

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS  
SAIPAN MARIANA ISLANDS

VOLUME 16 NUMBER 05



MAY 15, 1994

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***COMMONWEALTH***

***REGISTER***

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**COMMONWEALTH REGISTER**  
**VOLUME 16 NUMBER 5**  
**MAY 15, 1994**

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**PUBLIC NOTICE**

**NOTICE OF PROPOSED RULES AND REGULATIONS  
OF THE  
DEVELOPMENT CORPORATION DIVISION  
OF THE  
COMMONWEALTH DEVELOPMENT AUTHORITY**

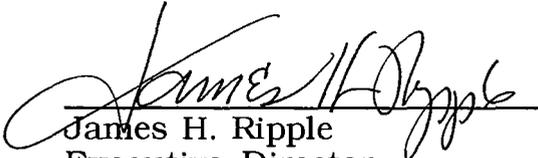
The Development Corporation Division (DCD) of the Commonwealth Development Authority (CDA) of the Commonwealth of the Northern Mariana Islands hereby notifies the general public of its intent to adopt these proposed Rules and Regulations. These Rules and Regulations are promulgated under Public Law 4-49, as amended and in accordance with the Administrative Procedures Act, 1 CMC §9101, et.seq.

Copies of the proposed Rules and Regulations are available at the office of the Commonwealth Development Authority, Gualo Rai, Saipan, MP 96950.

The Executive Director of the Commonwealth Development Authority urges the public to submit written comments and recommendations regarding the above-mentioned Rules and Regulations within thirty (30) days after the publication of this notice in the Commonwealth Register. Please submit your comments to the following:

Mr. James H. Ripple  
Executive Director  
Commonwealth Development Authority  
P. O. Box 2149, Gualo Rai  
Saipan, MP 96950

Dated this 22nd day of April, 1994.

  
James H. Ripple  
Executive Director

4/28/94  
Date of Filing with Registrar

  
Registrar of Corporations

4/28/94  
Date Received in the Office of the  
Governor

  
Governor's Authorized Staff

**NUTISIAN PUPBLIKU**

**NUTISIA PUT I MANMAPROPOPONI SIHA NA REGULASION I  
AREGLAMENTU YAN REGULASION I  
DEVELOPMENT CORPORATION DIVISION I  
COMMONWEALTH DEVELOPOMENT AUTHORITY**

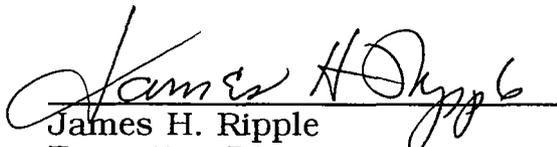
I Development Corporation Division (DCD) i Commonwealth Development Authority gi Commonwealth of the Northern Mariana Islands ginen este ha nutitisia i pupbliku hinerat nu i entension-na umadapta este i manmapropoponi na Areglamentu yan Regulasion siha. Este siha na Areglamentu yan Regulasion manmalaknos sigon gi attoridat ni maprobiniyi gi papa i Lai Pupbliku Numiru 4-49, ni ma amenda yan konsiste gi Administrative Procedures Act, 1 CMC Papa' i Seksiona 9101, et. seq.

Kopian este i manmapropoponi siha na Areglamentu yan Regulasion gaigi gi ofisinan i Commonwealth Development Authority gi Gualo Rai, Saipan, MP 96950.

I Direktot I Commonwealth Development Authority ha sosoyo' i pupbliku na u fana'halom tinige' siha yan rekomendasion put i Areglamentu yan Regulasion siha ni manmamensiona gi sanhilo' gi halom trenta (30) dias despues di mapuplika esta na nutisia gi Registran Commonwealth. Pot fabot na'halom i rekomendasion miyu guato gi segente na address:

Mr. James H. Ripple  
Executive Director  
Commonwealth Development Authority  
P. O. Box 2149, Gualo  
Saipan, MP 96950

Mafecha gi esta i mina 22 na ha'ani gi Abrit, 1994.

  
James H. Ripple  
Executive Director

4/28/94

Fecha ni Ma File gi Registrar



Registrar of Corporations

4/28/94  
Fecha ni Marisibi Gi Ofisinan  
Gobietno

  
I Ma'aturisa na Staff Gobietno

**ARONGORONGOL TOWLAP**

**ARONGORONG REEL FFEERUL ALLÉGHÚL ME LEMELEMIL  
DEVELOPMENT CORPORATION DIVISION  
MELLÓL  
COMMONWEALTH DEVELOPMENT AUTHORITY**

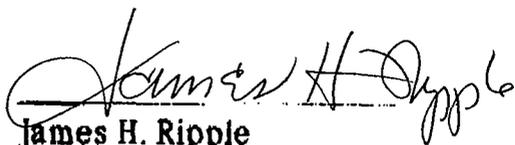
Development Corporation Division (DCD) mellól Commonwealth Development Authority (CDA) mellól Commonwealth of the Northern Mariana Islands, sáangi milleel nge rekke arongaar towlap igha ekke mángiyy bwe adaptáánil Allégh kkaal. Allégh kaal nge re féerúl sáangi bwángil me ailéewal Alléghúl Towlap ye 4-49, iwe e lliwel igha ebwe tabweey aweweel Administrative Procedures Act, 1 CMC §9101, et. seq.

Kkopiyaal Allégh kkaal nge eyoor llól Bwulasiyool Commonwealth Development Authority, iye elo Gualo Rai. Saipan. MP 96950.

Executive Director mellól Commonwealth Development Authority ekke tingor ngaliir towlap bwe rebwe ischiltiw meta tipeer me mángemángiir reel Allégh kka weilang nge raa atolongooy llól eliigh (30) rál sáangi gha e toowow arongorong yeel mellól Commonwealth Register nge rebwe afanga ngáli:

James H. Ripple  
Executive Director  
Commonwealth Development Authority  
P.O. Box 2149, Gualo Rai  
Saipan, MP 96950

E Ffeer llól ráalil ye 22nd Abriid, 1994



James H. Ripple  
Executive Director

4/28/94

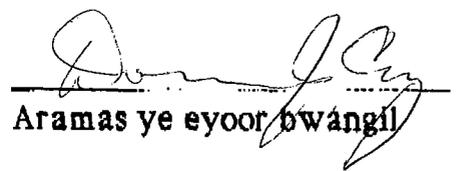
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Registrar of Corporations

4/28/94

Ráalil igha re risibi mellól  
Bwulasiyool Gubenko



Aramas ye eyoor bwángil

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**RULES AND REGULATIONS  
OF THE  
DEVELOPMENT CORPORATION DIVISION  
COMMONWEALTH DEVELOPMENT AUTHORITY**

**CHAPTER I. GENERAL DEFINITIONS:**

Unless the context otherwise requires in these Policies and Regulations;

(a) "Agriculture" means the science, art, and business of cultivating the soil producing crops and raising livestock.

