Loans.....	12,579,629	13,189,846
Less allowance for loan losses.....	<u>408,267</u>	<u>402,167</u>
Net Loans.....	12,171,362	12,787,679
Premises and equipment.....	292,071	266,758
Customers' acceptance liability.....	228,268	229,888
Other real estate owned.....	296,423	249,840
Other assets.....	<u>375,163</u>	<u>349,212</u>
TOTAL ASSETS.....	<u>\$16,843,510</u>	<u>\$17,473,723</u>

UNION BANK
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 1992
IN THOUSANDS

LIABILITIES AND SHAREHOLDERS' EQUITY	1992	1991
Deposits in domestic offices:		
Demand.....	\$ 4,633,949	\$ 4,057,448
Interest bearing.....	3,849,188	3,261,208
Savings and consumer time.....	2,447,873	2,118,288
Large time.....	<u>1,446,781</u>	<u>3,066,984</u>
Total deposits in domestic offices.....	12,377,791	12,503,928
Deposits in foreign offices.....	476,355	655,762
 Total Deposits.....	 12,854,146	 13,159,690
Federal funds purchased and securities sold under repurchase agreements.....	763,725	812,890
Commercial paper.....	533,824	585,384
Other borrowed funds.....	633,673	1,065,938
Acceptances outstanding.....	228,268	229,889
Other liabilities.....	296,765	223,001
Subordinated capital notes.....	<u>429,567</u>	<u>321,718</u>
 Total liabilities.....	 <u>15,739,968</u>	 <u>16,398,510</u>
 Stockholders' Equity:		
Preferred stock: 8% Noncumulative, Series A, authorized & issued 5,400,000 depository shares as of December 31, 1992.....	135,000	-0-
Auction & Money Market, authorized 5,000,000 shares issued 1,020 shares as of December 31, 1991.....	-0-	150,000
Common stock - \$5 par value, authorized 50,000,000 shares, issued 32,428,772 shares and 32,339,602 shares as of December 31, 1992 and 1991 respectively.....	162,144	161,698
Surplus.....	433,201	436,752
Retained earnings (net of deferred compensation - restricted stock awards of \$2,566 & \$1,670 at December 31, 1992 & 1991, respectively)..	<u>373,197</u>	<u>326,763</u>
Total shareholders' equity.....	<u>1,103,542</u>	<u>1,075,213</u>
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	 <u>\$16,843,510</u>	 <u>\$17,473,723</u>

UNION BANK
SAIPAN BRANCH
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 1992

IN THOUSANDS

ASSETS	1992	1991	LIABILITIES AND CAPITAL	1992	1991
Cash and cash equivalents... \$	1,672	\$ 2,406	Deposits: Demand.....	\$ 30,515	\$ 43,050
Loans.....	41,781	39,351	Savings and consumer time...	62,314	67,642
Premises and equipment.....	518	503	Large time.....	33,652	79,180
Other assets.....	141	(6,894)	Accrued interest payable.....	771	1,545
Due from Head Office.....	<u>83,578</u>	<u>156,051</u>	Other liabilities.....	<u>438</u>	<u>-0-</u>
TOTAL ASSETS.....	<u>\$127,690</u>	<u>\$191,417</u>	TOTAL LIABILITIES.....	<u>\$127,690</u>	<u>\$191,417</u>

**FIRST SAVINGS AND LOAN ASSOCIATION OF AMERICA
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 1992**

IN THOUSANDS

ASSETS			LIABILITIES AND STOCKHOLDERS EQUITY		
	1992	1991		1992	1991
Cash and amounts			Liabilities:		
due from banks.....	\$ 3,121	\$ 2,909	Deposit accounts.....	\$ 62,790	\$ 58,405
Interest bearing deposits			Notes payable.....	34,100	13,900
in other banks.....	5,439	4,304	Notes payable to affiliate.....	23,190	51,830
Investment securities,			Advance payments by borrowers for		
at amortized cost.....	7,970	13,376	property taxes and insurance..	442	505
Mortgage-backed securities,			Accrued interest payable.....	805	972
at amortized cost.....	871	1,083	Other liabilities.....	523	1,014
Loans receivable.....	126,108	121,721	Income taxes: Current.....	627	
Accrued interest receivable	714	883	Deferred.....	<u>228</u>	<u>442</u>
Premises and equipment.....	1,864	1,934	Total liabilities.....	122,705	127,116
Other assets.....	<u>126</u>	<u>66</u>	Commitments.....	-0-	-0-
TOTAL ASSETS.....	<u>\$146,213</u>	<u>\$146,276</u>	Stockholders' Equity:		
			Common stock, \$10 par value,		
			300 shares authorized;		
			issued & outstanding.....	3	3
			Additional paid-in capital.....	15,200	15,200
			Retained earnings.....	<u>8,305</u>	<u>3,957</u>
			Total stockholders' equity.....	<u>23,508</u>	<u>19,160</u>
			TOTAL LIABILITIES		
			AND STOCKHOLDERS' EQUITY.....	<u>\$146,213</u>	<u>\$146,276</u>

FIRST SAVINGS AND LOAN ASSOCIATION OF AMERICA
SAIPAN BRANCH
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 1992

IN THOUSANDS

ASSETS	1992	1991	LIABILITIES AND STOCKHOLDERS EQUITY	1992	1991
Cash and non-interest bearing deposits	\$ 8,803	\$ 8,192	Deposits: Demand.....	\$ 3,454	\$ 4,060
Loans.....	2,293	3,390	Savings.....	3,959	3,356
Premises and equipment.....	26	31	Time.....	3,688	3,726
Other assets.....	<u>779</u>	<u>45</u>	Accrued interest payable.....	249	268
TOTAL ASSETS.....	<u>\$11,901</u>	<u>\$11,658</u>	Total stockholders equity....	<u>551</u>	<u>248</u>
			TOTAL LIABILITIES AND		
			STOCKHOLDERS EQUITY.....	<u>\$11,901</u>	<u>\$11,658</u>

**GUAM SAVINGS AND LOAN ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
JUNE 30, 1992**

ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
	1992	1991		1992	1991
Cash and cash equivalents...	\$ 4,748,648	\$ 4,588,275	Deposits.....	\$43,804,814	\$48,082,381
Investment securities.....	1,499,021	2,954,032	Borrowed funds.....	4,906,669	3,926,437
Mortgage-backed and related securities.....	3,543,417	3,800,203	Accrued expenses and other liabilities.....	<u>1,113,114</u>	<u>1,118,425</u>
Loans receivable.....	36,814,328	37,150,999		49,824,597	53,127,243
Accrued interest receivable.	359,931	393,334	Stockholders' equity:		
Real estate held for investment.....	-0-	733,939	Guarantee stock, \$1 par value, 1,000,000 shares authorized; issued and outstanding		
Premises and equipment.....	8,267,792	8,398,839	622,777 shares in 1992 and 614,277 shares in 1991....	622,777	614,277
Guam income taxes - current.	175,174	142,566	Additional paid-in capital...	369,885	317,705
- deferred	21,000	72,000	Retained earnings.....	<u>5,267,037</u>	<u>4,758,604</u>
Prepaid expenses and other assets.....	<u>477,568</u>	<u>529,926</u>		6,259,699	5,690,586
TOTAL ASSETS.....	<u>\$55,906,699</u>	<u>\$58,764,113</u>	Less treasury stock, 20,986 shares in 1992 and 5,371 shares in 1991 at cost.....	<u>177,597</u>	<u>53,716</u>
			Total shareholders' equity...	6,082,102	5,636,870
			TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	<u>\$55,906,699</u>	<u>\$58,764,113</u>

NOTE: BUSINESS YEAR END IS JUNE 30. CNMI ACTIVITIES FOR REMAINDER OF 1992 WILL BE IN THE 1993 ANNUAL REPORT.

INSERT

GUAM SAVINGS AND LOAN ASSOCIATION
SAIPAN BRANCH

Statement of Financial Condition

June 30, 1993

ASSETS

Cash.....	\$ 60,185
Loans receivable, net deferred loan fees of \$12,135....	1,365,947
Accrued interest receivable.....	52,501
Premises and equipment, at cost, net of depreciation and amortization of \$30,154.....	204,277
Prepaid expenses and other assets.....	1,349
Due from other branches.....	<u>927,130</u>
	<u>\$2,611,389</u>

LIABILITIES AND HOME OFFICE DEFICIENCY

Deposits: - Demand.....	\$ 105,483
- Savings.....	2,627,018
- Time.....	<u>113,851</u>
Total deposits.....	2,846,352
Accrued expenses and other liabilities.....	<u>17,997</u>
	2,864,352
Home office deficit.....	<u>\$(252,960)</u>
	<u>\$2,611,389</u>

DIRECTORY

1992 FINANCIAL INSTITUTIONS

RETAIL BANKS

- 1) Bank of Guam
Saipan Branch
P. O. Box 678
Saipan, MP 96950
- Manager : Mr. Franz Reksid
Telephone : 233-5000 to 5028
Location : Garapan and Susupe
Songsong, Rota - Tel: 532-3600
San Jose, Tinian-Tel: 433-3258
- Insurance : FDIC (\$100,000)
Commencement: 1980
- Auditor : Price Waterhouse
- 1992 branch audit by Price Waterhouse in accordance to GAAP.
- 2) Bank of Hawaii
P. O. Box 566
Saipan, MP 96950
- Manager : Mr. David Buehler
Telephone : 234-6102/6673-4
Location : Nauru Bldg., Susupe
Insurance : FDIC (\$100,000)
Commencement: 1968
- Auditor : Ernst & Young
- 1992 branch audit by Ernst & Young
Special Purpose Audit
- 3) Bank of Saipan
P. O. Box 690
Saipan, MP 96950
- Manager : Juan S. Torres
Telephone : 235-6260/234-2265
Location : Chalan Kanoa #2 / Garapan
Insurance : Non-insured
Commencement: 1981
- Auditor : KPMG Peat Marwick

4) City Trust Bank*
P. O. Box 1867
Saipan, MP 96950

Manager : Maria Lourdes Johnson
Telephone : 234-7773/8663/7701/7702
Location : San Jose, Saipan
Insurance : Non-Insured
Commencement: 1981

Auditors : Deloitte & Touche
KPMG Peat Marwick (1992)

*NOTE: Former Marianas Bank

5) First Hawaiian Bank
c/o P. O. Box 2607
Saipan, MP 96950

Resident Agent: Mr. David A. Wiseman
P. O. Box 2607
Saipan, MP 96950

Auditor : Coopers & Lybrand

Has no branch facility at present.

6) First Savings & Loan Association of America
P. O. Box 324
Saipan, MP 96950

Manager : Susie Williams
Telephone : 234-6617/8561
Location : Joeten Center, Susupe
Insurance : \$100,000 SAIF (FSLIC)
Commencement: 1984

Auditor : Ernst & Young

A branch audit was not performed.

7) Guam Savings & Loan Association
P. O. Box 3201
Saipan, MP 96950

Manager : Glen Perez
Telephone : 233-2265/4752/5626
Location : Liberty Plaza, Garapan
Insurance : \$100,000 SAIF (FSLIC)
Commencement: 1990

Auditor : Pickens, Borja & Filush, P.C.

Branch audit was not performed.

8) Union Bank
P. O. Box 1053
Saipan, MP 96950

Manager : Ken Kato
Telephone : 234-6209/6232/6559/7935
Location : Oleai Center, Chalan Laulau
Insurance : FDIC (\$100,000)
Commencement: 1975

Auditor : Arthur Andersen & Co.

Branch audit performed by SGV/Arthur Anderson & Co.

OFFSHORE BANK

- 1) First American Bank, Ltd.*
P. O. Box 232 CHRB
Saipan, MP 96950

Principal Location: Susupe, Saipan
Resident Agent : Charles K. Novo-Gradac, Esq.
WHITE, NOVO-GRADAC & MANGLONA
Attorneys-at-Law
P. O. Box 222 CHRB
Saipan, MP 96950

Telephone : 234-6547/8
Commencement : 1983

*NOTE: LICENSE EXPIRED ON JUNE 30, 1992.
ENTERED RECEIVERSHIP ON MARCH 12, 1992.

- 2) Commonwealth Limited, Inc, dba Pacific Rim Bank**
c/o P. O. Box 1638
Saipan, MP 96950

Principal Location: Susupe, Saipan
Resident Agent : DEMAPAN AND ATALIG
Attorneys At Law
P. O. Box 1638
Saipan, MP 96950

Telephone : 234-7800/3173
Licensed : June 29, 1992

**NOTE: LICENSE WAS REVOKED ON DECEMBER 22, 1992.

*FUNDS TRANSMITTED TO COUNTRIES OUTSIDE THE CNMI
CALENDAR YEAR ENDING DECEMBER 31, 1992

NAME OF COMPANY	1ST QRT	2ND QRT	3RD QRT	4TH QRT	TOTAL
1) Galaxy Int'l Services (Roma Diaz-Aranda)	\$ 321,266	\$ 235,385	\$ -0-	\$ -0-	\$ 556,651
2) Global Remittance (Arnaldo G. Guban)	Licensed 08/26/92		10,003	28,727	38,730
3) GMC Int'l Services, Inc.	555,929	574,215	473,441	527,252	2,130,837
4) Island Foreign Exchange (Esperdiona Aranda)	952,233	1,053,805	651,792	604,202	3,262,032
5) JCT Services Plus, Inc.	183,580	296,435	576,851	760,275	1,817,141
6) LBC Mabuhay (Saipan), Inc.	643,492	543,210	528,011	549,449	2,264,162
7) LIMCO Corporation	1,332,552	1,206,381	1,065,374	1,096,065	4,700,372
8) Micronesia (Int'l) Jewelry, Inc.	668,974	606,597	562,641	550,144	2,388,356
9) Orient Express Saipan (ETU Multi-Services)	Lic'd 6/8	41,423	703,003	1,081,215	1,825,641
10) Pacific Express Services (Melba A. Vilaga)	Licensed 08/26/92		9,532	-0-	9,532
11) Phil-Gets (Guam) Int'l Corporation	152,767	176,148	206,709	224,874	760,498
12) Pinoy Express (PX Saipan), Inc.	965,831	931,319	1,224,041	1,464,250	4,585,441
13) Rustan's Foreign Exchange (Willy Valencia)	1,024,271	1,392,266	1,573,052	1,633,847	5,623,436
14) TAC International Constructor, Inc.	116,191	101,973	89,891	66,957	375,012

(continuation)

*FUNDS TRANSMITTED TO COUNTRIES OUTSIDE THE CNMI
CALENDAR YEAR ENDING DECEMBER 31, 1992

NAME OF COMPANY	1ST QRT	2ND QRT	3RD QRT	4TH QRT	TOTAL
15) Tri-All International Corporation	738,034	711,470	591,783	574,790	2,616,077
16) Victoria Foreign Exchange Corporation	198,942	179,214	152,447	116,053	646,656
17) Viking Int'l Corp. dba Peso Remittance	79,629	75,692	64,788	77,495	297,604
18) Sai-Phil Services dba Green Bucks	105,030	34,610	CEASED OPERATION 7/92		139,640
19) Philippine Goods, Inc.	10,173	SUSPENDED ITS FX OPERATION 1/15/92			10,173
20) Remedio S. Buniag dba Marfran Enterprises	NO ACTIVITY				
TOTAL	\$8,048,894	\$ 8,160,143	\$ 8,483,359	\$ 9,355,595	\$34,047,991

*NOTE: REPORTS ARE ONLY FOR REMITTANCES TO THE PHILIPPINES.

1992 LISTING
FOREIGN CURRENCY EXCHANGE

A. REMITTANCE COMPANIES

- 1) Aranda, Esperdiona
dba Island Foreign Exchange
P. O. Box 3052 PR 583
Saipan, MP 96950

Total Remitted: \$3,262,032

Security : \$25,000 Bond
 J.T.S. Insurance Co.

Location : Sablan's Bldg., Chalan Kanoa
 Songsong, Rota
Telephone : 234-7325
Agents : Ramon S. Tenorio
 Arden A. Aranda
 Crisentina Echon Elayda - Rota

- 2) Aranda, Roma Diaz
dba Galaxy Services International
P. O. Box 587
Saipan, MP 96950

Total Remitted: \$ 556,651

Security : \$25,000 Bond
 Century Insurance Co.

Location : Chalan Piao, Saipan
Telephone : 234-1698/1699
Agent : Roma Diaz-Aranda

- 3) ETU Multi-Services, Inc.
dba Orient Express Saipan
Caller Box AAA 1037
Saipan, MP 96950

Total Remitted: \$1,825,641

Security : \$25,000 Bond
 J.T.S. Insurance Co.

Location : Susupe
Telephone : 235-7680
Agent : Rodora R. Torres

4) G.M.C. International Services, Inc.
Caller Box PPP 177
Saipan, MP 96950

Total Remitted: \$2,130,837

Security : \$25,000 TCD
Union Bank, Saipan

Location : Morgen Bldg., San Jose
Telephone : 234-5027/5065
Agent : Angelina P. De Lemos

5) Guban, Arnaldo G.
dba Global Remittance
P. O. Box 2120
Saipan, MP 96950

Total Remitted: \$ 38,730

Security : \$25,000 Bond
Century Insurance Co.

Location : Gualo Rai
Telephone : 235-3663
Agents : Arnaldo G. Guban
Angelita G. Guban

6) JCT Service Plus, Inc.
P. O. Box 137
Saipan, MP 96950

Total Remitted: \$1,817,141

Security : \$25,000 TCD
Bank of Hawaii, Saipan

Location : Joeten Center, Susupe
Telephone : 234-6445/6
Agents : Annie T. Sablan
Michael Sablan
Barbara Jean A. Cepeda
Walter I. Macaranas
Violeta B. Lukow
Virginia C. Domingo
Theresita C. Prosser
Eleanor Arriola Lontok

7) LBC Mabuhay (Saipan), Inc.
P. O. Box 1910
Saipan, MP 96950

Total Remitted: \$2,264,162

Security : \$24,990 Time Deposit
Union Bank, Saipan

Location : Susupe, Saipan
Telephone : 234-9013

Agent : Venus V. Shoiter

8) Limco Corporation
P. O. Box 1579
Saipan, MP 96950

Total Remitted: \$4,700,372

Security : \$25,000 Bond
Century Insurance Co.

Location : Garapan
Telephone : 234-6834

Agents : Antonio T. Lim
Nicanor A. Bocago

9) Micronesia (Int'l) Jewelry, Inc.
dba Micronesia Money Exchange Co.
P. O. Box 1579
Saipan, MP 96950

Total Remitted: \$2,388,356

Security : \$25,000 Bond
Century Insurance Co.