(b) "Applicant" or "loan applicant" means a person, partnership, association, or corporation seeking a loan or guaranty from the Commonwealth Development Authority.

(c) "Aquaculture" (hydroponics) means the cultivation of plants in water containing dissolved inorganic nutrients.

(d) "Avocation" means an activity pursued in addition to one's regular work, for enjoyment or hobby.

(e) "Board" or "board of directors" means the board of directors of the Development Corporation Division of the Commonwealth Development Authority.

(f) "Chairman" means the Chairman of the Board of Directors of the Development Corporation Division of the Commonwealth Development Authority.

(g) "Commonwealth" means the Commonwealth of the Northern Mariana Islands.

(h) "Cooperatives" means an enterprise owned jointly by those who use its facilities or services.

(i) "Covenant" means the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (P.L. 94-241; 90 Stat. 263; 48 U.S.C. 1681, note).

(j) "CDA" means the Commonwealth Development Authority.

(k) "DCD" means the Development Corporation Division of the Commonwealth Development Authority.

(l) "EDLF" means the Economic Development Loan Fund.

- (m) "Executive Director" means the Executive Director of the Commonwealth Development Authority.
- (n) "Farmer" means a farm operator, owner or worker.
- (o) "Farming" means to cultivate or produce a crop.
- (p) "Fisherman" means one who fishes as an occupation or sport.
- (q) "Fishing" means the act or practice of catching fish.
- (r) "Governor" means the Governor of the Northern Mariana Islands.
- (s) "Loan" or "direct loan" means a delivery by CDA to and receipt by a loan applicant of a sum of money upon agreement to repay it to CDA, with interest.
- (t) "Loan application" means a request by a loan applicant for a loan from CDA.
- (u) "Loan guaranty" means a promise by CDA to answer for repayment of a debt or performance of an obligation if a person primarily liable to a financial institution other than CDA fails to make payment or perform the obligation.
- (v) "Mariculture" means cultivation of marine organisms in their natural habitats or in man made ponds specifically constructed for cultivation of shrimp, fish, prawn, etc. on a commercial basis.
- (w) "Marine" means something relating to the sea.
- (x) "Occupation" means an activity service as one's regular employment.
- (y) "Public Auditor" means the Public Auditor of the Commonwealth of the Northern Mariana Islands.
- (z) "Ranch" means an extension farm devoted to raising livestock.
- (aa) "Rancher" means an owner or manager of a ranch.
- (bb) "Syndicated financial arrangement" means a financial arrangement by CDA in association with one or more financial institutions formed for the purpose of making a loan.

**CHAPTER II. GENERAL POWERS:**

Subject to any limitation set forth in the Act establishing the Commonwealth

Development Authority (hereinafter CDA), P.L. No. 4-49, the Development Corporation Division (hereinafter DCD) shall have these powers reasonably necessary and incidental to the fulfillment of its purposes, including but not limited to the powers:

**Section A.** To prescribe, adopt, amend, and repeal rules and regulations consistent with the Act governing the manner in which the obligations imposed on it by law will be performed;

**Section B.** To receive and hold funds from the Development Banking Division of CDA and any other source of capital contribution;

**Section C.** To acquire and hold any interest allowed by law in any real or personal property, tangible or intangible, in connection with the activities of the DCD and to sell, mortgage, or otherwise dispose of such interest;

**Section D.** To make direct loans and/or loan guarantees to private individuals, corporations, partnerships and cooperatives who are eligible for loans under the special provisions of Section 702(c) of the Covenant (P.L. 94-241, 90 Stat. 263, 48 USC 1681, NOTE) reserving funds for farmers, fishermen, agricultural and marine cooperatives;

**Section E.** To make direct loans and/or loan guarantees to private individuals, corporations, partnerships and cooperatives who are eligible for loans under Chapter VII, other than pursuant to subsection D of this Chapter, but only with the proceeds of the sale of tax exempt Industrial Revenue Bonds, which bonds shall be secured by the project or investment financed or such other guarantees and collateral as may be required, provided, that such loans may be made from the current assets of the EDLF as of September 19, 1985, the effective date of the amendments to the CDA Act, and future proceeds derived from the sale of tax exempt Industrial Revenue Bonds are available for such lending;

**Section F.** To employ foreclosure proceedings authorized by Commonwealth law where required to protect outstanding loans of DCD;

**Section G.** To make contracts and execute all instruments necessary or convenient in the exercise of the powers of DCD;

**Section H.** To hire such employees as are necessary to the operation of DCD as provided in Section 17 of the Act, and to engage the services of outside experts, advisors, and other contractors as necessary to the fulfillment of the purposes of DCD;

**Section I.** To undertake such research as is necessary or desirable to further the purposes of DCD;

**Section J.** To provide technical assistance, supervision, or management

counseling, and other services in connection with the financing of any project or undertaking which furthers the purposes of DCD;

**Section K.** To participate with any other provider of capital in the financing of any private sector project or other undertaking which furthers the purposes of DCD;

**Section L.** To assist investment in the Commonwealth by any potential business interest or other provider of capital;

**Section M.** To engage as its agent, with the approval of the CDA, any commercial bank or autonomous public agency to administer any DCD loan programs. Provided, that the total amount of such loans shall not exceed the amount earmarked for specific purposes in Section 702(c) of the Covenant less the amount allocated to the Mariana Islands Housing Authority for low-interest, low-income family housing loans;

**Section N.** To engage as its agent any major financial institution, licensed to do business in the Commonwealth, to implement all or a part of the DCD's purposes under the Act. A major financial institution means a financial institution with assets in excess of fifty million dollars (\$50,000,000);

**Section O.** To organize, establish, operate, or own interest in subsidiary corporations or joint ventures chartered under the laws of the Commonwealth and doing business within the Commonwealth subject to the limitations imposed under the Act and these regulations;

**Section P.** To take such other and further action as is necessary and proper to serve as the economic development loan fund agency for qualified private sector enterprises, and to otherwise further its purposes, administer its loans, and oversee its other capital outlays; and

**Section Q.** To prescribe forms governing the internal function of the DCD.

**CHAPTER III. BOARD OF DIRECTORS OF DEVELOPMENT CORPORATION DIVISION:**

**Section A.** The affairs of the DCD shall be governed and controlled by a Board of Directors which shall consist of seven members of the CDA Board of Directors. Board members shall be individuals with knowledge and experience in business, finance, banking, or other economic affairs and who, otherwise, qualify to be board members under Section 7 of the Act. DCD Board members, constituting a quorum shall appoint a Chairman and a Vice

Chairman who shall serve for a period of one-year terms upon successive reappointments until his term of office with the CDA Board expires.

**Section B.** Terms of office of the Board of Directors: Members of the DCD Board shall serve as directors until their term of office with the CDA Board expires.

**Section C.** Resignation, Removal and Vacancies of Development Corporation Division Board: A director may at any time resign his office by notice in writing to the Chairman of the CDA Board. If, however, he is resigning from the CDA Board he must submit written notice of his resignation to the Governor. Upon resignation, removal or expiration of the term of appointment the member shall cease to sit on the DCD Board, and shall not be included in a quorum count. Removal of a DCD Board member before the expiration of his term shall occur only by action of the CDA Board Chairman and only on grounds of gross neglect or dereliction of duty, breach of fiduciary duty, conviction of a felony or mental or physical incapacity.

In the event the Chairman and/or Vice Chairman of the DCD Board resign or are replaced, the DCD Board will select a Chairman or Vice Chairman from among its members pursuant to Section A, above.

**Section D.** Meeting of the DCD Board: The DCD Board shall hold not less than four meetings in each fiscal year or as often as necessary for the purpose of governing the DCD. The Chairman of the DCD Board or the Executive Director shall call the DCD Board meeting at a time and place convenient for the board members. A notice of a DCD Board meeting which includes the agenda must be given each board member at least 7 days prior to the meeting. The Chairman of such board may convene other meetings on 72-hour notice. If, however, no quorum exists for a duly noticed meeting then new notices should be given each board member specifying the new meeting date with at least 72-hours' notice.

All DCD Board meetings shall be held in the Commonwealth and shall be opened to the public during discussion of policies, procedures, administrative and other non-confidential matters and closed when the Board is considering matters involving the discussion of personnel, financial, or credit confidences, or any other privileged information concerning applicants or projects.

The DCD Board shall cause to be kept written minutes of the proceedings at each meeting of the board.

For urgent or in emergency situations, a written decision signed and approved by at least five of the voting board members, shall be binding and effective as if the same had been acted upon at a meeting of the board duly convened and held. Subject to the provisions of these rules and regulations, the DCD Board may regulate its procedure in such manner as it deems fit and proper.

**Section E.** Quorum: A quorum for meetings and transacting business shall be five (5) voting members. An affirmative vote of five board members shall be required for all action by the Board.

**Section F.** A member of the DCD Board who is unable to attend that particular meeting may designate in writing another Board member representing the same senatorial district as alternate to attend that particular meeting in his/her place and may authorize in writing the alternate to cast the absent members' vote upon any item of business previously noticed on the agenda for that meeting. The proxy representation shall not be used for more than three consecutive meetings. A designation may not be used to establish a quorum.

**Section G.** Compensation for DCD Board Members: Members of the DCD Board shall be compensated pursuant to Section 8 of Public Law 4-32 and may be reimbursed in accordance with Commonwealth law for any reasonable and necessary expenses incurred in the performance of their duties. Rules and rates for travel and per diem rates shall be the same as those established for the Executive Branch.

**Section H.** Disclosure of Conflict of Interest: Any director who is directly or indirectly interested in any arrangement, transaction or business matters entered into, proposed or under consideration by the DCD Board shall, as soon as possible after the relevant facts have come to his attention, disclose the nature of his interest to the DCD Board. A disclosure under this section shall be recorded in the minutes of the DCD Board and, except as otherwise provided by a resolution of the DCD Board, the director shall not take part after the disclosure in any deliberation or decision relating to the arrangement or agreement, but shall be counted as present for the purpose of forming a quorum of the DCD Board for any such deliberation or decision.

**Section I.** Contracting Authority: The Executive Director and the Chairman or Vice Chairman of the DCD shall have contracting authority for the purposes of dealing with all matters pertaining to the operations of the DCD, such as execution of all loan guarantees, and other agreements necessary to the operation of the DCD. At all times, the contracting officers shall comply with applicable procurement regulations.

**CHAPTER IV. THE DCD BOARD SHALL HAVE THE FOLLOWING DUTIES:**

**Section A.** To govern the operation of the DCD in a manner that furthers its purposes;

**Section B.** To take action necessary to the exercise by the DCD of the powers of the Board enumerated in Chapter V;

**Section C.** To adopt rules and regulations, and to adhere to operating policies that will assure the DCD financial vitality and best promote its development purposes;

**Section D.** To make decisions on loan applications and other proposals for funding of program and projects up to and including \$500,000. Loan applications and other proposals for funding of program and projects in excess of \$500,000 will be analyzed by DCD and forwarded to the CDA Board for its final decision.

**Section E.** To oversee administration of all loans and other fund allocations by the DCD and assures compliance with provisions of loan agreements;

**Section F.** To prepare an annual report at the end of each fiscal year of the DCD activities during the year, and submit the report to the CDA Board for incorporation with the CDA annual report before forwarding to the Legislature and the Governor.

**CHAPTER V. THE DCD BOARD SHALL FURTHER HAVE AND MAY EXERCISE THE FOLLOWING POWERS:**

**Section A.** To exercise all powers enumerated in Chapter II, that are necessary and appropriate to the fulfillment of its duties under Chapter IV.

**Section B.** To decide finally on any use of DCD funds, including the power to determine how unexpended capital shall be maintained and managed, except as limited by those powers reserved to the CDA Board by law;

**Section C.** To allocate and expend funds for the repayment of obligation incurred by the DCD;

**Section D.** To prepare an annual operating budget in conformity with P.L. 3-68 for the DCD and submit such budget for approval by the CDA Board; and

**Section E.** The DCD Board may from time to time delegate to the Executive Director, or to any other officer of CDA any of its powers under these Rules and Regulations. Any person to whom any powers are so delegated may

exercise these powers in the same manner and with the same effect as if they had been conferred on it directly by these Rules and Regulations.

**CHAPTER VI. OFFICERS:**

**Section A.** The officers of the DCD will be the same as those specified in the Commonwealth Development Authority Act, Section 8 and will exercise those duties and authority as they pertain to DCD.