Location : Garapan
Telephone : 234-9531

Agent : Maria Lourdes C. Johnson

10) Phil-Gets (Guam) International Trading Corporation
P. O. Box 800
Saipan, MP 96950

Total Remitted: \$ 760,498

Security : \$25,000 Bond
Century Insurance Co.

Location : Chong's Building, Gualo Rai
Telephone : 235-4387

Agent : Generoso M. Bangayan

11) Pinoy Express (PX Saipan), Inc.
Caller Box AAA 204
Saipan, MP 96950

Total Remitted: \$4,585,441

Security : \$25,000 Bond
J.T.S. Insurance Co

Location : Chalan Kanoa, Dist. #4, Saipan
San Jose, Tinian
Songsong, Rota

Telephone : 235-5006/7

Agents : Laura Aimee C. Mohammad
Leonardo C. Delgado
Jeremias E. Elayda

12) TAC International Constructors, Inc.
P. O. Box 1579
Saipan, MP 96950

Total Remitted: \$ 375,012

Security : \$25,000 Bond
Century Insurance Co.

Location : Chalan Laulau, Saipan
Telephone : 235-5004/6834

Agent : Wilfredo C. Tulabot

13) Tri-All International Corporation
P. O. Box 2610
Saipan, MP 96950

Total Remitted: \$2,616,077

Security : \$25,000 Bond
Century Insurance Co.
Location : San Antonio/Chalan Laulau
Gualo Rai/Garapan
San Jose, Tinian
Telephone : 234-1603/1610
Agents : Elizabeth Laamar Ganang
Carmen Caliwan
Magdalena Tabunar
Manuel Acaban, Tinian

14) Valencia, Willy O.
dba Rustan's Foreign Exchange
P. O. Box 639
Saipan, MP 96950

Total Remitted: \$5,623,436

Security : \$25,000 TCD
Union Bank, Saipan
Location : San Vicente, Saipan
Songsong, Rota
Telephone : 234-7299/0329
Agents : Willy O. Valencia
Helen M. Valencia
Baby Lolita V. Emralino
Norman A. Palma - Rota

15) Viking International Corporation
dba Peso Remittance
P. O. Box 1280
Saipan, MP 96950

Total Remitted: \$ 297,604

Security : \$25,000 Bond
Century Insurance Co.
Location : Lower Base, Saipan
Telephone : 322-8168
Agent : Wellington C. Ang

16) Victoria Foreign Exchange, Inc.
P. O. Box 2753
Saipan, MP 96950

Total Remitted: \$ 646,656

Security : \$25,000 Bond
Century Insurance Co.

Location : Sablan's Bldg., San Jose, Saipan
Chalan Kanoa, District #2
Gualo Rai

Telephone : 234-8521

Agents : Guadalupe A. Flores
Maria Cristina O. Pangelinan
Maria P. Camacho

17) Vilaga, Melba A.
dba Pacific Express Services
P. O. Box 850
Saipan, MP 96950

Total Remitted: \$ 9,532

Security : \$25,000 Bond
Century Insurance Co.

Location : Chalan Kanoa, District #2

Telephone : 256-1602

Agent : Melba Vilaga

18) Philippine Goods, Inc.*
P. O. Box
Saipan, MP 96950

Total Remitted: \$ 10,173

*NOTE: CEASED ITS REMITTANCE OPERATION ON 01/15/92

19) Sai-Phil Services*
dba Green Bucks
P. O. Box
Saipan, MP 96950

Total Remitted: \$ 139,640

*NOTE: CEASED ITS REMITTANCE OPERATION ON 07/13/92

20) Buniag, Remedio S.
dba Marfran Enterprises
P. O. Box 1465
Saipan, MP 96950

Total Remitted: \$ -0-

Security : \$25,000 Bond
J.T.S. Insurance Co

Location : Lower Navy Hill
Telephone : 322-0414

Agent : Remedio S. Buniag

TOTAL FUNDS REMITTED IN 1992 \$34,047,991

*B. CURRENCY TRANSACTION COMPANIES
(Buying and Selling Only)

- 1) Aqua Resort Club Saipan Co., Ltd.
P. O. Box 9
Saipan, MP 96950

Security : Waived
Location : Achugao, Saipan
Telephone: 322-1234
Agents : Imelda Vargas
Raquel S. Sablan
Nela A. Reyes

- 2) CNMI Currency Exchange, Inc.
P. O. Box 486
Saipan, MP 96950

Security : Waived
Location : Saipan Int'l Airport
San Jose, Saipan
San Jose, Tinian
Telephone: 234-3318
Resident Agent: Michael P. Tenorio
Agents : Peter M. P. Tenorio - Saipan
Salvador A. Balisis - Tinian

- 3) Hotel Nikko Saipan, Inc.
P. O. Box 152 CHRB
Saipan, MP 96950

Security : \$25,000 TCD
Union Bank, Saipan
Location : San Roque, Saipan
Telephone: 322-3311
Agents : Restituto T. Bero
Edna S. Tan

- 4) Micro Pacific Development, Inc.
dba Saipan Grand Hotel
P. O. Box 369
Saipan, MP 96950

Security : Waived
Location : Susupe, Saipan
Telephone: 234-6601-3/9911
Agents : Ana A. Pangilinan
Justin T. Garuw

- 5) Pacific Micronesia Corporation
 dba Dai-Ichi Hotel Saipan Beach
 P. O. Box 1029
 Saipan, MP 96950
- Security : \$25,000 TCD
 Union Bank, Saipan
- Location : Garapan, Saipan
 Telephone: 234-6412/7064
 Agents : Diomedes Nueque
 Terauno Buehler
 Estella Lotus
 Amor Taitingfong
 Nilda King
- 6) Saipan Diamond Hotel
 P. O. Box 66
 Saipan, MP 96950
- Security : Waived
 Location : Susupe, Saipan
 Telephone: 234-5900
 Agents : Joe H. Lim
 Jose Rocel G. Pagapular
- 7) Saipan Hotel Corporation
 dba Hafadai Beach Hotel
 P. O. Box 338
 Saipan, MP 96950
- Security : Waived
 Location : Garapan, Saipan
 Telephone: 234-6495/8
 Agents : Lucia Ngitong
 Mary Grace Towai
- 8) Saipan Portopia Hotel Corporation
 dba Hyatt Regency Saipan
 P. O. Box 87
 Saipan, MP 96950
- Security : \$25,000 Bond
 Century Insurance Co.
- Location : Garapan, Saipan
 Telephone: 234-1234/6426
 Agents : Helen Espinoza
 Erlinda Ngiraibuuch
 Clarita Elbo

9) Suwaso Corporation
dba Coral Ocean Point Resort Club
P. O. Box 1160
Saipan, MP 96950

Security : \$25,000 Bond
 J.T.S. Insurance Co.
Location : Agingan Point, Saipan
Telephone: 234-7000

Agent : Antonio C. Muna

*NOTE: 1993 ANNUAL REPORT WILL CONTAIN AMOUNTS IN JAPANESE YEN
AND U.S.DOLLAR CURRENCY TRANSACTION AND OTHER FOREIGN
CURRENCIES.

1992 LISTING

FINANCE COMPANIES

- 1) Century Finance Company, Ltd.
 Caller Box PPP 193
 Saipan, MP 96950

Location : Mike's Bldg., Chalan Kanoa, Dist.#4
 Telephone : 234-0609/0610
 Resident Agent: Benigno R. Fitial
 Incorporated : August 07, 1989
 Capital Investment: \$1,000,000
 Commencement : June 30, 1992

1992

Assets..... \$2,720,594
 Liabilities..... \$1,712,273
 Capital Investment... \$1,000,000
 Gross Income..... \$ 70,551
 Receivables..... \$2,044,447
 Notes Payable..... \$1,667,858

- 2) Friendly Finance Company, Inc.
 P. O. Box 486
 Saipan, MP 96950

Location : San Jose, Saipan
 Resident Agent: Michael P. Tenorio
 Chartered : January 21, 1985
 Incorporated : January 23, 1985

1992 1991

Assets	\$ 1,415,399	\$ 634,526
Liabilities	\$ 901,849	\$ 376,015
Capital Investment	\$	\$ 25,000
Gross Income as of June 30, 1991 ..	\$	\$ 183,197
Loans Receivable.....	\$ 1,240,339	\$ 590,929

3) Isla Financial Services, Inc.
 P. O. Box 3219
 Saipan, MP 96950

Location : Joeten Center, Susupe
 Telephone : 235-5278/5279
 Manager : Anne D. Nabong
 Incorporated: July 10, 1991

	June 1992	June 1993
Assets	\$2,843,837	\$4,405,133
Liabilities	\$1,890,475	\$3,267,398
Gross income.....	\$ 257,848	\$ 614,202
Loans receivable.....	\$2,686,117	\$3,318,810
Deposits.....	\$1,863,076	\$3,220,022

4) Marianas Realty Financial Corporation
 P. O. Box 136
 Saipan, MP 96950

Location : Joeten Center, Susupe
 Telephone : 234-6445/6446
 President : Clarence T. Tenorio
 Incorporated: October 25, 1982

Capital Investment	\$ 83,500
Gross Income as of December 31, 1992 ...	\$114,461
Assets.....	\$277,004
Liabilities.....	\$ 6,158
Loans receivable.....	\$116,600

5) Marine Mortgage Bankers, Inc.
 P. O. Box 3125
 Saipan, MP 96950

Location : Susupe, Saipan
 Telephone : 235-6868
 Resident Agent: Jose T. DLGuerrero
 Incorporated : December 06, 1989
 Capital Investment: \$1,000,000

	1992
Assets.....	\$1,346,372
Liabilities.....	\$ 229,027
Loans receivable.....	\$ 756,390
Gross income.....	\$ 138,544

6) Pacific Financial Corporation (Industrial Loan Co.)
 P. O. Box 1657
 Saipan, MP 96950

Location : Professional Bldg., San Jose
 Telephone : 234-8615/5706
 Resident Agent: Magdalena C. Camacho
 Incorporated : December 19, 1974 (Guam)
 Registered : January 10, 1986

	1992	1991
Assets	\$9,858,319	\$4,883,175
Liabilities	\$9,739,603	\$4,702,517
Capital Investment	\$	\$ 650,000
Notes Receivables	\$8,656,386	\$4,622,439
Corporate Notes	\$4,747,601	\$ 776,679

7) Sablan Finance, Inc.
 P. O. Box 1430
 Saipan, MP 96950

Location : Sablan Bldg., Chalan Kanoa
 Telephone : 234-7937/7947
 Resident Agent: Karl T. Reyes, Treasurer
 Incorporated : March 27, 1985

	1992	1991
Assets	\$ 450,977	\$ 378,607
Liabilities	\$ 3,565	\$ 15,421
Loan Receivables	\$ 380,461	\$ 282,771
Capital Investment	\$	\$ 51,500
Gross Income	\$ 60,227	\$ 74,194

1992 LISTING

SECURITY BROKER-DEALER

- 1) American Eastern Securities, Inc.
4444 S. Flower Street, Suite 3920
Los Angeles, CA 90017

Incorporated in the state of California in September 1989
Registered in the CNMI on August 13, 1992

As of October 31, 1992

Assets \$ 179,863
Liabilities \$ 41,795

Agent: - Ty T. Izuka
P. O. Box 1608
Saipan, MP 96950

Licensed by the National Association of Securities
Dealers, Inc. (NASD). No history of disciplinary action.

- 2) Interpacific Investors Services, Inc.
2310 One Union Square
600 University Street
Seattle, WA 98101

Incorporated in the state of Washington in 1970
Registered in the CNMI: January 25, 1988

September 30, 1990

September 30, 1992

Assets	\$3,870,174	\$3,619,407
Liabilities	\$1,592,745	\$1,687,089

Agents: - Mark R. Curtis
145 Aspinall Ave, Suite 101
Agana, Guam 96910

- Michael Pexa
145 Aspinall Ave., Suite 101
Agana, Guam 96910

Licensed by the National Association of Securities
Dealers, Inc. (NASD). No history of disciplinary action.

1992 LISTING

TRUST COMPANIES

1) Bishop Trust Company, Ltd.
P. O. Box 2390
Honolulu, HI 96804

Resident Agent: KPMG Peat Marwick
Caller Box PPP 543
Saipan, MP 96950
Telephone: 322-0860

Bishop Trust Company, Limited was incorporated in 1906 in Hawaii and admitted to do business in the Northern Marianas since March 01, 1979. Bishop Trust Company, Ltd. provides personal trust services for one Saipan resident.

*OVERVIEW 1992

Client Assets:

Market value of all assets held in management and custodial capacities 12/31/9_	\$ _____
Personal Trust & Estates	\$ _____
Employee Benefit Trusts & Agencies	\$ _____
Corporate Trusteeship, Institutional, Charitable, Government Accounts	\$ _____

Investment Management (Securities):

Trust & Agency assets under management	\$ _____
Mutual Funds	\$ _____

Schedule of trust business activity in the CNMI:

Number of trust accounts serviced.....	1
Market value of trust account.....	\$163,238

*NOTE: 1992 OVERVIEW IS NOT AVAILABLE.

2) Hawaiian Trust Company, Ltd.
111 South King Street
Honolulu, HI

Resident Agent: Marilyn P. Megofna
c/o Bank of Hawaii
Saipan Branch
P. O. Box 566
Saipan, MP 96950
Telephone: 234-6102

Hawaiian Trust Company, Ltd. is Hawaii's oldest and largest trust company. The company has maintained a business presence in the South Pacific Islands for over 15 years. In 1989, the Guam office opened its doors in order to bring its services to the people more expediently. The Guam office services Guam and the Commonwealth of the Northern Mariana Islands (CNMI).

OVERVIEW 1992

Client Assets:

Market value of all assets held in management
and custodial capacities 12/31/91\$8.7 Billion
Personal Trust and Estates\$3.6 Billion
Employee Benefit Trusts and Agencies\$1.3 Billion
Corporate Trusteeship, Institutional, Charitable,
Government Accounts\$3.0 Billion

Investment Management (Securities):

Trust and Agency assets under management\$2.5 Billion
Mutual Funds managed 12/31/90\$900 Million
Total\$3.4 Billion

Hawaiian Trust Co., Ltd. provides services to the CNMI customers as its Agents, Custodians of Assets, and Investment Managers. The aggregate total of its CNMI clients is in excess of \$130 million. In addition, a total of \$6 million is part of Hawaii's Tax Exempt Pooled Funds for Revenue Bonds issued by the CNMI.

1992 Listing

INVESTMENT COMPANY

- 1) Vantage Holdings
P. O. Box 305 CHRB
Saipan, MP 96950

Location : Garapan
Telephone : 234-1960/1961
Partners : Rex I. Palacios
Benigno R. Fitial

Activities: Investment ventures and holdings company

- 2) William D. Rogers
dba Broadway Investments
P. O. Box AAA-773
Saipan, MP 96950

Location : Family Commercial Building, Garapan
Telephone : 233-4998

Activity : Investment ventures company

APPENDICES

1) Applications for:	a) Retail banks.....	A1
	(foreign/state/CNMI chartered)	
	b) Renewals.....	A2
	c) Offshore bank.....	A3
	d) Additional branches.....	A4
2) Applications for:	a) Finance companies.....	B1
	b) Trust companies.....	B2
	c) Investments & Securities firms....	B3
3) Separate audit requirements.....		C1
		C2
		C3
4) Quarterly reports form.....		D
5) Payment of fees schedule form.....		E
6) Complaints: Procedure.....		F1
	Opinion from Attorney General.....	F2
7) Listing of files available for public review.....		G

OFFICE OF THE DIRECTOR
DIRECTOR OF BANKING
DEPARTMENT OF COMMERCE AND LABOR
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
ADMINISTRATION BUILDING, CAPITOL HILL, SAIPAN, MP 96950

INITIAL

RENEWAL

APPLICATION FOR A RETAIL BANKING BUSINESS

(To be filled out using a typewriter or block letters)

AUTHORITY: This application is made and submitted pursuant to the provisions of Section 6212 (Banking License), 4 CMC, Div. 6 (Source: P.L. 3-104, Section 212) of the Commonwealth Banking Code of 1984.

Instructions: Please provide all information asked. Write in "n/a" whenever an answer or information sought is "not applicable" to your case. Whenever appropriate, place a check mark () in the space provided.

Note: For initial banking license, a \$5,000.00 non-refundable application fee and a \$1,000.00 license fee shall be paid upon submission of this application form and \$1,000.00 annual license fee every renewal period. All payments in check shall be made payable to the Treasurer, CNMI Government.

This application is for calendar year _____.

(a) Has there been any changes of any principal officers or directors, or any transfers of outstanding stock ownership in amounts greater than five percent (5%) in the corporation?

[] NO [] YES

(b) If yes, when did such change or transfer taken place?

_____ month day year

(c) Did applicant notify in writing the Director of Commerce and Labor of such change or transfer? [] NO [] YES

- 1) Name of applicant corporation? _____

- 2) Principal place of business? _____
 (a) Business office located in the Commonwealth? _____

- 3) What is the total amount of paid-up capital actually paid-in cash?
 \$ _____ preferred \$ _____ common

- 4) Answer the following questions:
 - a) Number of shares authorized? _____ preferred _____ common
 - b) Number of shares issued? _____
 - c) Number of shares outstanding? _____
 - d) Price per share? _____
 - e) Par value per share? _____
 - f) Book value per share? _____

- 5) What is the total amount of paid-in surplus? _____

- 6) The following information are to be provided by applicant as attachments to this application after it has been verified to be true and correct by the corporation's President and Secretary:
 - A) Names, mailing addresses, number of shares owned, occupations, social security numbers, and citizenship of all shareholders.
 - B) Names, mailing addresses, number of shares owned, occupations, titles or positions held, social security numbers, and citizenship of all principal officers.

- C) Names, mailing addresses, number of shares owned, occupations, titles or positions held, social security numbers, and citizenship of all corporate directors.
- D) Current annual report
- E) Information with respect to the character, criminal record, business activities, financial affairs and business associates of the corporate applicant's principal officers, directors, and principal shareholders covering a period at least seven (7) years prior to the date of application.
- 7) A) Who is the authorized resident agent of the applicant corporation?
- Name: _____
- S.S.No.: _____
- Occupation: _____
- Mailing Address: _____
- _____
- _____
- Business Phone No: _____
- Residential Address: _____
- _____
- Home Phone No: _____
- B) Is applicant duly incorporated under the laws of the Commonwealth? NO YES
- If YES, attach charter and certificate of incorporation. If NO, is applicant a registered corporation in the Commonwealth? NO YES
- C) Is applicant FDIC member? YES NO
- If not a member yet, has applicant applied for membership? YES NO

- 8) Have you or any of your corporate directors, principal officers, or principal shareholders ever been adjudged a bankrupt or had worked out a compromise with your creditors? YES NO

If YES, give details below.