**CHAPTER VII. LOAN ELIGIBILITY REQUIREMENTS AND FINANCIAL MATTERS:**

**Section A.** Applicants eligible for loans and/or loan guarantees must be citizens of the Commonwealth (interim United States Citizens as defined in the Schedule on Transitional Matters), and U.S. citizens or nationals, having at least a two (2) years continuous residency in the Commonwealth as defined in Section 1005(e) of the Covenant, or a partnership or association wholly owned by citizens of the Commonwealth or a corporation organized under the laws of the Commonwealth of which at least fifty-one percent (51%) of the capital stock issued and outstanding and entitled to vote is owned and held by citizens of the Commonwealth in which profits and/or surplus are distributed in direct proportion to the shares held, or by a U.S. corporation, partnership or association properly licensed and registered under the laws of the Commonwealth, and actually doing business in the Commonwealth for a period of at least two (2) years;

The applicant for a Farmer, Rancher, Fisherman loans must be by definition truly be a Farmer, Rancher and/or Fisherman by occupation. The word occupation is essential in that it represents the applicant's regular employment. Thus, the applicant's major source of income to support himself and his family must be derived from farming, ranching or fishing. Hence to determine whether or not the applicant qualifies for a Farmer, Rancher or Fisherman loan, his/her income from such activity must exceed 30 percent of his/her annualized income. For those applicants that cannot meet this income requirement, they can only be considered to be a part time Farmer, Rancher or Fisherman or one having an "avocation", which means an activity pursued in addition to one's regular work or occupation; also means (Hobby). This would eliminate sport fishing active as qualifying for a fishing loan, but would not restrict the application for a commercial loan.

Loans may be made to persons whose occupation is:

1. Farmers "Loans to purchase farm equipment such as tractors, plows and other attachments for tractors, tillers, hand tools, related shop

tools, repair parts, seeds, plants, fertilizers, farm chemicals, planters, livestock and poultry. To build shelters for farm machinery, livestock and/or poultry and to purchase specialized equipment and/or fixtures designed solely for the raising of crops, livestock, poultry and/or egg productions." Loans can be made for reasonable one time start up operating funds. Over the road vehicles such as trucks and pick ups may be included, they must be used at least 60 percent of the time (hours) for farming and on the farm or ranch. Sedans and other enclosed motor vehicles such as extra cab pick ups, etc. shall not be included.

2. Fisherman "Loans to purchase boats, boat trailers, ships, fishing gear, safety equipment, ship to shore radios, cooler boxes and other directly related fishing equipment". Loans may include reasonable one time start up operating funds. Fishermens' loans would be limited to commercial fishing ventures, sport fishing would not qualify. Over the road vehicles such as trucks or pick ups may be included, they must be used at least 60 percent of the time (hours) for fishing enterprise, including the launching and dry storing of fishing boats. Sedans and other enclosed motor vehicles, such as extra cab pick ups, etc. shall not be included; and to

3. Cooperatives. The Saipan Farmers Market is presently the only qualified cooperative within the Commonwealth which presently meets CDA's loans definitions and the provisions of U.S. P.L. 94-241 and CDA's regulations.

4. All other loans that are not covered by a these definitions are considered commercial loans.

**Section B.** The DCD Board shall not make any loan, guarantee any loan or participate in any loan if such particular loan application would exceed twenty-five percent (25%) of the DCD's uncommitted cash of each category.

**Section C.** In exceptional cases meriting special consideration, limits under Section B of this chapter may be exceeded provided the loan is of high economic benefit to the Commonwealth (as determined by the statement on economic priorities to be issued by the CDA and the project is fully covered by sufficient securities).

**Section D.** In financing high economic benefit projects requiring more than its maximum lending limits under Section B of this chapter, the DCD may enter into a syndicated financial arrangement with financial institutions, both domestic and foreign to the extent limited by law and limiting the DCD's exposure to the ceiling referred to under Section B of this Chapter.

**Section E.** The DCD Board shall review and consider each loan application when the application is complete including all necessary documentation of collateral, applicable fees and permits such as Coastal Resources

Management, building permit and Zoning Board's approval, etc. Further, the DCD Board may review and consider loan application when the application does not include evidence of clear title and property description or other necessary survey, report and clearance where the cost would be prohibited. Hence, the DCD Board may conditionally approve a loan, specifically stating the provisions that are necessary to be fulfilled and the related expenditures can be included in the loan amount at the Borrower's discretion.

All applications will be dated and stamped as they are accepted by the Loan Division. The Loan Officer shall review each application and advise the applicants of any deficiencies, omissions, etc. Incomplete applications will be returned to the clients unstamped. Upon stamping an application it will be entered into the loan processing tracking system.

**Section F.** The Executive Director shall ensure at all times that accounting records and supporting documents are maintained to insure sound internal control. The DCD shall use the accrual method of accounting. Monthly financial statements with detailed loan fund status reports must be prepared in accordance with Generally Accepted Accounting Principles and Practices (GAAPP) and copies thereof shall be provided to DCD Board members.

A separate accounting system shall be used and maintained for the functions of the DCD including economic development loan fund activities. The accounts and statements of account of the DCD shall be audited by the Public Auditor or an independent auditor approved by the Public Auditor. The fiscal year of the DCD shall be identical with that of the Commonwealth Government.

**Section G.** Funds of the DCD not currently needed for development activities or liquidity shall be reinvested by the DCD Board, to the extent permitted by law, in Investment Securities which mature not later than the date in which the money on deposit in such funds will be needed for the purposes of such funds. Investment-Securities are defined in Section 11, subsections (d) (1) through (d) (7) of the Act.

**Section H.** The DCD Board may, as it deems necessary, open and maintain savings, checking accounts and other investment forms as per Section F, above, with banks or savings and loan associations which are members of the Federal Reserve System or the Federal Deposit Insurance Corporation and which are reputable financial firms. Money received by the DCD Board shall be deposited into the account or accounts maintained by the board.

**Section I.** The DCD Board shall maintain sufficient liquid assets to be able to meet normal operating expenses and discharge its short-term liabilities and current maturities of any long-term indebtedness of the DCD.

The DCD shall maintain such reserves of cash or other assets as are

necessary and prudent to assure that the DCD will be able to meet its obligations in a timely manner, including consideration of loan or other guarantees issued by the DCD which could eventually result in an obligation of the DCD.

**Section J.** The DCD Board shall cause to be collected and obtained:

1. From the Development Banking Division of CDA all funds pursuant to Article VII, Section 702(c) of the Covenant, and pursuant to Article II, Section 5 and Article III, Section 9A of the Northern Marianas Constitution and all assets of the Northern Marianas Economic Development Loan Fund existing prior to September 19, 1985;

2. All money to be received by or on behalf of the DCD, with respect to repayment of any loan made, including interest and other charges payable;

3. All money arising from property or investments acquired by or invested in by the DCD Board;

4. Other money and property due and payable to the DCD; and

5. The DCD shall not accept deposits, but may hold evidence of deposits, or otherwise accept control of deposits, in other financial institutions.

**Section K.** The DCD Board shall pay out of the DCD fund:

1. Loan amounts approved by either the DCD or CDA Board; and

2. Amounts approved for investment or equity participation, and participation in any projects and/or feasibility studies or technical assistance.