<u>Title & Nature of Proceeding</u>	<u>Date</u>	<u>Name & Address of Court</u>	<u>Disposition</u>

- 9) Are you or any of your corporate directors, principal officers, or principal shareholders ever been involved as a defendant or plaintiff in any civil litigation?

YES NO If YES, give details below.

<u>Title & Nature of Lawsuit</u>	<u>Date</u>	<u>Name & Address of Court</u>	<u>Disposition</u>

- 10) Have you or any of your corporate directors, principal officers, or principal shareholders ever been indicted or convicted of or pleaded nolo contendere to any criminal matter involving dishonesty or breach of trust in any state, federal court, or other jurisdiction? YES NO

If YES, give details below.

<u>Nature of Charge</u>	<u>Date</u>	<u>Jurisdiction & Location</u>	<u>Disposition</u>

- 11) Have you or any of your corporate directors, principal officers, or principal shareholders been subject to any administrative proceedings, disciplinary proceedings, or other adverse actions with respect to any professional license you hold or have held, including those involving any business or enterprise with which you have been associated as a partner, officer, director or principal shareholder (owning 5% or more of outstanding voting corporate stock)? YES NO

If YES, give details below.

Nature of Charge	Date	Jurisdiction & Location	Disposition

- 12) Has any business or enterprise with which you or any of your corporate directors, principal officers, or principal shareholders are or were associated as a partner, officer, director, or principal shareholder been subject of an indictment, conviction, or plea of no contendere of any criminal matter involving dishonesty, or perjury, or breach of trust? YES NO

If YES, give details below.

Business	Your Interest	Nature of Charge	Date	Jurisdiction	Disposition

TO ALL APPLICANTS:

You are required to submit with this application a copy of your corporate charter, by-laws, articles of incorporation (with all amendments thereto), certificate of incorporation, registration certificate, stock register and minutes, FDIC certificate of membership, and all other schedules, reports, statements, exhibits, inserts or attachments that are to be made a part of this application. The Director of Banking may require such other information to determine whether conditions for issuance of a banking license have been met.

RESOLUTION OF THE BOARD OF DIRECTORS OF APPLICANT

The Board of Directors of the Applicant Corporation at a meeting duly called and held on _____ adopted the following RESOLUTION: _____ Date

"WHEREAS, it is the sense of this meeting that application should be made on behalf of this Corporation to the Commonwealth Government for written approval to be licensed to engage in or continue as a Retail Banking business pursuant to the provisions of all applicable rules and regulations and laws of the Commonwealth;

NOW, THEREFORE, IT IS RESOLVED, that the President or Vice-President and the Treasurer or Secretary of this Corporation are hereby authorized and directed to make application on behalf of this Corporation to the Commonwealth Government and to submit to the Commonwealth Government in connection therewith all information requested by this application for the purpose of inducing the Commonwealth Government to grant its written approval for the licensing of this Corporation to do just that as indicated in this RESOLUTION."

The above Resolution has not been rescinded or modified and has been duly entered on the minutes book of the Applicant Corporation.

Date: _____
Name and Location of Applicant Corporation

(S E A L)

By: _____
President or Vice-President

Attest:

Treasurer or Secretary

A copy of each of the following applicable items must be attached to this application upon submission:

- 1. A copy of applicant's current annual report
- 2. All information provided as a response to Question No. 6
- 3. Corporate Charter
- 4. Certificate of Incorporation, Articles of Incorporation, and By-Laws
- 5. Certificate of Registration
- 6. Corporate Resolution (Page 6)
- 7. Corporate Stock Register
- 8. Corporate Minutes
- 9. FDIC Membership Certificate
- 10. All other applicable supplements

I, the undersigned, hereby certify that all the foregoing and other information, statement, and exhibits are true and correct to the best of my knowledge and belief and that said information, statement, and exhibits are submitted voluntarily by me to the CNMI Department of Commerce and Labor for its confidential use. I understand, however, that notwithstanding the foregoing, the Department of Commerce and Labor may release all or part of the information furnished herein where such release is made in connection with its investigation and verification efforts (or where such release is determined to be in the best interests of the Department consistent with the public interest and applicable law).

President/Vice-President

Date

FOR OFFICIAL USE ONLY

1. Date application received: _____

2. Date application was approved or disapproved: _____

DECISION RENDERED: (If disapproved, give reasons below.)

REASONS:

OFFICE OF THE DIRECTOR
DIRECTOR OF BANKING
DEPARTMENT OF COMMERCE AND LABOR
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
ADMINISTRATION BUILDING, CAPITOL HILL, SAIPAN, MP 96950

APPLICATION FOR RETAIL BANKING BUSINESS LICENSE

RENEWAL

AMENDMENT

In accordance with the provisions of Sections 6243/6213 of the CNMI Banking Code, the undersigned hereby makes application to continue engaging in a _____ business for calendar year _____ beginning _____.

In consideration of the issuance of such license, applicant must provide the following information: (Answer each item as accurately as possible.) Applicant understand that willful misstatement or omission of a material fact on this application shall be grounds for revocation of the business license or imposition of civil and/or criminal penalties.

1. Name of Bank: _____

2. Applicant's local mailing address: _____

3. Name of Manager: _____

4. Form of Business: (Check one) [] Corporation [] Association
[] Non-Profit Organization [] Sole Proprietorship [] Partnership

5. Business Phone No.: _____

6. Number of Employees: Males _____ Females _____

CITIZENSHIP:
CNMI= _____ U.S.= _____ CHINESE= _____
KOREAN= _____ FILIPINO= _____ OTHER (specify)= _____

7. Location of Business in the CNMI: [] SAIPAN [] TINIAN
[] ROTA [] ROTA

Name of Village or Area: _____

DIRECTOR OF BANKING
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND LABOR
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
SAIPAN, MP 96950

INITIAL

RENEWAL

APPLICATION FOR AN OFFSHORE BANKING BUSINESS

(To be filled out using a typewriter or block letters)

AUTHORITY: This application is made and submitted pursuant to the provisions of the applicable rules and regulations promulgated by the Director of the Department of Commerce and Labor in accordance with the authority vested in him under Public Law 1-8, Chapter 9 and Public Law 3-104, Chapter VIII, Commonwealth Banking Code of 1984.

- I. Instructions: Please provide all information asked. Write in "n/a" whenever an answer or information sought is "not applicable" to your case. Whenever appropriate, place a check mark (✓) in the space provided.

Note: A \$5,000.00 license fee shall be paid upon submission of this application form. All payments in check shall be made payable to the Treasurer, CNMI Government.

-
- 1) This application is for calendar year _____.
- 2) If application is seeking an initial license, then give the date corporation intends to commence business: _____
month/day/year
- 3) If applicant is seeking a renewal license, then give the date corporation commenced business: _____
month day year
- a) Has there been any changes of any principal officers or directors, or any transfers of outstanding stock ownership in amounts greater than ten percent (10%) in the corporation? [] YES [] NO
- b) If YES, when did such change or transfer take place?

month/day/year
- c) Did applicant notify in writing the Director of Commerce and Labor of such change or transfer? [] YES [] NO

4) Name of applicant corporation: _____

5) Principal place of business: _____

a) Business office located in the Commonwealth:

6) What is the total amount of paid-up capital actually paid-in cash?

\$ _____ preferred; \$ _____ common

7) Answer the following questions:

a) Number of shares authorized?

_____ preferred; _____ common

b) Number of shares issued _____ preferred _____ common

c) Number of shares outstanding? _____ _____

d) Price per share? _____ _____

e) Par value per share? _____ _____

f) Book value per share? _____ _____

8) a) What is the total amount of paid-in surplus actually paid-in cash? \$ _____

b) What is the premium on each class of stock issued?

\$ _____ preferred; \$ _____ common

II. The following information are to be provided by applicant as attachments to this application after it has been verified to be true and correct by the corporation's President and Secretary:

- 9) Proof of its paid-in capital, deposited in a depository designated by the directors and complete list of the capital depositors, with the names, address, occupation and the amount of capital deposited by each depositor.
- 10) Names, mailing addresses, number of shares owned, occupations, social security numbers, and citizenship of all shareholders owning 5% or more.
- 11) Names, mailing addresses, number of shares owned, occupations, titles or positions held, social security numbers, and citizenship of all principal officers.
- 12) Names, mailing addresses, numbers of shares owned, occupations, titles or position held, social security numbers, and citizenship of all corporate directors.
- 13) Current annual report as required by Sections 803(a) and 805 of the Commonwealth Banking Code of 1984.
- 14) Information with respect to the character, criminal record, business activities, financial affairs and business associates of the corporate applicant's principal officers, directors, and principal shareholders covering a period at least seven years prior to the date of application. For purposes of compliance to this requirement, applicant shall secure the services of a reputable agency engaged in the business of investigation.
- 15) Who is the appointed resident agent of the applicant corporation?

Name: _____

S.S. No.: _____

Occupation: _____

Mailing Address: _____

Residential Address: _____

Business Phone No: _____

Home Phone No: _____

16) Is applicant duly incorporated under the laws of the Commonwealth pursuant to Title 37, Trust Territory Code?

[] YES [] NO

(If YES, attach charter and certificate of incorporation.)

17) Have you or any of your corporate directors, principal officers, or principal shareholders ever been adjudged a bankrupt or had worked out a compromise with your creditors?

[] YES [] NO

(Give details below)

Title & Nature of Proceeding	Date	Name & Address of Court	Disposition

18) Are you or any of your corporate directors, principal officers, or principal shareholders ever been involved as a defendant or plaintiff in any civil litigation? [] YES [] NO

(If YES, give details below.)

Title & Nature of Lawsuit	Date	Name and Address of Court	Disposition

19) Have you or any of your corporate directors, principal officers, or principal shareholders ever been indicted or convicted of or pleaded nolo contendere to any criminal matter involving dishonesty or breach of trust in any state, federal court, or other jurisdiction? [] YES [] NO

(If YES, give details below.)

Nature of Charge	Date	Jurisdiction and Location	Disposition

- 20) Have you or any of your corporate directors, principal officers, or principal shareholders been subject to any administrative proceedings, disciplinary proceedings, or other adverse actions with respect to any professional license you hold or have held, including those involving any business or enterprise with which you have been associated as a partner, officer, director or principal shareholder (owning 5% or more of outstanding voting corporate stock)? YES NO

(If YES, give details below.)

Nature of Authority	Nature of Proceedings	Disposition and Date

- 21) Has any business or enterprise with which you or any of your corporate directors, principal officers, or principal shareholders are or were associated as a partner, officer, director, or principal shareholder been subject of an indictment, conviction, or plea of no contendere of any criminal matter involving dishonesty, or perjury, or breach of trust? YES NO

(If YES, give details below.)

Business	Your Interest	Nature of Charge	Date	Jurisdiction	Disposition

TO ALL APPLICANTS: You are required to submit with this application a copy each of your corporate charter, by-laws, articles of incorporation (with all amendments thereto), certificate of incorporation, registration certificate, stock register and minutes, and all other schedules, reports, statements, exhibits, inserts or attachments that are to be made a part of this application.

RESOLUTION OF THE BOARD OF DIRECTORS OF APPLICANT

The Board of Directors of the Applicant Corporation at a meeting duly called and held on _____ adopted the following RESOLUTION: _____ Date

"WHEREAS, it is the sense of this meeting that application should be made on behalf of this Corporation to the Commonwealth Government for written approval to be licensed to engage in or continue as an Offshore Banking business pursuant to the provisions of all applicable rules and regulations and laws of the Commonwealth;

NOW, THEREFORE, IT IS RESOLVED, that the President or Vice-President and the Treasurer or Secretary of this Corporation are hereby authorized and directed to make application on behalf of this Corporation to the Commonwealth Government and to submit to the Commonwealth Government in connection therewith all information requested by this application for the purpose of inducing the Commonwealth Government to grant its written approval for the licensing of this Corporation to do just that as indicated in this RESOLUTION."

The above Resolution has not been rescinded or modified and has been duly entered on the minutes book of the Applicant Corporation.

Date: _____
Name and Location of Applicant Corporation

(S E A L) By: _____
President or Vice-President

Attest:

Treasurer or Secretary

A copy of each of the following applicable items must be attached to this application upon submission:

- 1. Annual audited financial statement
- 2. Report of bank's condition as of January 1 and June 1 signed by the resident agent
- 3. All information provided as a response to Question Roman Numeral II
- 4. Corporate Charter
- 5. Certificate of Incorporation, Articles of Incorporation, and By-Laws
- 6. Certificate of Registration
- 7. Corporate Resolution
- 8. Corporate Stock Register
- 9. Corporate Minutes
- 10. All other applicable supplements

I, the undersigned, hereby certify that all the foregoing and other information, statement, and exhibits are true and correct to the best of my knowledge and belief and that said information, statement, and exhibits are submitted voluntarily by me to the CNMI Department of Commerce and Labor for its confidential use. I understand, however, that notwithstanding the foregoing, the Department of Commerce and Labor may release all or part of the information furnished herein where such release is made in connection with its investigation and verification efforts (or where such release is determined to be in the best interests of the Department consistent with the public interest and applicable law.)

President/Vice-President

Date

FOR OFFICIAL USE ONLY

1. Date application received: _____

2. Date application was approved or disapproved: _____

DECISION RENDERED: (If disapproved, give reasons below.)

REASONS:

Page 8 of 8

APPENDIX A3

GUIDELINES TO SECTIONS 6210 AND 6260
(Additional Branch)

Part I. Description of the Branch Proposal:

- 1) Background of proposal
- 2) Inducements

Part II. Effect of the Branch Competition:

- 1) Revelant Geographic Market
- 2) Overlap of Revelant Geographic Market
- 3) Schedule of Competing Banks
- 4) Trust Services
- 5) Competition from Non-Bank Institutions
- 6) Stock of Other Financial Institution Owned or Controlled

Part III. Financial and Managerial Resources and Future Prospects:

- 1) Corporate Organizational History
- 2) Capital
- 3) Deposit Projections
- 4) Management
- 5) Future Prospects

Part IV. Convenience and Needs of the Community:

- 1) Branch Location
- 2) Economic Characteristics
- 3) Loan Policies, Charges, Interest Rates
- 4) Loan Participation
- 5) Other Services

Part V. Applicant's Supportive Comments:

- 1) Reasons for Approval
- 2) Desired Effective Date

Part VI. Banking History of the Commonwealth:

- 1) Ability of the Commonwealth to support additional banking facilities.

APPENDIX A4

DIRECTOR OF BANKING
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND LABOR
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
SAIPAN, MP 96950

CHECKLIST FOR PROPOSED INVESTMENT AND FINANCE COMPANY

- ___ 1. Application for Business License
- ___ 2. Application for Authority to Transact Business as a Regulated Lender.
- ___ 3. Copy of Articles of Incorporation or Partnership Agreement
- ___ 4. Latest Copy of Statement of Condition of Corporation or Partnership
- ___ 5. Copy of the Financial Statement or Latest Income Tax Return of Each Officer and/or Director of the Corporation or Partnership
- ___ 6. A Resume of the Manager or Appointed Local Resident Agent for the Proposed Investment and Finance Company
- ___ 7. Projected Expense of the Proposed Investment and Finance Company for Its First Year of Service
- ___ 8. Two(2) copies each of the Forms to be used as a Regulated Lender:
 - a. Application forms for the types of loans to be offered
 - b. Credit information form
 - c. Disclosure statements for the types of loans to be offered
 - d. Promissory Note
 - e. Security or Collateral Agreement
 - f. Finance Charge/APR Charts, and
 - g. Right of Rescission form for Real Estate loans
- ___ 9. Information and forms needed if the Finance Company is to offer and provide Credit Life
 - ___ a. The name of the Insurance Company to underwriter the policies
 - ___ b. The name(s) of the agent(s) licensed to sell insurance, and
 - ___ c. The schedules of premium rates or charges pertaining thereto
- ___ 10. Registration Statement for issuing Corporate Notes, Debentures, etc.

APPENDIX B1

OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND LABOR
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
SAIPAN, MP 96950

APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS AS A/AN INVESTMENT
OR REGULATED FINANCE COMPANY UNDER THE PROVISIONS OF 6 CMC 1706 AND
6102 OF THE COMMONWEALTH CODE.

CORPORATION () PARTNERSHIP () SINGLE PROPRIETOR ()

DATE: _____

Director of Banking
Department of Commerce and Labor
Commonwealth of the Northern Mariana Islands
First Floor, Administration Building, Capitol Hill
Saipan, MP 96950

Dear Sir:

Application is hereby made for permission to conduct business as
a/an investment or finance company under the provisions of 4 CMC,
Division 6, Sections 1706 and 6102 of the Commonwealth Code.

For your records, the following is submitted:

1. Name and address of the applicant:

Name _____

Address _____

2. Municipality where the business is to be conducted and mailing
address of business:

3. Will applicant do business as a CNMI (Domestic) Corporation or
Foreign Corporation?

1 of 4

APPENDIX B1

4. State date and place of incorporation and, if a foreign corporation, the date admitted in this Territory.

5. Name and address in Saipan of agent upon whom service of process may be made.

6. Names and addresses, both of the residence and place of business, of officers of the business.

Name and Title	Home Address	Business Address
----------------	--------------	------------------

7. The name and address of the manager who is to have charge of the business:

Name _____

Home Address _____

Previous Experience _____

8. Will any other business be conducted in the office in which the licensed business is to be conducted? State names and facts:

9. The following is a true and correct statement of the financial condition of the applicant:

Date of Statement _____

ASSETS

Cash and due from banks.....\$ _____
Readily marketable securities... _____
Contracts receivable..... _____
Notes receivable..... _____
Other assets..... _____

Itemize:

TOTAL ASSETS.....\$ _____

LIABILITIES

Capital.....\$ _____
Surplus..... _____
Notes payable..... _____
Accounts payable..... _____
Other liabilities..... _____

Itemize:

TOTAL LIABILITIES.....\$ _____

10. None of the assets listed on the foregoing statement are pledged to secure payment of liabilities, except as follows:
(State kind and total of assets pledged, amount of indebtedness to be secured, and the name of the pledges).

11. Show below the names, addresses and occupation of four reputable citizens of CNMI preferably located in the municipality in which you desire to engage in business, who are personally acquainted with you or with the officers of the corporation.

<u>Name</u>	<u>Residence</u>	<u>Occupation</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

12. Submit the name and location of any other loan office operated by you in this Territory or other States. (Use separate schedule, if necessary).

Signatures of Applicant:

A F I D A V I T

COMMONWEALTH OF THE)
NORTHERN MARIANA ISLANDS)
) SS:
SAIPAN)

On this _____ day of _____, 19____, before me, a Notary Public personally appeared _____

known to me to be the persons named in, and who executed the foregoing instruments and made to me to be the persons named in, and who executed the foregoing instruments and made oath that the statements and representations set forth therein are true to the best of their knowledge and behalf.

NOTARY PUBLIC

Residing at _____

(SEAL)

OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND LABOR
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
SAIPAN, MP 96950

NOTICE OF INTENT TO DO BUSINESS

(Individuals and Business Engaged in Making Consumer Credit Sales,
Lease, and/or Loans in the Commonwealth of the Northern
Mariana Islands)

1. Name _____
(Seller, Lessor, Lender)

2. Name in which business is transacted _____

3. Address of principal office _____
(This may be outside the Commonwealth of the Northern Mariana
Islands)

4. Address of all offices or places of business in the
Commonwealth of the Northern Mariana Islands:

5. Type of business conducted _____

6. If consumer credit sales, consumer leases or consumer loans
are made, specify as to how and where they are made:

At office or store [] By mail [] Home solicitation []
Other [] Specify: _____

7. If the above is other than at an office or retail store, give
a brief description of the manner in which they are made:

8. Name and address (in Saipan of designated agent upon whom service of process may be made): _____

9. Do you make direct loans? _____ If so, does the loan finance charge exceed the annual percentage rate of 24%? _____
10. Do you make sales or consumer loans pursuant to a "Revolving Charge of Loan Account? _____
11. As a seller, lessor or lender, give below a total of the original unpaid balances arising from consumer credit sales, consumer leases and consumer loans made in CNMI within the preceding fiscal year held for more than thirty (30) days after inception of the sale, lease or loan giving rise to the obligations. (Refinancing of a sale, lease or loan resulting in an increase in the amount of an obligation is considered a new sale, lease or loan to the extent of the amount of the increase.)

Original:

Unpaid balances from consumer credit sales...	\$	_____
Unpaid balances from consumer leases.....	\$	_____
Unpaid balances from consumer loans.....	\$	_____
TOTAL	\$	=====

CERTIFICATION

I hereby certify that the statement in the foregoing report are true and correct to the best of my knowledge and belief.

Dated at _____ this _____ day of _____, 19_____

 Authorized Signature Title

TRUST BUSINESS

- 1) A regular business license application form
- 2) Business background and proposal must be submitted
- 3) Adherence to policy directive stated in the report as Part C, II Policy Statements No. 4

NOTE: A detailed application form is currently being drafted using format required on a draft for Trust Company Act proposal. It is anticipated the application form will be used for the 1995 calendar year.

It is not known if the Trust Company Act proposal was ever submitted to the legislature. Revisions are currently being made to improve the proposed act.

APPENDIX B2

CHECKLIST FOR PROPOSED REGISTRATION AS
BROKER-DEALER, AGENT OR
AS INVESTMENT ADVISER OF SECURITIES

- ___ 1. Application for Business License
- ___ 2. Application for Authority to Transact Business as Agent, Broker-Dealer, or as Investment Adviser of Securities.
- ___ 3. Copy of Articles of Incorporation or Partnership Agreement
- ___ 4. Latest Copy of Statement of Condition of Corporation or Partnership
- ___ 5. Copy of the Financial Statement of each Officer and/or Director of the Corporation or Partnership
- ___ 6. A Resume of the Manager or Local Resident Agent for the Proposed Investment Security Business
- ___ 7. Proof of Registration with the CNMI Registrar of Corporations or Securities and Exchange Commission as to the securities to be traded in.
- ___ 8. Copy of Company and Agent Agreement
- ___ 9. Securities to be offered (submit prospective)

APPENDIX B3

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
DEPARTMENT OF COMMERCE AND LABOR
ADMINISTRATION BUILDING, CAPITOL HILL
SAIPAN, MP 96950

APPLICATION FOR REGISTRATION AS BROKER-DEALER OF SECURITIES
(Filing Fee \$300.00)

The undersigned, an applicant for registration as a broker-dealer of securities, submits the following information to the Registrar of Corporations, copy furnished the Director of Banking, as required by Commonwealth Code, 5 CMC, Div. 8, and the Trust Territory Code, 71 TTC.

1. Name, residence address, and business address of the applicant.

2. Name under which business is conducted.

3. Check one only. Type of Firm:

Corporation Partnership
 Sole Proprietorship Other

4. Names, residence and business addresses of all persons interested in the business as principals, partners, officers or directors, giving the title of each.

Name	Residence Address	Business Address	Title
------	-------------------	------------------	-------

5. The general plan and character of business.

6. Length of time engaged in securities business as a broker-dealer. _____

7. States in which applicant is registered as a broker-dealer.

8. Stock or bond exchange, if any, of which applicant is a member. _____

9. Has an application for registration as an investment adviser or agent or broker-dealer ever been refused, revoked, suspended in any State or Territory or by the Securities and Exchange Commission? If so, attach a complete statement of facts in respect thereto.

10. Has any person interested in the business as principal, partner, officer or director ever been convicted of a violation of a criminal statute? If so, attach a complete statement of facts in respect thereto.

11. Names, official titles, and residence addresses of individuals who were registered as agents of the applicant.

Name	Official Title	Residence Address
------	----------------	-------------------

12. Experience of the individuals designated in Question 11 above, giving names of employers, business addresses, and dates of employment.

Name	Employer	Business Address	Date of Employment
<hr/>			
<hr/>			
<hr/>			

13. There shall be filed an irrevocable written consent to service of process on the Registrar of Corporations, copy furnished the Director of Banking, as provided by Public Law 3-3, Commonwealth Code, and the Trust Territory Code, 71 TTC.

14. Current Financial Statement must be attached to this application.

(Applicant)

A F I D A V I T

Commonwealth of the Northern)
Mariana Islands)
) ss.
Saipan)

_____ being first duly sworn on oath deposes and says that he/she is the _____ of _____ the applicant named in the foregoing application; that he/she is authorized to make this verification for and on behalf of said _____; that he/she has read the application and all the exhibits, statements, and documents attached thereto; that the information, contained in the application, exhibits, statements and documents is true to the best of his/her information, knowledge and belief.

Subscribed and sworn to before me this _____ day of _____, 19____.

(SEAL)

NOTARY PUBLIC in and for the Commonwealth of the Northern Mariana Islands.
My commission expires: _____

CONSENT TO SERVICE OF PROCESS

The undersigned does hereby irrevocably appoint the Registrar of Corporations, Commonwealth of the Northern Mariana Islands, Saipan, or his successor in office, as my attorney to receive service of any lawful process in any non-criminal suit, action or proceeding against the undersigned or his successor, executor or administrator, which arises under said Act or any rule or order hereunder after the consent has been filed, with the same force and validity as if served personally on the undersigned.

Date in the City of _____,
State of _____, this _____ day of _____,
19____

Subscribed and sworn to before me this _____ day of
_____, 19_____.

(S E A L)

NOTARY PUBLIC in and for the
Commonwealth of the Northern
Mariana Islands

My Commission expires _____

APPENDIX B3

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
DEPARTMENT OF COMMERCE AND LABOR
ADMINISTRATION BUILDING, CAPITOL HILL
SAIPAN, MP 96950

APPLICATION FOR REGISTRATION AS AGENT OF SECURITIES
(Filing Fee \$50.00)

The undersigned, an applicant for registration as an agent of securities, submits the following information to the Director of Banking in accordance with Commonwealth Code 5, Div. 8, and 71 TTC - Public Law 3-3.

1. Name, residence address, and business address of the applicant. _____

2. Name under which business is conducted.

3. Check one only. Type of Firm: () Corporation
() Partnership
() Sole Proprietorship

4. Place and date of birth; length of residence in Saipan, CNMI.

5. Educational history, showing name of schools with dates of attendance, and major subject.

6. Business experience during the five years prior to this application, showing name and address of employers, position held, nature of occupation, and dates.

7. Name and address of three references as to the character and reputation of the applicant, excluding relatives.

8. If the applicant, during the five years prior to this application, has misappropriated or converted moneys of others for his own use, or has been accused of so doing, attach a complete statement of facts in respect thereto.

9. Name and business address of dealer or issuer in securities appointing applicant.

10. If applicant has been registered as an investment adviser or an agent of or broker-dealer in securities prior to this application, attach a complete statement of facts in respect thereto.

11. If applicant has been denied registration as an investment adviser or an agent or broker-dealer in securities, or has had registration as such suspended or revoked prior to this application by any state or territorial government, attach a complete statement of facts in respect thereto.

12. If application has been convicted of a violation of a criminal statute, attach a complete statement of facts in respect thereto.

13. If applicant has never been registered as an investment adviser or an agent or broker-dealer in securities, state extent of knowledge of the business of selling securities, and what instruction and training is expected from the dealer named in Question 9 above.

14. As required by Public Law 3-3, 71 TTC and Commonwealth Code, I shall notify the Registrar of Corporations or Director of Banking upon my termination of employment by my principal.

15. Current Financial Statement must be attached to this application.

(Applicant)

A F I D A V I T

Commonwealth of the Northern)
Mariana Islands)
) ss.
Saipan)

_____ being first duly sworn on oath deposes and says that he/she is the applicant named in the foregoing information statement, that he/she has read the statement and all documents attached thereto, that the information contained in the statement and the documents is true to the best of his/her knowledge and belief.

Subscribed and sworn to before me this _____ day of _____, 19_____.

NOTARY PUBLIC in and for the Commonwealth of the Northern Mariana Islands, MP 96950
My commission expires _____

APPOINTMENT OF AGENT OF SECURITIES

I have read the foregoing information statement and believe the information contained therein to be true and complete and have no knowledge to the contrary.

I hereby appoint _____ of _____ as agent of securities and agree to notify the Registrar of Corporations or the Director of Banking of Saipan, Commonwealth of the Northern Mariana Islands, immediately upon the termination of his employment, as required by Public Law 3-3, 71 TTC, Trust Territory Code and Commonwealth Code of the CNMI.

(Broker-Dealer)

By _____
(Person Authorized to Sign)

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
DEPARTMENT OF COMMERCE AND LABOR
ADMINISTRATION BUILDING, CAPITOL HILL
SAIPAN, MP 96950

APPLICATION FOR REGISTRATION AS INVESTMENT ADVISER OF SECURITIES
(Filing Fee \$25.00)

The undersigned, an applicant for registration as an investment adviser of securities, submits the following information to the Registrar of Corporations, copy furnished the Director of Banking, as required by the Commonwealth Code, Public Law 3-3, and the Trust Territory Code 71 TTC.

1. Name, residence address, and business address of the applicant.

2. Name under which business is conducted.

3. Check one only. Type of Firm: () Corporation
() Partnership () Sole Proprietorship
() Other

4. The general plan and character of business.

5. Educational history, showing name of schools with dates of attendance, and major subject.

6. Business experience during the ten years prior to this application, showing name and address of employers, position held, nature of occupation, and dates.

7. Name and address of three references as to the character and reputation of the applicant, excluding relatives.

8. Attach a complete statement of facts relative to the qualifications and business history of all employees. Separate sheet must be prepared for each employee.
9. If the applicant during the ten years prior to this application has misappropriated or converted moneys of others for his own use, or has been accused of so doing, attach a complete statement of facts in respect thereto.
10. If applicant has been registered as an investment adviser or an agent of or broker-dealer in securities prior to this application, attach a complete statement of facts in respect thereto.
11. If applicant has been denied registration as an investment adviser or an agent or broker-dealer in securities, or has had registration as such suspended or revoked prior to this application by any state or territorial government, attach a complete statement of facts in respect thereto.
12. If applicant has been convicted of a violation of a criminal statute, attach a complete statement of facts in respect thereto.

- 13. There shall be filed an irrevocable written consent to service of process on the Registrar of Corporations, copy furnished the Director of Banking, as provided by the Commonwealth Code, Public Law 3-3, and the Trust Territory Code 71TTC.
- 14. Current Financial Statement must be attached to this application.

(Applicant)

A F F I D A V I T

Commonwealth of the Northern)
 Mariana Islands)
) ss.
 Saipan)

_____ being first duly sworn on oath deposes and says that he/she is the applicant named in the foregoing information statement, that he/she has read the statement and all documents attached thereto, that the information contained in the statement and documents is true to the best of his/her knowledge and belief.

Subscribed and sworn to before me this _____ day of _____, 19____.

(SEAL)

 NOTARY PUBLIC in and for the Commonwealth of the Northern Mariana Islands

My commission expires _____

September 26, 1991

Dear Sir:

The Banking Director requests each bank to comply with the following provisions of 4 CMC Div.6, Banking Code:

1) 4 CMC Div.6 Section 6411. Required Reports.

- a) ..." Each bank shall annually submit consolidated written financial statements and a separate annual report covering the financial condition and activities of the bank from within the Commonwealth. The documents shall be signed by the bank's chief financial officer and certified to be true and correct and in accordance with generally accepted accounting principles by a firm of independent certified public accountant..."
- b) In lieu of a separate examination, the most recent FDIC or Federal Reserve Bank Examination Report is requested.

2) Section 6452. Disclosure by the Director.

The annual audited financial statements of each bank - for its activities within the CNMI must be published in a newspaper of general circulation in the Commonwealth on or before 60 days following the close of the end of the licensee's business year.

Most of the banks have not complied to this last simple requirement and penalty for such violation is substantial. This is a NOTICE for compliance. Please comply on or before 60 days of the date of this NOTICE. If you have any question, please do not hesitate to call or drop by our office at Capitol Hill.

Sincerely,

OSCAR C. CAMACHO
for
Joaquin S. Torres
Director of Banking

APPENDIX C1



Office of the Public Auditor
Commonwealth of the Northern Mariana Islands
P.O. Box 1399
Saipan, MP 96950

Tel: 234-6481-2
Fax: 234-7812
Cable Address:
PubAud NMI Saipan

December 18, 1991

Banking and Insurance Division
Department of Commerce & Labor
Capitol Hill, Saipan MP 96950

Attention : Mr. Oscar Camacho
Deputy Director for Banking

Gentlemen:

This letter is in response to your query regarding the submission of separate financial statements by banks with operations in the CNMI.

BACKGROUND

Currently, six banks are operating in the CNMI. Two are commonwealth banks, chartered by the CNMI. The remaining four banks are chartered under the banking laws of one of the states or territories of the U.S., and licensed by the CNMI as retail banks.

To date, none of the banks submit separate financial statements for their operations in the CNMI.

Reporting Requirements

4 CMC §6411(a) of the Commonwealth Code requires each bank to submit consolidated written financial statements and a separate annual report covering the financial condition and activities of the bank from within the CNMI. These reports are required to be signed by the bank's chief financial officer and certified to be true and correct and in accordance with generally accepted accounting principles by a firm of independent certified public accountants.

Alternatively, 4 CMC §6411(c) permits the Director of the Department of Commerce & Labor (DCL) to accept the reports of state, national, Federal Reserve System, Federal Deposit Insurance

APPENDIX C2

Corporation, Federal Savings and Loan Insurance Corporation examiners, or nationally recognized auditing firms found by the Director to be capable of auditing a bank in lieu of a separate examination.

ISSUES RAISED BY BANKS

As discussed in a previous meeting, the commonwealth and state banks raised the following issues regarding the reporting requirements of the DCL.

1. Additional Cost

Some banks expressed their concern with the additional cost involved if the scope of audit will include branch operations.

Branches of state banks currently operating in the CNMI have never been audited.

2. Accounting and Auditing Concerns

Bank of [REDACTED] raised a problem regarding some transactions done only at the head office. These transactions concern the bank's investment or trading activities, and the sale and issuance of the bank's own capital stock. Specifically, [REDACTED] inquired as to how the bank's capital stock, trading account assets, and trading gain or loss accounts can be arbitrarily allocated between the head office and the other branches.

Another concern is the treatment of intercompany transactions and how these transactions are to be presented in the financial statements of the branch.

3. Alternative Reports

As mentioned earlier, the Commonwealth Code provides for reports which may be submitted in lieu of a separate examination. Two of these alternative reports are those submitted to the Federal Deposit Insurance Corporation and Federal Reserve System. According to [REDACTED] however, these reports are also consolidated, unaudited, and confidential. Because the reports are confidential and the property of the respective regulatory agencies, DCL should directly request these reports from the Federal Deposit Insurance Corporation and the Federal Reserve System.

APPENDIX C2

4. Other Reports

██████████ offered to submit, in lieu of an audit, a compilation or review report on the bank's statement of assets and liabilities, and statement of profit and loss accompanied by an auditor's disclaimer of opinion. In this way, ██████████ believed that there will be no need to arbitrarily allocate the bank's assets, capital stock, and income or loss.

OPA RESPONSE

Our response to each concern raised by the banks appears below.

1. Additional Cost

Additional costs to the banks in the form of audit fees cannot be accepted as a reason not to comply with the reporting requirements of the CNMI government.

2. Accounting and Auditing Concerns

The CNMI branch/es of state banks maintain a separate set of books and records. Therefore, the assets, liabilities, and results of operations can be audited based on these records.

Banks should be guided by the following principles:

a. Investment Banking Performed at Head Office

In the banking industry, it is usual for some aspects of the banking operation to be performed entirely at the head office or at the head office and one or more selected branches, such as trading in stock securities.

Accounting for transactions can either be centralized or decentralized. In a centralized accounting system, the head office records all branch transactions and maintains the accounting records. In a decentralized accounting system, each branch maintains a set of accounting records and submits periodic financial statements to the head office. In addition, a branch may maintain records for certain accounts such as cash and receivables while the head office retain other records such as those for trading account and fixed assets. Both systems are acceptable for accounting of branch transactions.

APPENDIX C2

As long as branch transactions are recorded and identifiable, separate financial statements can be prepared. Investment banking transactions at the head office should be recorded at the head office. There should be no allocation to the branch of any asset or income recorded in the head office.

b. Capital Stock Transactions At the Head Office

All capital stock transactions are made in the head office, therefore, the branch should not maintain accounts related to these transactions. Instead, the branch should maintain an account called "Home Office" or "Due to (from) Home Office" in place of a capital stock account. A reciprocal account called "Branch Office" or "Due to (from) Branch Office" is maintained at the head office. When transactions of both head office and branch are posted and updated, their balances should be the same.

All interoffice and branch clearing transactions are recorded through these reciprocal accounts. Interoffice transactions include both transactions between or among branches, and transactions between the head office and its branches.