**Section L.** The DCD Board shall pay out of funds available to the DCD pursuant to subsection 9(b)(1) and (3) of the Act:

1. All expenses, costs and obligations incurred for the administration and operation of the DCD. Payment under this section shall be in conformity with a budget, prepared and submitted to the CDA Board, which in turn will submit a copy to the Governor and the Legislature as provided in 1CMC Division 7, for informational purposes; and

2. Amounts expended or obligated for technical assistance, economic studies, project evaluations and feasibility studies. Payment under this section shall be in conformity with a budget, prepared and

submitted to the Governor and the Legislature as provided in 1CMC Division 7, for informational purposes.

**Section M.** The DCD Board may, as necessary, require its borrowers to keep records and accounts in accordance with sound and generally accepted business practices, and may require them to furnish necessary information as to their business operations and accounts, deemed appropriate. The DCD Board shall also retain the right to inspect the enterprises' finances, as well as their operations, records, and books of accounts. The DCD Board is further authorized to retain an independent accounting firm to perform the compilation and preparation of financial reports of the borrowers and the costs incurred shall be borne by the borrowers.

**Section N.** The DCD shall review and from time to time recommend to the CDA Board the rates of interest to be assessed a borrower not to exceed the rate authorized by law and set by the CDA Board. In recommending interest rates for loans for various types of projects and undertakings, the DCD shall consider the costs of capitalization, its own administrative expenses in relation to such loans, overall prevailing market rates, and other economic indicators. The DCD may recommend interest rates for projects and other undertakings which serve particular socio-economic needs as determined by the DCD, but with due regard for the overall need of the DCD to recover its costs.

**Section O.** The loan applicants shall pay all loan fees necessary or incidental to the loan. Such fees may include but are not limited to recording fees, notary fees, appraisal fees, or certified public accountant fees, in the event such is required by the Board, and attorneys fees incurred by the DCD for the drafting of the loan documents in the making of the loan. In addition to these fees, the DCD shall assess each loan applicant the following service charges:

1. **Loan Closing.** Applicants for either a direct loan or loan guaranty shall be assessed a service fee for processing of one half of one percent of the total loan plus all applicable legal fees but not less than \$125.00. Such fees and cost may be included in the total loan at the borrowers' discretion.

In the case of a loan guaranty, the borrower shall be required to remit the applicable fees to the DCD prior to the execution of the guaranty agreement.

2. **Loan Revision.** A borrower may request a loan revision and subject to the approval of the DCD Board or its designee shall be assessed a loan revision fee of one quarter of one percent of the outstanding balance plus applicable legal fees but not less than \$125.00.

Applicable fees will be reviewed and may be revised by the DCD Board.

Such fees shall continue in effect until they are revised by the Board. Publication of revised fees shall be posted in the offices of CDA and all clients shall be apprised of same. No further publication of revised fees shall be required in the CNMI Register.

**Section P.** The repayment periods of loans to the DCD shall not exceed twenty (20) years. The DCD Board shall determine the repayment period including any grace period with the following considerations:

1. The repayment capability of the enterprise or individual; and
2. The useful life of assets to be acquired under the assistance.

### **CHAPTER VIII. LOAN GUARANTY AND PARTICIPATION LOAN:**

It is the policy of the DCD Board and as provided for under the CDA Act that DCD shall not compete with any private banks and financial institutions in funding economic private projects. It is therefore recommended that the borrower should seek financial assistance from all established banks and financial institutions in the Commonwealth before submitting a loan request to DCD.

**Section A.** Loan Guaranty: The DCD Board shall provide up to 90% in loan guaranties under the following conditions:

1. The applicant does not have any credit experience with any of the banks in the Commonwealth.
2. The amount of the loan requested far exceeds the applicant's previous loan amounts with banks or other lending institutions in the Commonwealth.
3. The business is new and the bank recognizes that the business has potential for such success but the risks involved are too high for the bank to assume entirely.

**Section B.** Other Loan Guaranty Policies and Conditions.

1. The DCD Board shall set aside as a reserve not less than twenty-five (25%) percent of the amount of guaranteed loans.
2. The guaranteed line of credit percentage of the DCD will be reduced annually by 10% should the business prove successful each year until there is no need for DCD to continue the guaranty.

3. The line of credit guaranty shall not exceed more than a three year term.

4. On term loans with the banks and other lending institutions in the Commonwealth, DCD may guaranty up to the maximum term allowable by the bank but not more than 20 years.

5. All loans to be guaranteed shall be secured with adequate collateral and other required security pursuant to this policy.

**Section C.** Loan Participation. The Board may jointly participate with banks or other financial institutions in financing a loan to eligible borrowers. The terms and conditions of the financial participation must be approved by the DCD Board. The DCD and the bank or lending institution shall share the collateral interest on any security for the loan in direct proportion to their loan exposure. The period of repayment shall not be more than the period authorized by these rules and regulations.

**Section D.** Participation in Private Projects. The Board may elect to participate in an on-going or new private sector project or undertaking to further the purpose of the DCD.

1. If a determination is to be made by the DCD Board to participate, the following factors shall be considered.

a. Whether there are any other private sector lending institutions in the Commonwealth, other than DCD which may participate.

b. To what extent is DCD committing its financial and/or technical resources for such project?

c. If the project is new to the Commonwealth, or an island in the Commonwealth, would such participation protect the future participation of Commonwealth citizens?

d. Is it in the best interest of the Commonwealth for DCD to participate?

2. If a determination has been made to participate, the DCD Board shall do the following:

a. The Board shall ensure that the DCD's interests are fully covered by adequate securities on any given project.

b. The amount of funding to be made available for any given private project with the DCD's participation shall be determined solely by the DCD Board.

**CHAPTER IX. FEASIBILITY STUDIES AND TECHNICAL ASSISTANCE:**

**Section A.** Feasibility Studies. The DCD Board, with the approval of the CDA Board may authorize the total or partial funding of economic feasibility studies on specific projects in the areas of agriculture, aquaculture, mariculture, light industries, fishing and other economic projects. The Board, with the approval of the CDA Board, may hire a consultant or retain the services of a professional firm to perform the feasibility study or authorize a prospective loan applicant to perform such study.

All feasibility studies prepared independently by the Board shall be provided without charge to interested CNMI residents, except for printing and reproduction costs.

**Section B.** Technical Assistance. The DCD Board may provide through its staff, or by retaining the services of outside expertise, technical assistance as provided under the Act. The Board may, but is not obligated to, further assist those businesses which are financed by DCD by providing management assistance if the Board finds that such assistance will improve their business operations, but only to the extent permissible by law.