At the end of a period, for example, end of the month, a reconciliation statement for each branch is prepared by the head office. All unreconciled items which have not been recorded in the books of either the head office or the branch are recorded in the proper balance sheet and income statement accounts. After adjustments are recorded, the balance sheet and income statement accounts of the head office and all its branches are combined. Any remaining unreconciled balance (which may either be a debit or credit balance) between the head office and all of its branches are added. The total debit balance of the unreconciled items is offset against the total credit balance resulting in a net unreconciled balance. Only the net unreconciled balance is shown as one of the components comprising either the "Other Resources" or "Other Liabilities" account in the combined balance sheet.

Where the financial statements covering only the bank's branch operations in the CNMI will be issued, the remaining unreconciled balance in the books of the branch shall appear as either a "Due to or from Home Office" or

similar account in place of the usual stockholders' equity accounts in the balance sheet.

3. Alternative Reports

According to Section 4083.(11) & (12) of the Internal Revenue Manual on Audit Volume 1 published by the Commerce Clearing House, Inc., under no circumstances should summons be served on the bank for the Federal Deposit Insurance Corporation and Federal Reserve Systems examiner's reports. Both reports are properties of the Federal Deposit Insurance Corporation and Federal Reserve System and the summons will be forwarded to them.

We suggest that the provisions in 4 CMC §6411(c) of the Commonwealth Code that allow substitute reports that DCL may accept in lieu of separate audited reports be revised. The reports submitted to these two agencies should either be deleted from the list of substitute reports or a provision be added to the effect that the Director may petition the same agencies to furnish DCL with copies of the reports submitted to them by the banks concerned.

4. Other Reports

With regard to [REDACTED] suggestion of submitting a compilation or review report with a disclaimer of opinion, we believe that neither report will satisfy the reporting requirements of the DCL. A disclaimer of opinion is not issued in a compilation or review of financial statements for the reasons explained in the following paragraphs.

A review of financial statements provides only a limited assurance that no material modifications are necessary for the statements to conform with generally accepted accounting principles (GAAP) or another comprehensive basis of accounting. On the other hand, a compilation of financial statements does not express any assurance about whether the statements conform with GAAP or with another comprehensive basis of accounting. The objective of a compilation is to present in the form of financial statements information supplied by the bank. A disclaimer of opinion states that the auditor does not express an opinion on the financial statements. This type of opinion is appropriate when the auditor has not performed an audit sufficient in scope to enable him to form an opinion on the financial statements.

APPENDIX C2

CONCLUSION

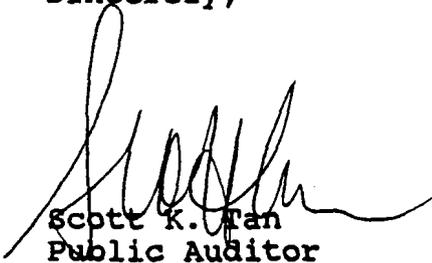
Commonwealth and state banks licensed as retail banks must comply with the reporting requirements of the CNMI government. Based on the discussions given, there are no acceptable reasons for the banks not to submit separate financial statements for operations only in the CNMI.

* * *

We have attached some reading materials which may assist both the banks required to submit financial statements for their CNMI operations, and the DCL examiners in the preparation and review of audited financial statements. Also attached are some background materials on the understanding of an audit and an auditor's report.

We hope that this report will help your Office in the enforcement of current reporting requirements imposed on banks with branch operations in the CNMI.

Sincerely,



Scott K. Tan
Public Auditor

Enclosures

APPENDIX C2

January 15, 1992

Dear Sir:

The Banking and Insurance Section has recently requested FDIC to furnish our office examination reports. Upon receipt of these reports, the Director of Banking may accept these as alternative reports in lieu of separate examinations. Our section has raised your concerns and has consulted with the Public Auditor and Special Assistant for Planning and Budget. The Office of the Attorney General will be sought for in the absence of compliance to the provisions by any bank. Our office is earnestly considering your concerns, and at the same time, we are bound by duty to enforce the law. The time constraint and banks' unanswered concerns compels the Director of Banking to impose the following conditions for 1991:

Statement of condition from audited financial statement for branch activity in the Northern Mariana Islands must be published in a newspaper of general circulation in the CNMI on or before March 1, 1992; or

If financial statement from CNMI branch activity is not audited, the audited consolidated figures from the statement of condition for the bank and a separate statement of condition for CNMI activities (in banks' own format) must be published on or before March 1, 1992.

Publication must state that complete sets of audited financial statements and statements for CNMI activities are available for public review at the Office of the Director of Banking, Department of Commerce and Labor, Capitol Hill, Saipan.

A copy of the publication and certification of its publication must be submitted to the Director of Banking. The full sets of financial statements must be filed with the Director on or before the publication of statement of conditions.

APPENDIX C3

January 15, 1992
Page Two

The Director's responses to issues and concerns raised by certain banks are as follow:

Additional cost. Audit costs cannot be accepted as reasons not to comply with the requirements of the Banking Code.

Accounting and auditing concerns. The CNMI branches of state banks maintain separate sets of books and records. Therefore, the assets, liabilities, and results of operations can be audited based on these records.

Other alternative reports. Submissions of compilations or review reports with or without disclaimer opinions will not satisfy the reporting requirements of the Banking Code. The above condition is temporarily placed on banks for the year 1991.

Disclosures of detailed financial reports on a separate line of business. The audit is for branch activity in the CNMI. The banking code explicitly requires disclosures of CNMI branch activities within the CNMI. There is no reason acceptable for non-compliance.

This letter serves as a notice to waive publication requirements for the year 1990. However, subsequent annual branch audited financial statements' submissions and disclosure requirements must be accomplished every year.

We appreciate your cooperation and should you have additional concerns, please contact our office.

Sincerely,

OSCAR C. CAMACHO
Deputy Director for Banking

cc: Special Assistant for Planning and Budget
Public Auditor

APPENDIX C3

FINANCIAL STATEMENT OF CONDITION

Name of Bank: _____

Statement of Assets & Liabilities as of _____ 19__

(AMOUNT IN U.S. \$000)

ASSETS:

- 1) Cash & cash items in process of collection.... _____
- 2) Securities: a) U.S. Treasury..... _____
 b) U.S. Government Agencies..... _____
 c) Others..... _____
- 3) Balance with other bank..... _____
- 4) Loan (Gross): a) Government..... _____
 b) Consumer..... _____
 c) Real Estate..... _____
 d) Non-Local Real Estate..... _____
 e) Commercial..... _____
- 5) Premises and Equipment..... _____
- 6) Other real estate owned..... _____
- 7) Due from banks: a) Head Office or Branches... _____
 b) Others..... _____
- 8) Provisions for loan losses/unearned discount.. _____
- 9) Other assets..... _____
- 10) Standby letter of credit..... _____
- 11) Commercial letters of credit outstanding..... _____
- TOTAL ASSETS..... _____

- Interest received from borrowers to date..... _____

APPENDIX D

LIABILITIES AND CAPITAL:

1) Deposits:

- a) Demand deposit - govt & govt agencies.....
- b) Other.....
- c) Regular savings - govt & govt agencies.....
- d) Other.....
- e) TCD - govt & govt agencies.....
- f) Other.....

- 2) Due to other banks: a) Head Office or Branches.....
b) Others.....

3) Liabilities on acceptances executed & outstanding...

4) Accrued interest payable and other liabilities.....

5) Capital stock.....

6) Capital surplus.....

7) Undivided profits.....

8) Convertible subordinated debt & FSLIC contribution..

TOTAL LIABILITIES AND CAPITAL.....

Interest paid to depositors to date.....

Bank Officer and Title

Date

APPENDIX D

DEPARTMENT OF COMMERCE AND LABOR
BANKING AND INSURANCE SECTION
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
SAIPAN, MP 96950
Telephone No. 322-0874

PAYMENT SLIP

No. _____

Date: _____

Account No.

Applicant/Other

Please pay the CNMI Treasurer the Total Due amount shown on the reverse side. Check shall be made payable to the CNMI Treasurer.

Thank you.

Banking & Insurance Section

Form B&I-1a

APPENDIX E

APPLICATION FEES

Bank: 1) Retail...\$ _____ 2) Offshore...\$ _____

Foreign Currency Exchange: 3) Dealer..\$ _____ 4) Agent..\$ _____

Securities: 5) Dealer...\$ _____ 6) Agent...\$ _____

7) Finance Co....\$ _____ 8) Trust Co..\$ _____

9) Investment Co..\$ _____

Insurance: 10) Company.....\$ _____
11) General Agent.....\$ _____
12) Broker.....\$ _____
13) Surplus Line Broker/Agent.....\$ _____
14) Sub-Agent.....\$ _____
15) Adjuster.....\$ _____
16) Solicitor.....\$ _____

OTHER FEES:

17) General Business License.....\$ _____
18) FX Late Delivery - \$50.00 X _____ Items..\$ _____
19) FX Late Reporting - \$10.00 X _____ Days...\$ _____
20) Amendment - \$10.00 @.....\$ _____
21) Certification - \$5.00 @.....\$ _____
22) Banking Code/Annual Report.....\$ _____
23) Insurance Act/Annual Report.....\$ _____
24) Late Renewal.....\$ _____
25) Reproduction.....\$ _____
26) Other.....\$ _____

TOTAL AMOUNT DUE (#1 TO #26).....\$ _____

Prepared by: _____

Date: _____

Cashier: _____

Date: _____

Receipt No. _____

Form B&I-1b

APPENDIX E

COMPLAINTS PROCEDURE

Our office's standard procedure in handling consumer complaints are as follows:

- 1) An oral discussion usually occurs and most complaints are usually settled at this stage. Complaints which appear valid may or may not be pursued. The same goes with complaints which appear to be not valid, if the complainant insists in pursuing a case.
- 2) A preliminary inquiry, or an informal discovery phase occurs and this usually involves a visit to the bank or a telephone call. A bank may or may not discuss the matter complained about and this usually is an indication that the Director of Banking must obtain authority from the customer to assist, inquire and to act on the customer's behalf.
- 3) Written information, documents, and other evidences are collected and gathered for some assessment on the validity of the complaint.
- 4) If a finding is determined by the Director that complaint is not valid then complainant is simply notified of the Director's position and determination.
- 5) If complainant insists that he/she is correct, then we advise the complainant to seek other recourse such as going to the CNMI courts, or request for a hearing.
- 6) If complaint appears to be valid and is within the authority of the Director, then the Director pursues to resolve the complaint through several means which include:
 - a) moral suasion - simply notifying the bank of our position, authority and possible consequences for non-compliance;
 - b) ORDERS: such as cease and desist;
 - c) memorandums and commitment letters that enforcement will be initiated and actions instituted against the bank.

APPENDIX F1

MEMORANDUM

TO : Deputy Director for Banking

DATE: 9/28/93

FROM : Office of the Attorney General

SUBJECT: Complaint Against Bank [REDACTED]

This memorandum is in response to your request that our office review for legal authority and procedure the written draft of your intended response to a consumer who has filed a complaint involving bank handling of his account by the Bank [REDACTED]. This complaint involves an account maintained at the Bank [REDACTED] by [REDACTED].

The authority of the Director of Banking to accept, investigate and respond to consumer complaints about specific account banking matters at financial institutions regulated by your office is not clearly set out in the law. The Commonwealth Code basically gives the Director of Banking wide powers over the organization and licensing of banks, authority to regularly examine the books and records of banks for financial soundness and safety and powers to compel banks to cease and desist from unsafe and unsound practices (4 CMC Div. 6). The law does not contain any specific authority for the Director of Banking to examine a particular account at a bank based on an ordinary consumer complaint, although the Director may clearly audit specific accounts as part of the regulatory examination process to determine such matters as the fair value of assets and liabilities claimed by the bank, 4 CMC §§6106(e), 6106(i).

Several other statutes regulate the relationship of banks and their account holders and provide redress to an individual consumer for complaint he or she may have regarding a specific banking practice or procedure. The Uniform Commercial Code provisions about banking transactions have been adopted in the Commonwealth at 5 CMC §1101 et seq. This statute provides civil remedies for account holders who assert problems with their banking transactions or their bank's failure to follow instructions.

In addition, the Consumer Protection Act, 5 CMC §5101 et seq., applies to banks as merchants providing services to consumers. A consumer with a complaint about banking practices or the treatment of his account may file a written complaint with the Office of the Attorney General and request the Consumer Counsel to investigate. The Consumer Counsel has authority to request or require that account records be produced for purposes of investigation. 5 CMC §§5115-5117.

APPENDIX F2

Sept. 28, 1993
Dept. Director of Banking
Page 2

If the consumer complaint alleges possible fraudulent practices by a bank or its employees, there is also the possibility of reference of the matter to the criminal investigation authorities at DPS or the AGO Investigation Unit. Federal criminal laws may also be involved, raising the possibility of FBI jurisdiction. Based on probable cause, these agencies could seek a search warrant to investigate the questioned transactions to determine if there is a violation of criminal law.

One specific section of the Commonwealth Code applicable to the Director of Banking appears to limit agency powers to investigate activity related to specific customer accounts. Section 6106(i) in part limits the Director's access to accounts or other matters relating to "the affairs of any customer of a bank" without an order from the Commonwealth Superior Court made on the grounds that there are no other means of obtaining the information. Because the Director has authority to examine or audit customer accounts as part of his general regulatory supervision of banks, we believe that this section implies that any customer account review or inspection carried out by the Director, other than as part of the general regulatory oversight of banks, may well require a specific court order. In the absence of specific statutory authority to investigate and resolve consumer banking complaints, we believe the Director may be acting without authorization if, in response to a consumer complaint, a bank is requested to provide customer account information without a court order. We have not examined, or comment on at this time, the issue of the effect of specific customer authorization to the Director to review his or her bank account records as part of a consumer complaint.

In view of the above, we recommend that your office decline to become involved in ordinary consumer banking complaints unless the complaint appears to involve a general illegal or improper pattern or practice on the part of bank that may give rise to an examination audit issue relating to the safety and soundness of the institution. Therefore, based on the facts of this particular situation, the complainant should be advised of his rights to private civil redress under the UCC, his rights to seek the assistance of the Office of the Attorney General's Consumer Counsel or that, in the case of alleged fraudulent practices, his ability to file a complaint with the appropriate criminal investigation agency. That should then conclude the involvement of the Director of Banking in this matter.



Thomas E. Sheldon
Assistant Attorney General

cc: Sr. Counsel, Solicitor's Division

APPENDIX F2

LISTING OF DOCUMENTS HELD BY THE DIRECTOR OF BANKING:

- A) Banks. Active retail banks' files may contain all or some of the following:
1. NON-CONFIDENTIAL: Applications, copies of licenses issued, proposals and guidelines for additional branches, audited and non-audited financial statements, annual bank reports, corporate documents - charter or article of incorporation, by-laws, certificates of incorporation or charters, and registrations, listing of stockholders, copies of stock certificates, affidavits, filed minutes and annual corporate reports, court documents, orders and administrative actions - conditions and limitations, agreements, stipulations and other orders; newspaper clippings, and clippings from published periodicals and journals.
 2. CONFIDENTIAL: FDIC examination reports, reviews, audits, examination reports; apparent crime reports, records of accounts, law enforcement investigation results, FBI background checks, police clearances and records, character references, recommendations, resumes, personal financial statements -affiliated financial statements, gross tax receipts and records, correspondences, memos, notes, discussion notes, opinions, surveys.
 3. CONFIDENTIAL: Offshore banks' files cannot be disclosed. There are no licensed offshore banks.
- B) Finance companies: All items listed on the checklist, appendix BI, except for numbers 5, 6, and 7 are nonconfidential.
- C) Trust companies. NON-CONFIDENTIAL - Applications, copies of business licenses issued, annual reports and financial statements, corporate documents - certificate of registrations and charters
- CONFIDENTIAL - correspondences

APPENDIX G

D) Investments and Securities Firms.

NON-CONFIDENTIAL: All items listed on the checklist, appendix B3, except personal financial statements and resumes, numbers 5 and 6, reports from NASD and SEC

CONFIDENTIAL: Correspondences, personal financial statements and resumes

E) Foreign currency exchange dealers and agents.

NON-CONFIDENTIAL: All items listed on the checklist and published in the Commonwealth Register, Volume 15, Number 01, January 15, 1993 Page 10390, except items enumerated in number 2.

CONFIDENTIAL: Personal financial statements, resumes, employee contracts, proposals, security deposits, and/or bonds, accounts with banks, individual receipts, correspondences and citations for violations

- F) Reports:
1. annual banking reports
 2. monthly reports and plans
 3. annual year end reports of accomplishments
 4. Robin Benbow's banking reports
 5. trip reports
 6. foreign currency transaction quarterly reports
 7. remittance quarterly reports
 8. insurance annual reports

- G) Folders:
1. Memos - CONFIDENTIAL: memos to file to and from other government agencies
AG opinions - bank and insurance
bank correspondences, general
correspondences, complaints
 2. NON-CONFIDENTIAL: foreign currency exchange
rules and regulations, public notices,
dissolved corporations, conferences, workshops
and training
 3. House and Senate bills, FDIC Examiner Schools,
application forms, and miscellaneous files
 4. Various publications and handbooks on banking
 5. Inactive bank files.

Request to review files must be approved by the Deputy Director for Banking.

APPENDIX G



Department of Finance

Office of the Director

Commonwealth of the Northern Mariana Islands
P.O. Box 5234 GRRB
Saipan, MP 96950

Cable Address
Gov. NMI Saipan
Phone: 664-1100
Facsimile: 664-1115

December 15, 1993

PUBLIC NOTICE

DEPARTMENT OF FINANCE

EMERGENCY REGULATION NO. 1600

DEVELOPER TAX REGULATIONS

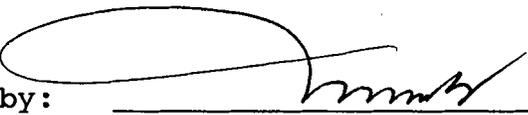
The Director of the Department of Finance hereby finds that the public interest mandates the promulgation of Emergency Regulations for the immediate implementation of Public Law 8-23, the Developer Infrastructure Tax Act of 1993. This emergency promulgation is necessary to immediately implement procedures and provisions for the payment and enforcement of the various provisions of the Act. The regulations provide definitions, procedures, fees, and enforcement provision which shall serve as interim regulations pending the promulgation and adoption of permanent regulations. Promulgation of this regulation is declared under the authority vested in the Director of Finance by virtue of Section 20 of P.L. 8-23, 1 CMC §2553(a) and §2557, and the provision for Emergency Regulations at 1 CMC §9104(b). These regulations become effective on the 15th day of December 1993.