**CHAPTER X. CREDIT UNDERWRITING:**

**Section A.** In all cases the DCD Board must evaluate the application based on the following general credit requirements and credit underwriting criteria:

1. The applicant must be of good financial and moral character;
2. The applicant must demonstrate an ability to operate his business successfully;
3. The applicant must be willing to provide the DCD with a reasonable equity in cash or in-kind of not less than 20% of the total project cost to ensure that the applicant has an appropriate stake in the venture;
4. The applicant must show that the proposed loan is of sound business and economic potential to the respective community in which it will operate;
5. The applicant must show that the past earnings, if any, and future prospects and potential of the company indicate the ability to repay the loan and other fixed debt, if any, out of earnings. Provided however, that where the Board determines that (a) the project or business is one that will substantially foster and facilitate the overall commercial and economic

development of a particular industry, and (b) that the service or business is not otherwise readily available locally.

6. No loan applicant shall be granted a loan if such person, of filing the loan application or was a majority stockholder, (51% ownership of stocks), or manager of an association or corporation which has been adjudicated bankrupt or has filed bankruptcy or was under receivership within three (3) years prior to the date of filing the loan application;

7. No loan applicant shall be granted a loan if in default of any debt, loan or any financial obligation at the time of filing the application or if the loan applicant has a record of defaulting on previous loans or other credit extension without justification;

8. No loan applicant shall be qualified for a loan in the event any property of applicant was actually foreclosed upon, or taken and sold at foreclosure sale to satisfy any debt owed to a creditor by the applicant, if such sale or foreclosure occurred within the last three (3) years before the date of the loan application. The DCD Board shall also take into consideration any notices of default, collection problems experienced by previous lenders with respect to the applicant, or any other defects in the credit rating or comments made by any other creditors;

9. No loan shall be made to any person, for a hobby, personal entertainment or personal pleasure;

10. All loan guaranties must meet and satisfy the same criteria as a direct loan;

11. No loan application shall be approved unless sufficient securities or collateral is provided to secure the loan, pursuant to Chapter XI;

12. No loan applicant shall be deemed to have been granted a loan unless and until the Executive Director, or his designee, so notifies the applicant in writing, and the applicant has indicated his acceptance in writing;

13. A pending loan application shall be deemed to have been removed for consideration by the Board if incomplete and the loan applicant has been notified in writing of such defect and has not corrected the defect within thirty (30) days of such notification by the Board, or the Executive Director; and

14. The Chairman of DCD is authorized to cancel conditionally approved loans if the condition set out in the approval letter has not been fulfilled within ninety (90) days after the receipt of such letter by the applicant.

**Section B.** In addition to the above, the DCD Board shall not make loans or loan guarantees under the following circumstances:

1. If funds are otherwise available on reasonable terms from other sources, including but not limited to personal resources, commercial banks, savings and loan associations and credit unions;
2. Loan proceeds to be used for illegal and immoral activities;
3. For refinancing a debt not connected with a proposed DCD loan;
4. The DCD shall not provide short-term financing, except as necessary in connection with medium or long-term assistance by the DCD;
5. The DCD shall not otherwise compete with the private financial institutions of the Commonwealth, except that the DCD may provide ancillary services to a client, in connection with a loan or other financing activities by the DCD, when it would not be practical for such services to be provided by another financing institution; and
6. The DCD shall make, guarantee, or participate in private sector loans or other financing only if the Board is satisfied that under prevailing market conditions the borrower being financed would be unable to obtain such financing from a commercial bank or other financial institutions under conditions which in the determination of the DCD are reasonable for the borrower.

**Section C.** Conflicts of Interest.

1. No loan or other financial assistance shall be granted to any CDA and DCD Board member, the Executive Director, or any spouse or member of his or her immediate family. Neither shall any loan or other financial assistance, (other than a loan guarantee with a commercial bank or financial institution), be made to any corporation, company, association, partnership or legal entity in which any CDA and DCD Board member, or the Executive Director, or any spouse, or member of his or her immediate family have any pecuniary interest, whether directly or indirectly. No member of the CDA and DCD Board, officer, counsel, agent, or employee of the CDA and DCD shall in any manner, directly or indirectly, participate in deliberation or upon the determination of any question affecting the personal interests or the interests of any enterprise in which his parent, son, daughter, brother, sister, mother-in-law, father-in-law, sister-in-law, brother-in-law, or any member of his household is directly or indirectly interested;
2. With the exception of CDA and DCD Board members and the Executive Director, the officers, counsel, agents, and employees of the CDA and DCD may apply for loans or other financial assistance from the DCD if

they do not, directly or indirectly, participate in the deliberation or upon the determination of any question affecting their personal interest or the interests of any enterprise in which their spouse, or any member of their household directly or indirectly interested;

3. No member of the CDA and DCD Board, officers, counsel, agent or employee of the CDA and DCD, either directly or indirectly for himself or as representative or agent of another person, shall become a guarantor, endorser, or surety for loans from the DCD to others, nor in any manner be an obligor for money borrowed from the DCD by another, except under a loan guaranty with a commercial bank;

4. No fee, commission, gift, or charge of any kind shall be exacted or demanded by or paid to any person mentioned in 1 of Section C of this section, for obtaining a loan or other financial assistance;

5. A willful failure to disclose a conflict of interest as defined in this section, shall be a breach of fiduciary duty and cause for immediate removal by the appointing authority.

## **CHAPTER XI. SECURITY:**

**Section A.** The DCD Board shall secure its loans and guarantees in accordance with sound lending practices, provided that in doing so, the DCD shall have due regard for its purposes to promote economic development in the Commonwealth. Securities may consist of one, or a combination of the following, at the discretion of the Board:

1. First Mortgage on Real Estate. Wherever possible, all loans shall be secured by a first mortgage or deed of trust interest in real estate and improvements. The allowable loan to be secured by any real estate first mortgage shall not exceed eighty percent (80%) of the appraised value of the assets, improvements and proposed improvements;

2. Second Mortgage on Real Estate. Secondary mortgages are discouraged, but may be allowed if a loan application has a strong economic feasibility and potential for success, the loan applicant has a good credit rating and good repayment ability, and the total outstanding principal debt of the holder of the first security interest and the proposed second mortgage shall not exceed more than eighty percent (80%) of the appraised value of the real estate and improvements thereon.

3. Third Mortgage on Real Estate. A third mortgage interest on leasehold or fee simple property is not permissible as a primary collateral for a loan. However, it may be permitted only if DCD secures a first or second mortgage on other leasehold or fee simple interest.

4. Leasehold Mortgage. The total loan allowable on the first leasehold interest given as security shall not exceed 80% of the improvements and/or proposed improvements, excluding the value of the land. A second leasehold mortgage interest is permissible provided that the total outstanding obligations on the first and second liens shall not exceed 80% of the existing appraised value of the improvements and proposed improvements on the property.