Issued by: 
ELOY S. INOS
Director of Finance

12/15/93
DATE

Concurred by: 
LORENZO I. DE LEON GUERRERO
Governor

12/15/93
DATE

Filed and Recorded by: 
SOLEDAD B. SASAMOTO
Registrar of Corporations

12/15/93
DATE

Received in Governor's office 12/15/93
Don J. Cruz



Department of Finance

Office of the Director

Commonwealth of the Northern Mariana Islands

P.O. Box 5234 CHRB

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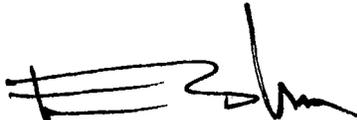
Facsimile: 664-1115

Disembre 15, 1993

NUTISIAN PUBLIKU DIPATAMENTON FINANSIAT REGULASION GOTPE NA NISISIDATA NO. 1600 REGULASION KONTRIBUSION I DEVELOPER

I Direktot Dipatamenton Finansiat ha sodda'na para minaolek yan interes publiku nisisariu na hulaknos i regulasion gotpe na nisisidat para u maimplementa ensigidas i lai Publiku 8-23, i Developer Infrastructure Tax Act of 1993. Este na gotpe na regulasion nisisariu kosa ke sina maimplementa ensigidas i kinalamten yan probension put a'pas yan enfuetsa i diferentes na probension gi aktu. I regulasion ha prubiniyi definision, kinalamten, a'pas, yan enfuetsa i probension ni para u setbe komu tempurariu na regulasion asta ki guaha linaknos adoption gi petmanente na regulasion. I malaknos este na deklarasion madeklara sigun gi aturidat ni maimposta gi Direktot Finansiat sigun gi sinangan seksiona 20 gi lai publiku 8-23, 1 CMC §2553(a) yan §2557, yan i probension gi regulasion gotpe na nisisidat 1CMC §9104(b). Este na regulasion u efektibu gi Disembre 15, 1993.

Linaknos as:


ELOY S. INOS
Direktot Finansiat

12/15/93
FECHA

Inakonfotman:


LORENZO I. DE LEON GUERRERO
Gobietno

12/15/93
FECHA

Ha File yan
Rekok si:


SOLEDAD B. SASAMOTO
Registrar of Corporations

12/15/93
FECHA

Received in Governor's office 12/15/93



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Disembre 15, 1993

**ARONGORONGOL TOWLAP
DIPATAMENTOOL FINANCE
ALLEGHUL EMERGENCY NO. 1600
ALLEGHUL TAX NGALI DEVELOPER**

Direktoodul Dipatamentool Finance sangi milleel nge e schuungi bwe ghatchuur towlap mille e fil bwe ebwe kkayil toowow Alleghul Emergency yeel bwe ebw e atotoolong llool Alleghul towlap ye 8-23, reel Developer Infrastructure Tax Act of 1993. Efeerul emergency yeel nge e nisiosooriyo bwe ebwe yoor mwoghutughut reel abwos me rebwe tabweey akkule kka llool Akto yeel. Allegh yee nge eyoor ammataf, mwoghutughut, abwos me aghatchul allegh kkaal igha rebwe yaali tempororiyo mille yaal yoor adoption me allegh ye aa alleghelo. Toowowul allegh yeel nge e tee sangi bwang ye re ngalleey Direktoodul Finance sangi Talil ye 20 mellol Alleghul towlap ye 8-23, 1 CMC \$2553(a) me \$2557, me prubension kka llool Alleghul Emergency iye 1 CMC \$2557, me prubension kka llool Alleghul Emergency iye 1 CMC \$9104(b). Allegh kkaal nge ebwe Alleghelo wool Disembre 15, 1993.

Feeruyal:



ELOY S. INOS
Direktoodul Finance

12/15/93
RAL

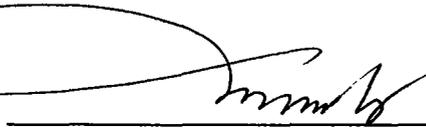
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SOLEDAD B. SASAMOTO
Registrar of Corporations

12/15/93
RAL

Received in Governor's office 12/15/93

Don J. Cruz

**EMERGENCY
DEVELOPER TAX REGULATIONS 1600**

Section 1600.1 Authority.

The authority for the promulgation and issuance of Developer Tax Regulation No. 1600 is by virtue of Section 20 of P.L. 8-23, 1 CMC §2553 and 1 CMC §2557.

Section 1600.2 Purpose.

The purpose of these Regulations are to establish policies and procedures and to provide uniform standards for the implementation, collection and enforcement of the Developer's Tax.

Section 1600.3 Definitions.

(a) Abandoned. Abandoned means no activity has occurred for a period of at least one year in the development or conduct of a business pursuant to a previously approved development plan.

(b) Alteration of the Size of a Structure or Land. Alteration of the size of a structure or land means any extension or increase in the floor area or height of a building or structure or the increase in the area of land use.

(c) Annual. For purposes of these Regulations, the term "annual" means a calendar year, unless the context otherwise requires.

(d) Change in the Type of Use. Change in the type of use shall include:

1) Any change in a previously established use contemplated under the Uniform Building Code (UBC). Under the UBC, a change in use requires that a building be brought to conform to the requirements of the UBC. The hazard level may have changed or the requirements are more restricted. It may also include a change in the character of the occupancy;

(2) Any change in the purpose, capacity, character, or method of operation from that specified in the application for development permit or which existed previously;

(3) A partial change while maintaining the previously established use;

(4) In determining whether a change in use is a material change in use, a facts and circumstances test shall be used on a case by case basis. Some of the facts and circumstances considered shall be:

- i) the reason for the change;
- ii) an increase in gross revenue is expected to be generated;
- iii) a minimum of Three Thousand Dollars (\$3000) is expected to be expended for the change in use.

Examples

1. A owns a restaurant and wants to remodel the restaurant into a nightclub. This change constitutes a change in use.
2. B is the owner of a single family dwelling unit and intends to turn this unit into a multi-family dwelling unit. This change constitutes a change in use.
3. C owns a restaurant and wants to redesign the restaurant to include a bar and dance floor area. This change constitutes a change in use.
4. D owns a single family dwelling unit and is converting an area of the unit into an office from which to conduct business. This change constitutes a change in use.
5. Same as 4, except D wants to convert a bedroom into a personal entertainment center for his family. This does not constitute a change in use.
6. E purchases property that has not been used for 10 months. E renovates this property after applying for a building permit, to open the same type of business that existed previously. Previously there was a Mexican restaurant and E is planning on opening a Middle Eastern restaurant. The renovation costs \$20,000. The changes, as a result of the renovation, do not result in an increase in the occupancy. This proposed development, the renovation, is not a development that constitutes a change in use, but merely a re-establishment of use that has not been abandoned and is not subject to the developer's tax.

(e) Change Order. Change order means any change in the project which changes the estimated total project cost.

(f) Commencement of Excavation. Commencement of excavation means the initiation of any land-related activity on a project. No excavation shall commence until all other development requirements have been satisfied.

(g) Departure from Normal Use. Departure from normal use means a change in the type of use.

(h) Development Permission Granted by a Commonwealth Government Agency. Development permission granted by a Commonwealth government agency is defined as permit issuance by the Department of Public Works, Building Safety Code Division.

(i) Director. Director means the Director of Finance or his designee.

(j) Dwelling Unit. Dwelling Unit means one or more rooms designed as the complete facility for cooking, sleeping, bathing and living for a single family and occupied by no more than the equivalent of one family and contains a single kitchen.

(k) Family. Family shall mean the collective body of persons living in the owner/leaseholder's household and includes relatives, friends or roommates.

(l) Generation of Additional Electrical, Water, Sewage, or Solid Waste Disposal. Generation of additional electrical, water, sewage, or solid waste disposal shall be determined by an increase of at least 25% for three consecutive month from the previous 12 month average of utility usage. If a developer has used the development for less than 12 previous months then an average is taken of total months of usage prior to the increase in intensity.

(m) Increase in Occupancy. Increase in occupancy allowance shall be determined pursuant the UBC.

(n) Increase in Utility Usage. Increase in Utility Usage means an increase of at least 25% for three consecutive month from the previous 12 month average of utility usage. If a developer has used the development for less than 12 previous months then an average is taken of total months of usage prior to the increase in intensity.

Example

Business X has an average utility usage of 10,000 Kilowatt hours per month based on the previous 12 month usage (May 1992 through April 1993). In the month of May 1993, X's utility usage is 18,000 Kilowatt hours. In June, X's utility usage was 17,000 Kilowatt hours. In July, X's utility usage was 20,000 Kilowatt hours. For three consecutive months, X's kilowatt usage was more than 25% of that usage for the previous 12 months. Therefore X has an increase in utility usage.

(o) Material Increase in Intensity of Use. Material increase in intensity of use shall include:

- (1) any increase in the occupancy allowance;
- (2) any increase in the operating hours by two or more hours per day;
- (3) any increase in the utility usage .
- (4) any generation of additional electrical, water, sewage or solid waste disposal.

(p) Mining Operation. Mining operation shall include the operation of mineral, rock, sand, soil, or coral quarries in, on, over or under land or in, on, over or under submerged land.

(q) Re-establishment of Use. Re-establishment of a use is defined as abandoned development being proposed to be re-established for the same use as existed prior to abandonment.

(r) Total Project Costs for a Mining Operation. Total project costs of a mining operation shall be determined on a annual basis for the projected cost of the project for the upcoming year.

Example: In August 1993, Business A decides to start the business of a coral quarry. When Business A applies for a license, A will estimate the projected cost of the project for the year 1993. At the end of 1993, if A has underestimated the cost of the project, then A shall pay the actual tax on the cost of the project for that year on or before February 28, 1993. In January 1994, A shall again estimate the projected cost of the project for the year 1994 and pay the tax on that estimated cost on or before January 31 of the year of the estimate, 1994. At year end in 1994, A shall reconcile the estimated tax with the actual tax based on the actual cost of the project for the year 1994. Such reconciliation and payment of additional tax shall be done on or before February 28 of the following year, in this case 1995.

Section 1600.4 Exceptions to the Tax.

The following types of development are exempted from the developers tax requirement.

- (a) New residential construction consisting of not more than two dwelling units.
- (b) Alteration or expansion of an existing single family dwelling unit or duplex where no additional units are created and the use is unchanged.
- (c) The construction of accessory buildings or structures which do not exceed 10% of the total floor area or density of the primary land use and do not generate additional electrical, water, sewage,

or solid waste disposal demands above those already associated with the primary land use.

(d) The replacement of a destroyed or partially destroyed multi-family dwelling or commercial building or structure with a new building or structure that will use no additional water, sewer, electrical or solid waste capacity than the structure being replaced. Any decrease in the generation of water, sewer, electrical or solid waste capacity shall have no affect on any previously collected developer tax.

(e) Any change in the type of use of a structure or land which does not generate additional electrical, water sewage or solid waste disposal demands above those associated with the previous type of use. Any decrease in the generation of water, sewer, electrical or solid waste capacity shall have no affect on any previously collected developer tax.

Section 1600.5 Determination and Payment of Developer Tax

(a) Statement of Total Project Costs; Payment of Administrative Fee. A statement of Total Project Costs shall be made by the developer or his agent and shall be submitted in such form as the Director may prescribe. The Statement of Total Project Costs shall be accompanied by a non-refundable administrative fee. The non-refundable administration fee shall be at the same rates as those fees established in the Building Safety Code Regulations, Vol. 12, No. 9, Commonwealth Register, page 7338, Sept. 15, 1990.

(b) Application for Building Permit An application for a building permit shall be submitted in such form, through such procedure, with additional information, and accompanied by the required fee as prescribed in the regulations promulgated in the Building Safety Code Regulations of the Department of Public Works. Prior to issuing a building permit, the payment of the Developer tax is required as provided in Section 1600.5(d).

Application for building permit shall be supported by the following:

- 1) A statement of estimated total project cost certified as true under penalties of perjury;
- 2) A evidence of tax credits certified as true under penalties of perjury;
- 3) An official receipt representing payment of the estimated payment of the developer tax; and
- 4) An official receipt representing payment of the

administrative filing fee.

(c) Review by the Building Safety Official. The Building Safety Official shall verify the accuracy of the statement of total project costs and the evidence of the tax credits within ten (10) working days. If the application is found to be accurate and complete then the applicant will pay his developer tax based on the requirements of Section 1600.5(b). If the application is found to be inaccurate or incomplete then it will be returned to the applicant with a written copy of the reasoning related to the finding of inaccuracy. The applicant can either amend the application or resubmit the application to the Building Safety Official. If the application is still found to be incomplete or inaccurate, the Director shall commission an independent study to resolve the inaccuracy. If the independent study reveals that the application was indeed inaccurate, the applicant will be billed for the cost of the independent study. The results of the independent study will be binding.

(d) Payment of Tax Required. The payment of the developer tax is required prior to the issuance of a building permit. The Director may authorize a schedule of payments based on the following standards:

- (1) An initial payment shall be no less than 50% of the total estimated developer tax due.
- (2) Further installment payments shall be made at monthly intervals until the final payment of the total estimated developer tax due is paid.
- (3) The minimum monthly installment payment shall be no less than five percent (5%) of the total estimated developer tax due.
- (4) Installment payments shall be made on or before the first day of each month following the month the building permit is issued.
- (5) Installment payments shall be made at the Department of Finance, Division of Treasury. The developer shall provide the Building Safety Official with a copy of the official receipt issued by Treasury as evidence of timely payment of the installment within five days of payment.

(e) Failure to Pay an Installment When Due and Issuance of a Cease and Desist Order. The Director may terminate an installment agreement entered into in the case of the failure of the developer

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- (1) to pay any installment at the time such installment payment is due, or
- (2) to pay any other tax liability at the time such liability is due.

If the installment payments schedule is terminated, the developer

may appeal the termination to the Director. The appeal must be in writing and include the reasons for the failure to pay the tax installment or other CNMI tax liability in a timely manner. The Director may accept new terms for the payment or order such person to cease project development until such time as payment is made. Failure to cease activity shall be in direct violation of the Public Law 8-23. This order may be enforced by application to the Commonwealth Superior Court for injunction to prohibit such persons from continued project development. A Certificate of Occupancy Permit may not be issued until such time as all developer tax payments including interest and penalties have been made.

(f) Time for Payment of Installment Where Last Day for Payment Falls on Saturday, Sunday, or Legal Holiday. When the last day prescribed for paying an installment payment falls on Saturday, Sunday, or a legal holiday, the payment shall be considered timely if it is performed on the next succeeding day which is not a Saturday, Sunday, or a legal holiday. For purposes of this section, legal holiday shall also include administrative holidays.

(g) Project Changes. If the developer makes a change in the plans of development which increases the estimated total project cost following payment of the estimated developer tax, the developer shall submit a statement of the change orders to the Director. The developer shall submit a statement of the change which describes the scope and cost of the proposed change.

The Director shall review the change statement and determine whether additional payment is warranted. If additional payment is warranted the developer will be required to pay the additional tax. Payment must be made under the requirements of Section 1600.5(b).

(h) Final Payment. Following completion of a development project, the developer shall submit the statement of actual total project cost including any adjustments in the total project costs resulting from change order to the Director. The final statement shall be submitted to the Director within thirty (30) days of completion of the project. The developer shall also include with the statement all documentation necessary and sufficient to substantiate the total project cost. The Director may require that the statement be audited by a Certified Public Accountant. Once the Director is satisfied that the statement is complete and accurate, the developer shall be liable for the total amount of tax owed for the development based on the final total project cost less any previous tax payments or credits received and approved for credit against the developer's tax liability. The developer shall pay the additional tax at the Department of Finance, Division of Treasury.

(i) Accuracy of Project Cost If the Director makes a finding that the estimated total project cost is less than 85% accurate with respect to the actual total project cost, including change orders, the developer shall be required to pay the remainder tax due plus

a 10% penalty on the amount not paid plus interest from the date the building permit is issued in the amount of 15% as provided in 4 CMC §1817.

Example. Developer estimates his total project costs to be \$10,000,000 and pays the estimated tax of \$200,000 before the building permit is issued on November 1, 1993. During the development of the project the developer made a change order which resulted in a \$500,000 increase in estimated project cost. Upon completion of the project on November 1, 1994, the statement of final total project cost was \$15,000,000 including the change order. The estimated total project cost of \$10,000,000 is less than 85% accurate with respect to the total actual project cost (\$12,750,000). Therefore, the developer shall pay the remainder tax due of \$100,000 plus 10% penalty of \$10,000 plus interest.

(j) Issuance of a Certificate of Occupancy

A Certificate of Occupancy shall not be issued by the Building Safety Division unless the developer has made the final payment of the developer tax due including penalty and interest.

Section 1600.6 Overpayment of Developer Tax.

An overpayment of developer tax shall be refunded within 90 days of an application for refund made to the Director. Such application shall include a copy of the receipt of the estimated payment, any change order, the statement of Actual Total Project Cost including any change order. Where the Director requires that the Statement of Actual Total project costs be audited by a Certified Public Accountant, the 90 day period shall be suspended during the time of the audit. Interest shall be allowed and paid on a refund of an overpayment not made within the 90 day period, other than when an audit is required, at the rate of the sum of the Federal short-term rate for the first month in each calendar quarter plus 2 percentage points.

Section 1600.7 Unfinished Development.

(a) If a developer purchases an unfinished development in which the previous owner or developer has paid estimated developer tax due, the new owner or developer after providing evidence of the payment of the estimated developer tax paid by the prior owner or developer shall not be required to pay the estimated developer tax due; provided that, the developer makes no changes on the original scope of the project and the project had not been abandoned. A developer purchasing a partially completed development shall be responsible for payment of any remaining developer tax due whether by the installment method established for the previous developer or as final payment upon completion.

(b) If it is determined that the payment of the developer tax by a prior developer was insufficient for any reason, the purchasing developer shall pay a supplemental estimated tax to avoid any penalty upon completion of the project.

(c) A developer re-initiating a project that had previously been abandoned shall be required to pay the requisite developer tax without being credited for payments made by previous developers.

(d) The transfer of a building permit must be approved by the Building Safety Code Division on concurred by the Director. For purposes of concurring on such transfer the Director may conduct the necessary investigations to determine if the outgoing developer has satisfied all CNMI tax obligations. In the event the outgoing developer did not fully satisfy all tax obligations, the transfer of the permit shall be allowed only if the new developer assumes all prior unsatisfied tax obligation of the outgoing developer.

Section 1600.8 Administrative Review.