5. Chattel Mortgage and Inventories. Loans may further be secured by a chattel mortgage or a security interest on personal and/or business properties provided that such loan amounts shall not exceed fifty percent (50%) of the value of such personal and/or business properties, or of the purchase price thereof, whichever is lower, and provided that the DCD receives a first lien on chattel mortgage or security interest. Crops or agricultural products such as livestock, poultry and fish may not be used as security for any loan due their perishable nature.

6. Additional Security. In addition to any one or combination of the above securities, the Board may require individual guaranties from the shareholders of a corporation, partners, association and partnership, and an assignment of receivables and/or assignment of life or mortgage insurance for each loan applicant.

**Section B.** The DCD Board in determining the value of all property being offered as security, be it real estate or personal property, may require a complete appraisal report or letter of appraisal (curbstone appraisal) by an appraiser acceptable to the Board. Loan applications in excess of \$25,000.00 shall be accompanied by a complete appraisal report. The Board shall examine the qualifications of the appraiser to determine whether or not his work product is acceptable. Where appropriate, appraisal reports on real property shall be done by a real estate appraiser whose work product is acceptable to a financial institution in the Commonwealth of the Northern Mariana Islands other than the DCD.

## **CHAPTER XII. DISBURSEMENTS:**

**Section A.** Check Signing Authority: All checks issued by the DCD shall contain two signatures one of which shall be the Executive Director (or other official of the DCD with check signing authority as approved by the Board of Directors of CDA) and the other by the Chairman of the DCD (or the Chairman or Vice-Chairman of the CDA Board in the absence of the Chairman of the DCD). In the absence of both Chairmen, Vice Chairman of CDA and the Executive Director, the Board of Directors shall appoint one among its members to sign jointly with the other official of the DCD.

**Section B.** At all times, the Chairman and the DCD Board shall insure that

no funds shall be disbursed for loans unless all loan documentation is fully reviewed and that all the terms and conditions of the loan agreement have been satisfied, in addition to the following:

1. No disbursement shall be made unless all the loan documents have been completed and executed and all fees and charges have been paid and/or added to the total due and payable.

2. No disbursement shall be made unless the loan applicant has produced all the necessary information and copies of any documents required as part of the loan application, including but not limited to insurance policies, releases, appraisal reports, etc., and the applicant shall have executed all loan documents, notes, mortgages, etc.

3. All disbursements shall be subject to accounting procedures and policies set forth under the Act and these regulations.

4. In the event an approved loan is for a construction project and the contractor is not bonded at least 10% of the project cost, then at the discretion of the DCD Board with each increment payment, an amount equal to a minimum of ten percent (10%) of the incremental payment shall be withheld to assure that all subcontractors, materialmen and suppliers have been paid. Such retained portion shall be released after the project has been completed, upon a finding by the Chairman of DCD or his designee that all the materialmen, subcontractors and other suppliers have been paid.

Each construction increment shall be done according to plans and specifications and must be approved by the loan applicant or owner. Upon receipt of such approval, then such increment shall be inspected by the Executive Director, or his designee to determine that the work has been performed according to the plans and specifications. Upon approval of each increment by the Executive Director, or his designee, funds may accordingly be disbursed, subject to the ten percent (10%) withholding as set forth hereinabove.

The Executive Director may obtain the assistance of outside consultants, architects or engineers concerning the construction of a project financed by a DCD loan. Such consultants may be retained whenever necessary to assure a sound and workmanlike project performance.

5. In addition, the loan applicant is required to submit to the DCD the following documents:

a. Complete plan and specifications of the building or improvements to be constructed. The plan must be approved by a certified professional engineer.

b. A schematic drawing of the building and its proposed location.

c. A certification from the Commonwealth Utility Commission that adequate water service and electricity are available on the premise where the project will be situated.

d. A certification from other appropriate government agencies that the proposed project will not have a negative impact to the existing community and environment including the effect of applicable zoning laws, if any.

e. A signed copy of the construction contract between the builder and owner. The signed contract shall not subject DCD to any liability before, during, or after the project is completed.

f. Original copy of the performance and payment bond and workmen's compensation insurance policy. The bond shall cover the total amount contracted. The Board may waive a bonding requirement if it finds that it is in the best interests of the owner, builder and DCD.

g. A signed copy of the construction management contract between the construction manager and the owner. The manager must be licensed to do business in the Commonwealth and must possess a thorough knowledge in construction management. A provision in the construction management contract should provide that the manager must ensure that the project is thoroughly inspected by qualified inspectors and conforms to approved plans and specifications. In addition, the contract shall contain a provision imposing personal liability on the manager for non-performance under the management contract.

h. In the event that disbursements involve the purchase of equipment, materials or other personal properties then disbursements shall be made only upon the loan applicant producing satisfactory receipts, purchase orders, or other types of evidences of purchase. No further disbursements shall be made without first satisfying the previous disbursements with supporting documents.

6. The Executive Director shall exercise his sound discretion in authorizing release of funds with respect to the loan and may provide for payments directly to vendors.

### **CHAPTER XIII. INSURANCE:**

All loans having real estate improvements as security shall have the necessary insurance policies insuring the improvements against any damage

due to earthquake, fire, typhoon and any other casualty up to the full insurable value of the improvements. With respect to construction loans, a loan applicant shall be required to produce a performance and payment bond covering the full value of the improvements and construction cost.

The DCD may, at its sole discretion, waive bonding requirements on small local contractors, provided that the loan proceeds for the project is controlled and monitored closely by the DCD. All costs related to the supervision of the fund proceeds, including supervision of the project, shall be borne by borrower. DCD may provide Guaranty Bonds for projects where performance and payment bonds are not obtainable and the DCD, at its sole discretion, has determined that the bonds cannot be waived.

Any real estate loan shall also have title insurance policies, if obtainable, naming the DCD as the loss payee. If title insurance is not obtainable and the property does not have clear title, then an attorney's title opinion or such other assurances shall be obtained by the loan applicant as the Board may require. The expense of such title insurance, casualty insurance, title opinion, etc., shall be paid solely by the loan applicant.

#### **CHAPTER XIV.   SERVICING OF LOAN:**

**Section A.** The Executive Director shall institute a follow-up or tickler system and accounting system to assure that all the payments concerning all loans are received in a timely fashion. The accounting system required by law shall be followed. Such systems shall include the follow-up on insurance payments, principal and interest payments and production of any financial statements required pursuant to the loan agreement.