(a) Any appeal regarding the collection, payment or enforcement of the developer tax shall be made in writing to the Director within 30 days from the date the payment is due or enforcement action is commenced, whichever is applicable. All appeals shall be made in accordance with 1 CMC, Division 9, chapter 1 (Administrative Procedure Act).

(b) A written appeal should contain:

(1) The name, address, and social security number or employer identification number, building permit application number and permit number,

(2) A statement of the nature of the appeal,

(3) The location of the project which relates to the request for an appeal,

(4) A statement of the facts supporting the appeal and potential solutions to the disagreement.

(5) A statement stating the law or other authority on which the appeal relies.

(6) A declaration that the facts under (4) are true under penalties of perjury.

Section 1600.9 Judicial Review.

Within 20 days after the final decision of the Director is issued, a person aggrieved may appeal the decision to the Superior Court.

A decision is final when the Director has provided a written decision to the aggrieved person after a proper appeal has been made by such person. A proper appeal is one where the requirements of these regulations section and the Administrative Procedures Act have been met.

Section 1600.10 Tax Liens and Levies.

(a) All developer taxes imposed or authorized shall be a lien upon any property, real or tangible or intangible personal, of the developer obligated to pay developer tax. The lien shall arise at the time the developer applies for a building permit and pays an estimated developers tax and shall continue until the liability for the developer tax is satisfied on final payment or the lien is released by the Director.

(b) Notice of a tax lien shall be recorded with the Commonwealth Recorder's Office. A notice of a tax lien so recorded shall be perfected as to all of a taxpayer's real property located within the Commonwealth, to all tangible and intangible personal property and income of a taxpayer residing within the Commonwealth, and to all tangible and intangible personal property and income located in the Commonwealth of a taxpayer residing without the Commonwealth.

(c) The validity and the priority of a tax lien of the Commonwealth Government in the property and income of a developer for unpaid developer taxes, penalties and interest (and any cost that may accrue in addition thereto) shall, as against anyone else claiming an interest in the same property or income of the taxpayer, be determined in accordance with applicable Commonwealth law (including 1 CMC §3711 and 2 CMC §4520). No tax lien of the Commonwealth Government in a taxpayer's property and income shall have priority over a bona fide purchaser or lessee of the taxpayer for valuable consideration, a bona fide holder of a security interest for value, a bona fide judgment lien creditor or holder of another bona fide interest or encumbrance for value, unless the Commonwealth Government's tax lien has been recorded previously. The Commonwealth shall have priority where a party claiming the competing interest in the property or income of the taxpayer has actual notice of the tax lien. No interest claimed by a competing party in property or income of a taxpayer shall prevail over a tax lien of the Commonwealth Government unless the party claiming such competing interest has taken all steps under applicable law to properly create and perfect the interest claimed in the taxpayer's property and income, and said interest is not otherwise contrary to or in violation of Commonwealth law.

(d) Developer taxes may be collected by levy upon any property, real or tangible or intangible personal, of the developer obligated to pay the developer taxes. In addition to any other levy, collection and foreclosure procedures, powers and remedies allowed

by CNMI law (including 2 CMC §4520, 4 CMC §1813, 4 CMC §4201 through 4 CMC §4210, 7 CMC §4102 through 4104), the Director shall have the right to use the levy, collection and foreclosure procedures, powers and remedies set forth in NMTIT §6331 through §6331(d)(4) and (g) and NMTIT §6335(f) and (g), and the reference to NMTIT §6334 contained in NMTIT §6331 shall not apply. The Director shall also have the right to use any other levy procedures as outlined within the NMTIT §6332 through §6333 and §6335 through §6337 to the extent such procedures are not in conflict with any procedure provided under Commonwealth law.

Section 1600.11 Civil Action of Enforcement.

In addition to any other collection procedures of any developer tax imposed or authorized, such tax may also be collected by a civil suit brought by the Attorney General either in the name of the Commonwealth or the Director of Finance.

Section 1600.12 Penalties.

Any developer tax is levied or imposed when the tax is required to be paid. An estimated tax is required to be paid prior to obtaining a building permit. Since a building permit is not issued until the estimate is paid, this penalty does not apply at that point. Final payment is required when the project is complete. The tax is levied or imposed when the final payment is due. Failure to pay this final payment when due shall be subject to a ten percent (10%) penalty of the amount of developer tax due if the period of nonpayment is not more than one month, with an additional ten percent (10%) for each additional month or fraction thereof during which nonpayment continues. The penalty shall not exceed 100 percent in the aggregate.

Section 1600.13 Tax Credits

(a) CUC Connection Fees. If a developer, prior to the effective date of these regulations paid fees in excess of the actual cost of connection to CUC utilities, such excess CUC connection fees shall be credited against the estimated total developer tax and final developer tax liability. CUC shall pay over to the Department of Finance amounts collected and used as a credit against developer tax. The Department of Finance shall deposit such payments into the trust account of the senatorial district where the new development is located.

(b) CRM Contributions. If a developer has made infrastructure contributions to the Coastal Resources Management Office, such contributions shall be credited against the estimated total developer tax and final developer tax liability. CRM shall pay over to the Department of Finance amounts collected and used as a credit against developer tax. The Department of Finance shall

deposit such payments into the trust account of the senatorial district where the new development is located.

(c) Other Payments. If a developer makes a payment toward infrastructure as a condition to receiving a building permit from the Department of Public Works or as a condition of receiving a public land lease, or legislative approval on such a lease, such payment shall be credited against the estimated total developer tax and final developer tax liability. Any government agency receiving such payment shall pay over to the Department of Finance amounts collected and used as a credit against developer tax. The Department of Finance shall deposit such payments into the trust account of the senatorial district where the new development is located. In the event the amount of available tax credit exceeds the developer tax liability, the excess tax credit shall not constitute a right to a refund nor shall the excess credit be used toward future development projects. The payment toward infrastructure applies only to the immediate project planned for which the permit was issued or the property was leased.

(d) Dedicated Capital Improvement. The value of any capital improvement accepted by the Director that the developer dedicates to electrical, water, sewer, roads, or surface water drainage and flood control systems shall be credited against the developer tax liability. The dedicated capital improvement shall exist prior to being allowed as a credit. The dedicated capital improvement may be accepted by the Director after inspection and approval by the Director and the appropriate managing agency or department and such improvement has not been reimbursed by the Commonwealth. The value of the dedicated capital improvement shall be determined by an appraisal prepared by an appraiser chosen with the consent of the Director. The value shall not exceed the reasonable cost to the developer of the dedicated capital improvement. In the event the amount of available tax credit exceeds the developer tax liability, the excess tax credit shall not constitute a right to a refund nor shall the excess credit be used toward future development projects. The value of the dedicated capital improvement applies only as a credit on the immediate project planned.

(e) Evidence of Credit. The developer shall supply to the Director the following:

- (1) a valid receipt that payment under (a)-(c) above has been made, and
- (2) in the case of (d) of this section, a statement certified by the Director of the value of the improvement and his acceptance.

Section 1600.14 Severability.

If any provision of these regulations should be held invalid by a court of competent jurisdiction, the validity of the remaining

provisions of these regulations shall not be affected thereby.

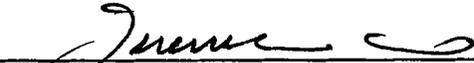
Issued by:



ELOY S. INOS
DIRECTOR OF FINANCE

12/15/93
Date

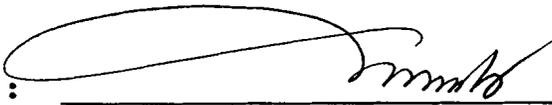
Concurred by:



LORENZO I. DE LEON GUERRERO
GOVERNOR

12/15/93
Date

Filed and
Recorded by :



SOLEDAD B. SASAMOTO
Registrar of Corporations

12/15/93
Date

Received in Governor's office 12/15/93
Don J. Cruz



Department of Finance
Office of the Director
Commonwealth of the Northern Mariana Islands
P.O. Box 5234 CHRB
Saipan, MP 96950

Cable Address
Gov. NMI Saipan
Phone: 322-3245-3246
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CERTIFICATION

I, Eloy S. Inos, the Director of the Department of Finance who is publishing this Emergency Developer Tax Regulation No. 1600, by signature below hereby certify that the Emergency Developer Tax Regulation No. 1600 is a true, correct, and complete copy of the regulation promulgated by the Department of Finance. I further request and direct that this certification and the Emergency Developer Tax Regulation No. 1600 be published in the Commonwealth Register.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on the 15th day of December, 1993 at Saipan, Commonwealth of the Northern Mariana Islands.

A handwritten signature in black ink, appearing to read "Eloy S. Inos", written over a horizontal line.

ELOY S. INOS
Director, Department of Finance



Department of Finance

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December 15, 1993

PUBLIC NOTICE

DEPARTMENT OF FINANCE

PROPOSED DEVELOPER TAX REGULATION NO. 1600

The Director of the Department of Finance hereby provides public notice of the proposed permanent Developer Tax Regulation No. 1600. The proposed permanent Regulation No. 1600 is to provide procedures and provisions for the payment and enforcement of Public Law 8-23, the Developer Infrastructure Tax Act of 1993. This regulation provides definitions, procedures, fees, and other enforcement provisions for the proper and effective implementation of the Act. This proposed Regulation No. 1600 is promulgated under the authority vested in the Director of Finance by virtue of Section 20 of P.L. 8-23, 1 CMC §2553(a) and §2557, and 1 CMC §9104.

The proposed permanent Regulation No. 1600 is published in the Commonwealth Register copies of which may be obtained from the Attorney General's Office.

Anyone interested in commenting on this proposed permanent Developer Tax Regulation No. 1600 may do so in writing addressed to the Director of Finance, Commonwealth of the Northern Mariana Islands, P.O. Box 5234 CHRB, Saipan, MP 96950, not later than thirty (30) days from the date of its publication in the Commonwealth Register.

Issued by:

ELOY S. INOS
Director of Finance

12/15/93
Date

Concurred by:

LORENZO I. DE LEON GUERRERO
Governor

12/15/93
Date

Filed and Recorded by:

SOLEDAD B. SASAMOTO
Registrar of Corporations

12/15/93
Date

Received in Governor's office 12/15/93



Department of Finance

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Disembre 15, 1993

NUTISIAN PUBLIKU DIPATAMENTON FINANSIAT

I MAPROPOPONI NA REGULASION PARA KONTRIBUSION DEVELOPER NO. 1600

I Direktot Dipatamenton Finansiat ha nutitisia i publiku put i mapropoponi na Regulasion Kontribusion Developer komu petmanente na Regulasion Numero. 1600. I mapropoponi na Regulasion petmanente para una guaha kinalamten yan probensyon a'pas yan enfuetsa gi Lai Publiku 8-23, i Developer Infrastructure Act of 1993. Este na regulasion ha pribiniyi definision, kinalamten, a'pas yan hafa siha na probensyon enfuetsa para propiu yan efektibu maimplementana i Aktu. Este i mapropoponi na Regulasion Numero. 1600 malaknos sigun gi aturidata ni maimposta gi Direktot Finansiat sigun gi Seksiona 20 gi Lai Publiku 8-23, 1 CMC §2553(a) yan §2557, yan 1 CMC §9104.

I mapropoponi na Regulasion Petmanente No. 1600 mapublika huyong gi Rehistran Commonwealth ya hayi interesao na petsona sina manule kopia gi Ofisinan Attorney General.

Hayi interesao mamatinas komentu put i mapropoponi na Regulasion Petmanente para Kontribusion Developer No. 1600 sina matuge papa ya manahanao guatu gi Direktot Finansiat, Commonwealth of the Northern Mariana Islands, P.O. Box 5234 CHRB, Saipan, MP 96950 ti u maski trenta (30) dias desde mapublika huyong este na nutisia gi Rehistran Commonwealth.

Linaknos as :

ELOY S. INOS
Direktot Finansiat

12/15/93

FECHA

Inakonfotma as:

LORENZO I. DE LEON GUERRERO
Gobietno

12/15/93

FECHA

Na file yan
Rekot si:

SOLEDAD B. SASAMOTO
Registrar of Corporations

12/15/93

FECHA

Received in Governor's office 12/15/93



Department of Finance

Office of the Director

Commonwealth of the Northern Mariana Islands

P.O. Box 5234 CHRB

Saipan, MP 96950

Disembre 15, 1993

Cable Address

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Facsimile: 664-1115

ARONGORONGOL TOWLAP

DIPATAMENTOOL FINANCE

FFEERUL ALLEGHUL TAX NGALI DEVELOPER NO. 1600

Direktoodul Dipatamentool Finance e mwuschal arongaar towap reel Alleghul Tax Ngali Developer No. 1600 iye aa alleghelo. Ffeerul Allegh ye No. 1600 iye aa alleghelo nge ebwe ayoora mwoghutughut reel abwos me lemelemil sangi Alleghul Towlap ye 8-23, reel abwos me lemelemil sangi Alleghul Towlap ye 8-23, reel Developer Infrastructure Tax Act of 1993. Allegh yeel enge e ayoora ammataf, mwoghutughut abwos me akkaaw mwoghutughut kka ebwe fil reel ebwe allegh Akto yeel. Ffeerul Allegh ye No. 1600 nge e tee sangi bwang ye re ngalleey Direktoodul Finance sangi Talil ye 20 mellol Alleghul Towlap ye 8-23, 1 CMC \$2553(a) me \$2557, me 1 CMC \$9104.

Ffeerul Allegh ye No. 1600 iye aa alleghelo nge aa takkal toowoo mellol Commonwealth Register nge emmwel schagh bwe aramas ye e tipali ebwe lo bweibwogh kkopiyaal sangi Bwulasiyool Attorney General.

Aramas ye e tipali mge emmwel schagh ebwe ischiitiw meta mangemangil metipal reel owtol Alleghul Tax Ngali Developer No. 1600 iye aa alleghelo nge aa afanga ngali Director of Finance, Commonwealth of the Northern Mariana Islands, P.O. box 5234 CHRB, Saipan, MP 96950. llol eliigh (30 ral sangi igha e toowow arongorong yeel mellol Commonwealth Register.

Feeruyal:

ELOY S. INOS
Direktoodul Finance

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LORENZO I. DE LEON GUERRERO
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Rekodtiyal:

SOLEDAD B. SASAMOTO
Registrar of Corporations

12/15/93
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Received in Governor's Office 12/15/93

**PROPOSED
DEVELOPER TAX REGULATIONS 1600**

Section 1600.1 Authority.

The authority for the promulgation and issuance of Developer Tax Regulation No. 1600 is by virtue of Section 20 of P.L. 8-23, 1 CMC §2553 and 1 CMC §2557.

Section 1600.2 Purpose.

The purpose of these Regulations are to establish policies and procedures and to provide uniform standards for the implementation, collection and enforcement of the Developer's Tax.

Section 1600.3 Definitions.

(a) Abandoned. Abandoned means no activity has occurred for a period of at least one year in the development or conduct of a business pursuant to a previously approved development plan.

(b) Alteration of the Size of a Structure or Land. Alteration of the size of a structure or land means any extension or increase in the floor area or height of a building or structure or the increase in the area of land use.

(c) Annual. For purposes of these Regulations, the term "annual" means a calendar year, unless the context otherwise requires.

(d) Change in the Type of Use. Change in the type of use shall include:

1) Any change in a previously established use contemplated under the Uniform Building Code (UBC). Under the UBC, a change in use requires that a building be brought to conform to the requirements of the UBC. The hazard level may have changed or the requirements are more restricted. It may also include a change in the character of the occupancy;

(2) Any change in the purpose, capacity, character, or method of operation from that specified in the application for development permit or which existed previously;

(3) A partial change while maintaining the previously established use;

(4) In determining whether a change in use is a material change in use, a facts and circumstances test shall be used on a case by case basis. Some of the facts and circumstances considered shall be:

- i) the reason for the change;
- ii) an increase in gross revenue is expected to be generated;
- iii) a minimum of Three Thousand Dollars (\$3000) is expected to be expended for the change in use.

Examples

1. A owns a restaurant and wants to remodel the restaurant into a nightclub. This change constitutes a change in use.
2. B is the owner of a single family dwelling unit and intends to turn this unit into a multi-family dwelling unit. This change constitutes a change in use.
3. C owns a restaurant and wants to redesign the restaurant to include a bar and dance floor area. This change constitutes a change in use.
4. D owns a single family dwelling unit and is converting an area of the unit into an office from which to conduct business. This change constitutes a change in use.
5. Same as 4, except D wants to convert a bedroom into a personal entertainment center for his family. This does not constitute a change in use.
6. E purchases property that has not been used for 10 months. E renovates this property after applying for a building permit, to open the same type of business that existed previously. Previously there was a Mexican restaurant and E is planning on opening a Middle Eastern restaurant. The renovation costs \$20,000. The changes, as a result of the renovation, do not result in an increase in the occupancy. This proposed development, the renovation, is not a development that constitutes a change in use, but merely a re-establishment of use that has not been abandoned and is not subject to the developer's tax.

(e) Change Order. Change order means any change in the project which changes the estimated total project cost.

(f) Commencement of Excavation. Commencement of excavation means the initiation of any land-related activity on a project. No excavation shall commence until all other development requirements have been satisfied.

(g) Departure from Normal Use. Departure from normal use means a change in the type of use.

(h) Development Permission Granted by a Commonwealth Government Agency. Development permission granted by a Commonwealth government agency is defined as permit issuance by the Department of Public Works, Building Safety Code Division.

(i) Director. Director means the Director of Finance or his designee.

(j) Dwelling Unit. Dwelling Unit means one or more rooms designed as the complete facility for cooking, sleeping, bathing and living for a single family and occupied by no more than the equivalent of one family and contains a single kitchen.

(k) Family. Family shall mean the collective body of persons living in the owner/leaseholder's household and includes relatives, friends or roommates.

(l) Generation of Additional Electrical, Water, Sewage, or Solid Waste Disposal. Generation of additional electrical, water, sewage, or solid waste disposal shall be determined by an increase of at least 25% for three consecutive month from the previous 12 month average of utility usage. If a developer has used the development for less than 12 previous months then an average is taken of total months of usage prior to the increase in intensity.

(m) Increase in Occupancy. Increase in occupancy allowance shall be determined pursuant the UBC.

(n) Increase in Utility Usage. Increase in Utility Usage means an increase of at least 25% for three consecutive month from the previous 12 month average of utility usage. If a developer has used the development for less than 12 previous months then an average is taken of total months of usage prior to the increase in intensity.

Example

Business X has an average utility usage of 10,000 Kilowatt hours per month based on the previous 12 month usage (May 1992 through April 1993). In the month of May 1993, X's utility usage is 18,000 Kilowatt hours. In June, X's utility usage was 17,000 Kilowatt hours. In July, X's utility usage was 20,000 Kilowatt hours. For three consecutive months, X's kilowatt usage was more than 25% of that usage for the previous 12 months. Therefore X has an increase in utility usage.

(o) Material Increase in Intensity of Use. Material increase in intensity of use shall include:

- (1) any increase in the occupancy allowance;
- (2) any increase in the operating hours by two or more hours per day;
- (3) any increase in the utility usage .
- (4) any generation of additional electrical, water, sewage or solid waste disposal.

(p) Mining Operation. Mining operation shall include the operation of mineral, rock, sand, soil, or coral quarries in, on, over or under land or in, on, over or under submerged land.

(q) Re-establishment of Use. Re-establishment of a use is defined as abandoned development being proposed to be re-established for the same use as existed prior to abandonment.

(r) Total Project Costs for a Mining Operation. Total project costs of a mining operation shall be determined on a annual basis for the projected cost of the project for the upcoming year.

Example: In August 1993, Business A decides to start the business of a coral quarry. When Business A applies for a license, A will estimate the projected cost of the project for the year 1993. At the end of 1993, if A has underestimated the cost of the project, then A shall pay the actual tax on the cost of the project for that year on or before February 28, 1993. In January 1994, A shall again estimate the projected cost of the project for the year 1994 and pay the tax on that estimated cost on or before January 31 of the year of the estimate, 1994. At year end in 1994, A shall reconcile the estimated tax with the actual tax based on the actual cost of the project for the year 1994. Such reconciliation and payment of additional tax shall be done on or before February 28 of the following year, in this case 1995.

Section 1600.4 Exceptions to the Tax.

The following types of development are exempted from the developers tax requirement.

- (a) New residential construction consisting of not more than two dwelling units.
- (b) Alteration or expansion of an existing single family dwelling unit or duplex where no additional units are created and the use is unchanged.
- (c) The construction of accessory buildings or structures which do not exceed 10% of the total floor area or density of the primary land use and do not generate additional electrical, water, sewage,

or solid waste disposal demands above those already associated with the primary land use.

(d) The replacement of a destroyed or partially destroyed multi-family dwelling or commercial building or structure with a new building or structure that will use no additional water, sewer, electrical or solid waste capacity than the structure being replaced. Any decrease in the generation of water, sewer, electrical or solid waste capacity shall have no affect on any previously collected developer tax.

(e) Any change in the type of use of a structure or land which does not generate additional electrical, water sewage or solid waste disposal demands above those associated with the previous type of use. Any decrease in the generation of water, sewer, electrical or solid waste capacity shall have no affect on any previously collected developer tax.

Section 1600.5 Determination and Payment of Developer Tax

(a) Statement of Total Project Costs; Payment of Administrative Fee. A statement of Total Project Costs shall be made by the developer or his agent and shall be submitted in such form as the Director may prescribe. The Statement of Total Project Costs shall be accompanied by a non-refundable administrative fee. The non-refundable administration fee shall be at the same rates as those fees established in the Building Safety Code Regulations, Vol. 12, No. 9, Commonwealth Register, page 7338, Sept. 15, 1990.

(b) Application for Building Permit An application for a building permit shall be submitted in such form, through such procedure, with additional information, and accompanied by the required fee as prescribed in the regulations promulgated in the Building Safety Code Regulations of the Department of Public Works. Prior to issuing a building permit, the payment of the Developer tax is required as provided in Section 1600.5(d).

Application for building permit shall be supported by the following:

- 1) A statement of estimated total project cost certified as true under penalties of perjury;
- 2) A evidence of tax credits certified as true under penalties of perjury;
- 3) An official receipt representing payment of the estimated payment of the developer tax; and
- 4) An official receipt representing payment of the

administrative filing fee.

(c) Review by the Building Safety Official. The Building Safety Official shall verify the accuracy of the statement of total project costs and the evidence of the tax credits within ten (10) working days. If the application is found to be accurate and complete then the applicant will pay his developer tax based on the requirements of Section 1600.5(b). If the application is found to be inaccurate or incomplete then it will be returned to the applicant with a written copy of the reasoning related to the finding of inaccuracy. The applicant can either amend the application or resubmit the application to the Building Safety Official. If the application is still found to be incomplete or inaccurate, the Director shall commission an independent study to resolve the inaccuracy. If the independent study reveals that the application was indeed inaccurate, the applicant will be billed for the cost of the independent study. The results of the independent study will be binding.

(d) Payment of Tax Required. The payment of the developer tax is required prior to the issuance of a building permit. The Director may authorize a schedule of payments based on the following standards:

- (1) An initial payment shall be no less than 50% of the total estimated developer tax due.
- (2) Further installment payments shall be made at monthly intervals until the final payment of the total estimated developer tax due is paid.
- (3) The minimum monthly installment payment shall be no less than five percent (5%) of the total estimated developer tax due.
- (4) Installment payments shall be made on or before the first day of each month following the month the building permit is issued.
- (5) Installment payments shall be made at the Department of Finance, Division of Treasury. The developer shall provide the Building Safety Official with a copy of the official receipt issued by Treasury as evidence of timely payment of the installment within five days of payment.

(e) Failure to Pay an Installment When Due and Issuance of a Cease and Desist Order. The Director may terminate an installment agreement entered into in the case of the failure of the developer

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- (1) to pay any installment at the time such installment payment is due, or
- (2) to pay any other tax liability at the time such liability is due.

If the installment payments schedule is terminated, the developer

may appeal the termination to the Director. The appeal must be in writing and include the reasons for the failure to pay the tax installment or other CNMI tax liability in a timely manner. The Director may accept new terms for the payment or order such person to cease project development until such time as payment is made. Failure to cease activity shall be in direct violation of the Public Law 8-23. This order may be enforced by application to the Commonwealth Superior Court for injunction to prohibit such persons from continued project development. A Certificate of Occupancy Permit may not be issued until such time as all developer tax payments including interest and penalties have been made.

(f) Time for Payment of Installment Where Last Day for Payment Falls on Saturday, Sunday, or Legal Holiday. When the last day prescribed for paying an installment payment falls on Saturday, Sunday, or a legal holiday, the payment shall be considered timely if it is performed on the next succeeding day which is not a Saturday, Sunday, or a legal holiday. For purposes of this section, legal holiday shall also include administrative holidays.

(g) Project Changes. If the developer makes a change in the plans of development which increases the estimated total project cost following payment of the estimated developer tax, the developer shall submit a statement of the change orders to the Director. The developer shall submit a statement of the change which describes the scope and cost of the proposed change.

The Director shall review the change statement and determine whether additional payment is warranted. If additional payment is warranted the developer will be required to pay the additional tax. Payment must be made under the requirements of Section 1600.5(b).

(h) Final Payment. Following completion of a development project, the developer shall submit the statement of actual total project cost including any adjustments in the total project costs resulting from change order to the Director. The final statement shall be submitted to the Director within thirty (30) days of completion of the project. The developer shall also include with the statement all documentation necessary and sufficient to substantiate the total project cost. The Director may require that the statement be audited by a Certified Public Accountant. Once the Director is satisfied that the statement is complete and accurate, the developer shall be liable for the total amount of tax owed for the development based on the final total project cost less any previous tax payments or credits received and approved for credit against the developer's tax liability. The developer shall pay the additional tax at the Department of Finance, Division of Treasury.

(i) Accuracy of Project Cost If the Director makes a finding that the estimated total project cost is less than 85% accurate with respect to the actual total project cost, including change orders, the developer shall be required to pay the remainder tax due plus

a 10% penalty on the amount not paid plus interest from the date the building permit is issued in the amount of 15% as provided in 4 CMC §1817.

Example. Developer estimates his total project costs to be \$10,000,000 and pays the estimated tax of \$200,000 before the building permit is issued on November 1, 1993. During the development of the project the developer made a change order which resulted in a \$500,000 increase in estimated project cost. Upon completion of the project on November 1, 1994, the statement of final total project cost was \$15,000,000 including the change order. The estimated total project cost of \$10,000,000 is less than 85% accurate with respect to the total actual project cost (\$12,750,000). Therefore, the developer shall pay the remainder tax due of \$100,000 plus 10% penalty of \$10,000 plus interest.

(j) Issuance of a Certificate of Occupancy

A Certificate of Occupancy shall not be issued by the Building Safety Division unless the developer has made the final payment of the developer tax due including penalty and interest.

Section 1600.6 Overpayment of Developer Tax.

An overpayment of developer tax shall be refunded within 90 days of an application for refund made to the Director. Such application shall include a copy of the receipt of the estimated payment, any change order, the statement of Actual Total Project Cost including any change order. Where the Director requires that the Statement of Actual Total project costs be audited by a Certified Public Accountant, the 90 day period shall be suspended during the time of the audit. Interest shall be allowed and paid on a refund of an overpayment not made within the 90 day period, other than when an audit is required, at the rate of the sum of the Federal short-term rate for the first month in each calendar quarter plus 2 percentage points.

Section 1600.7 Unfinished Development.

(a) If a developer purchases an unfinished development in which the previous owner or developer has paid estimated developer tax due, the new owner or developer after providing evidence of the payment of the estimated developer tax paid by the prior owner or developer shall not be required to pay the estimated developer tax due; provided that, the developer makes no changes on the original scope of the project and the project had not been abandoned. A developer purchasing a partially completed development shall be responsible for payment of any remaining developer tax due whether by the installment method established for the previous developer or as final payment upon completion.

(b) If it is determined that the payment of the developer tax by a prior developer was insufficient for any reason, the purchasing developer shall pay a supplemental estimated tax to avoid any penalty upon completion of the project.

(c) A developer re-initiating a project that had previously been abandoned shall be required to pay the requisite developer tax without being credited for payments made by previous developers.

(d) The transfer of a building permit must be approved by the Building Safety Code Division on concurred by the Director. For purposes of concurring on such transfer the Director may conduct the necessary investigations to determine if the outgoing developer has satisfied all CNMI tax obligations. In the event the outgoing developer did not fully satisfy all tax obligations, the transfer of the permit shall be allowed only if the new developer assumes all prior unsatisfied tax obligation of the outgoing developer.

Section 1600.8 Administrative Review.

(a) Any appeal regarding the collection, payment or enforcement of the developer tax shall be made in writing to the Director within 30 days from the date the payment is due or enforcement action is commenced, whichever is applicable. All appeals shall be made in accordance with 1 CMC, Division 9, chapter 1 (Administrative Procedure Act).

(b) A written appeal should contain:

(1) The name, address, and social security number or employer identification number, building permit application number and permit number,

(2) A statement of the nature of the appeal,

(3) The location of the project which relates to the request for an appeal,

(4) A statement of the facts supporting the appeal and potential solutions to the disagreement.

(5) A statement stating the law or other authority on which the appeal relies.

(6) A declaration that the facts under (4) are true under penalties of perjury.

Section 1600.9 Judicial Review.

Within 20 days after the final decision of the Director is issued, a person aggrieved may appeal the decision to the Superior Court.

A decision is final when the Director has provided a written decision to the aggrieved person after a proper appeal has been made by such person. A proper appeal is one where the requirements of these regulations section and the Administrative Procedures Act have been met.

Section 1600.10 Tax Liens and Levies.

(a) All developer taxes imposed or authorized shall be a lien upon any property, real or tangible or intangible personal, of the developer obligated to pay developer tax. The lien shall arise at the time the developer applies for a building permit and pays an estimated developers tax and shall continue until the liability for the developer tax is satisfied on final payment or the lien is released by the Director.

(b) Notice of a tax lien shall be recorded with the Commonwealth Recorder's Office. A notice of a tax lien so recorded shall be perfected as to all of a taxpayer's real property located within the Commonwealth, to all tangible and intangible personal property and income of a taxpayer residing within the Commonwealth, and to all tangible and intangible personal property and income located in the Commonwealth of a taxpayer residing without the Commonwealth.

(c) The validity and the priority of a tax lien of the Commonwealth Government in the property and income of a developer for unpaid developer taxes, penalties and interest (and any cost that may accrue in addition thereto) shall, as against anyone else claiming an interest in the same property or income of the taxpayer, be determined in accordance with applicable Commonwealth law (including 1 CMC §3711 and 2 CMC §4520). No tax lien of the Commonwealth Government in a taxpayer's property and income shall have priority over a bona fide purchaser or lessee of the taxpayer for valuable consideration, a bona fide holder of a security interest for value, a bona fide judgment lien creditor or holder of another bona fide interest or encumbrance for value, unless the Commonwealth Government's tax lien has been recorded previously. The Commonwealth shall have priority where a party claiming the competing interest in the property or income of the taxpayer has actual notice of the tax lien. No interest claimed by a competing party in property or income of a taxpayer shall prevail over a tax lien of the Commonwealth Government unless the party claiming such competing interest has taken all steps under applicable law to properly create and perfect the interest claimed in the taxpayer's property and income, and said interest is not otherwise contrary to or in violation of Commonwealth law.

(d) Developer taxes may be collected by levy upon any property, real or tangible or intangible personal, of the developer obligated to pay the developer taxes. In addition to any other levy, collection and foreclosure procedures, powers and remedies allowed

by CNMI law (including 2 CMC §4520, 4 CMC §1813, 4 CMC §4201 through 4 CMC §4210, 7 CMC §4102 through 4104), the Director shall have the right to use the levy, collection and foreclosure procedures, powers and remedies set forth in NMTIT §6331 through §6331(d)(4) and (g) and NMTIT §6335(f) and (g), and the reference to NMTIT §6334 contained in NMTIT §6331 shall not apply. The Director shall also have the right to use any other levy procedures as outlined within the NMTIT §6332 through §6333 and §6335 through §6337 to the extent such procedures are not in conflict with any procedure provided under Commonwealth law.

Section 1600.11 Civil Action of Enforcement.

In addition to any other collection procedures of any developer tax imposed or authorized, such tax may also be collected by a civil suit brought by the Attorney General either in the name of the Commonwealth or the Director of Finance.

Section 1600.12 Penalties.

Any developer tax is levied or imposed when the tax is required to be paid. An estimated tax is required to be paid prior to obtaining a building permit. Since a building permit is not issued until the estimate is paid, this penalty does not apply at that point. Final payment is required when the project is complete. The tax is levied or imposed when the final payment is due. Failure to pay this final payment when due shall be subject to a ten percent (10%) penalty of the amount of developer tax due if the period of nonpayment is not more than one month, with an additional ten percent (10%) for each additional month or fraction thereof during which nonpayment continues. The penalty shall not exceed 100 percent in the aggregate.

Section 1600.13 Tax Credits

(a) CUC Connection Fees. If a developer, prior to the effective date of these regulations paid fees in excess of the actual cost of connection to CUC utilities, such excess CUC connection fees shall be credited against the estimated total developer tax and final developer tax liability. CUC shall pay over to the Department of Finance amounts collected and used as a credit against developer tax. The Department of Finance shall deposit such payments into the trust account of the senatorial district where the new development is located.

(b) CRM Contributions. If a developer has made infrastructure contributions to the Coastal Resources Management Office, such contributions shall be credited against the estimated total developer tax and final developer tax liability. CRM shall pay over to the Department of Finance amounts collected and used as a credit against developer tax. The Department of Finance shall

deposit such payments into the trust account of the senatorial district where the new development is located.

(c) Other Payments. If a developer makes a payment toward infrastructure as a condition to receiving a building permit from the Department of Public Works or as a condition of receiving a public land lease, or legislative approval on such a lease, such payment shall be credited against the estimated total developer tax and final developer tax liability. Any government agency receiving such payment shall pay over to the Department of Finance amounts collected and used as a credit against developer tax. The Department of Finance shall deposit such payments into the trust account of the senatorial district where the new development is located. In the event the amount of available tax credit exceeds the developer tax liability, the excess tax credit shall not constitute a right to a refund nor shall the excess credit be used toward future development projects. The payment toward infrastructure applies only to the immediate project planned for which the permit was issued or the property was leased.

(d) Dedicated Capital Improvement. The value of any capital improvement accepted by the Director that the developer dedicates to electrical, water, sewer, roads, or surface water drainage and flood control systems shall be credited against the developer tax liability. The dedicated capital improvement shall exist prior to being allowed as a credit. The dedicated capital improvement may be accepted by the Director after inspection and approval by the Director and the appropriate managing agency or department and such improvement has not been reimbursed by the Commonwealth. The value of the dedicated capital improvement shall be determined by an appraisal prepared by an appraiser chosen with the consent of the Director. The value shall not exceed the reasonable cost to the developer of the dedicated capital improvement. In the event the amount of available tax credit exceeds the developer tax liability, the excess tax credit shall not constitute a right to a refund nor shall the excess credit be used toward future development projects. The value of the dedicated capital improvement applies only as a credit on the immediate project planned.

(e) Evidence of Credit. The developer shall supply to the Director the following:

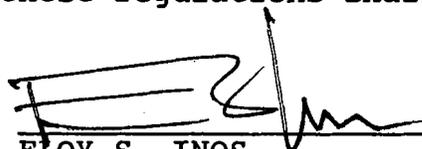
- (1) a valid receipt that payment under (a)-(c) above has been made, and
- (2) in the case of (d) of this section, a statement certified by the Director of the value of the improvement and his acceptance.

Section 1600.14 Severability.

If any provision of these regulations should be held invalid by a court of competent jurisdiction, the validity of the remaining

provisions of these regulations shall not be affected thereby.

Issued by:



ELOY S. INOS
DIRECTOR OF FINANCE

12/15/93
Date

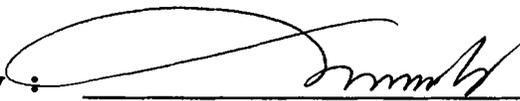
Concurred by:



LORENZO I. DE LEON GUERRERO
GOVERNOR

12/15/93
Date

Filed and
Recorded by:



SOLEDAD B. SASAMOTO
Registrar of Corporations

12/15/93
Date

Received in Governor's office 12/15/93
Don Jay



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Office of the Director
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CERTIFICATION

I, Eloy S. Inos, the Director of the Department of Finance who is publishing this Proposed Developer Tax Regulation No.1600, by signature below hereby certify that the proposed Developer Tax Regulation No. 1600 is a true, correct, and complete copy of the regulation proposed by the Department of Finance. I further request and direct that this certification and the proposed Developer Tax Regulation No. 1600 be published in the Commonwealth Register.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on the 15th day of December, 1993 at Saipan, Commonwealth of the Northern Mariana Islands.

A handwritten signature in black ink, appearing to read "Eloy S. Inos", written over a horizontal line.

ELOY S. INOS
Director, Department of Finance