**Section B.** All loans shall require at least an annual or semi-annual financial reports from all of the borrowers, together with a status report of the business. For loans in excess of \$200,000.00 the Executive Director may require a borrower to submit annual financial statements compiled, reviewed and audited by a certified public accountant or other documentation that displays the financial condition of the borrowers. However, the Board, at its discretion, may waive the audited financial statement. The Board, at its discretion, may also require a borrower to submit monthly financial reports and balance sheets to the Executive Director, together with any information which will apprise DCD of the borrower's financial standing.

The Executive Director, or his representative, shall meet with each borrower at least semi-annually to discuss any problems with the borrower and to review the records of the business financed by DCD. The Executive Director shall submit to the Board a semi-annual business status report, or any report as required by the Board concerning each loan applicant. The

Board may require the Executive Director to submit such reports more frequently as the Board deems it necessary. The Executive Director shall also file with the Board status reports on all loans as requested by the Board.

**CHAPTER XV. COLLECTION AND FORECLOSURES:**

**Section A.** The Chairman, or his designee, shall closely monitor the repayment of all loans by the borrowers. All loan installments shall be due and payable monthly.

1. If any payment is not received by the thirtieth (30th) day after the due date, then the Executive Director, or his designee, shall personally contact the borrowers immediately by telephone and by written letter informing them of the payment default.

The Executive Director shall also send out such notices of default and other letters as are required by the loan agreement and other loan documents.

2. If any payment is not received by the sixtieth (60) day after the due date, then the Executive Director, or his designee, shall personally contact the borrower by telephone and by written letter informing them of the payment default.

3. If any payment is ninety (90) days or more delinquent, the matter shall be forwarded to an attorney for collection. The attorney shall be informed of the status of the delinquency, whether it is ninety (90) days or more overdue. For loans that are ninety days overdue the attorney shall contact the borrower with a letter demanding payment.

4. If any payment has been referred to an attorney for collection and the attorney has already contacted the borrower by a demand letter as shown above, and any payment is more than ninety (90) days delinquent, the Executive Director or his designee shall direct the attorney to send the borrower a Notice of Default to the borrower in accord with the CNMI Mortgage Foreclosure Act (2 CMC §4537). Such notice shall be in both the English and Chamorro Languages and shall demand payment within twenty one days of receipt.

5. If, after the Notice of Default is sent to the borrower, and the delinquency of ninety (90) days persists, the Executive Director or his designee shall direct the attorney to file a lawsuit to collect the loan and foreclose upon the mortgage.

6. Upon filing of the lawsuit, the principal of the loan is accelerated and the entire principal balance plus any accrued interest shall become

immediately due and payable. Interest shall accrue on the principal at the rate established in the loan agreement.

7. Upon entry of Judgement in the lawsuit, a copy of the Judgment shall be served upon the borrower. If the borrower has not paid the entire outstanding loan balance plus accrued interest and attorneys fees within three (3) months from the time borrower is served the copy of the Judgement, all properties mortgaged as security for the loan shall be noticed for sale for four consecutive times. The notice shall provide that the minimum bid is the total principal, interest, attorneys fees and costs of sale, or the appraised value, whichever is greater. In the event of multiple real properties being noticed for sale, the Executive Director or his designee shall apportion the minimum bid for any sale of property in a manner so to maximize the likelihood of sale and to maximize the possibility of recovery of all amounts owed CDA.

8. In the event that no bidders are willing to make a minimum bid, the property shall be withdrawn and noticed for a second sale. At such sale, the minimum bid shall be the total principal, interest, attorneys fees and costs of sale, or appraised value of the property, whichever is less.

9. If no bidders offer a minimum bid, the property shall be withdrawn, and in the discretion of the Executive Director, or his designee shall either be noticed for a third sale or temporarily removed from the market if, in the discretion of the Executive Director, the likelihood of sale would be greater at a future time. In the event a third sale is authorized, the property may be offered without a minimum bid.

10. After the property is sold at public auction, the attorney shall prepare a Certificate of Sale for the signature of the Chief of Police or Director of Public Safety.

11. After one year, if the borrower has not made an effort to redeem the property from the purchaser, the attorney shall prepare a Deed of Sale to be executed by the Director of Public Safety.

**Section B.** The Executive Director or its designee, shall prepare and issue a monthly status report of all delinquent accounts.

**Section C.** The Board shall use every effort to collect the monies due to the DCD. DCD shall use every effort to reduce delinquencies to a minimum at all times.

**Section D.** The Board, at its sole discretion may contract for the servicing and collection of all loans with a financial institution authorized to do business in the Northern Mariana Islands. The terms and conditions of such servicing agreement shall be determined by the Board.

**Section E.** The Board may recommend a "loan workout" wherein there exists a possibility for DCD to recover its funds without foreclosure. Such "loan workout" should be considered only as an alternative to foreclosure and will be authorized on a case-by-case basis on substantial evidence provided by the borrower that the loan is recoverable. Any new terms of repayment shall not exceed the period of repayment authorized in this policy inclusive of the date when the loan was made and all grace periods.

**Section F.** Any amendments to the terms and conditions of the loan, once granted, regardless of whether or not a loan is in default, shall require the approval of the DCD Board.

#### **CHAPTER XVI. INVESTIGATION AND AUDIT.**

The DCD Board or the Executive Director may instruct a representative of the DCD, or may contract with a qualified firm or person to investigate or audit the accounts of any borrower from the DCD or from the commercial banks guaranteed by the DCD in order to ascertain.

**Section A.** Whether the loan has been used for the purpose for which it was granted.

**Section B.** Whether there is evidence or indication of future difficulties arising that might prevent the borrower from repaying the loan in accordance with the loan agreement.

**Section C.** Whether management or other assistance is needed to improve the business operation.

**Section D.** The Board may impose reasonable fees upon the borrower for performing the above services.

#### **CHAPTER XVII. PRIVILEGED INFORMATION/APPROVAL NOTICE:**

**Section A.** The Executive Director, board members and every employee of the DCD shall maintain the confidentiality of all matters relating to borrowers' and applicants' financial reports. Matters discussed by the Board, and any other information pertaining to any individual or corporation directly or indirectly involved with the DCD shall also be kept confidential.

**Section B.** The Executive Director, Board members and every employee of the DCD shall not engage in the preparation of any DCD loan application, provided, however, that the DCD's staff may assist a loan applicant in the preparation of a loan application within the office of the DCD without compensation. If the staff assists the loan applicant, the applicant shall waive

any legal claims against the staff, DCD and/or, CDA for any wrongful performance or alleged misrepresentation on the loan application.

**Section C.** The Executive Director or his authorized designee, is the only authorized person of the Division to release and provide written notice of loan approval or disapproval to a loan applicant. Notices by other employees or Board members verbally or otherwise shall be invalid and have no effect.

#### **CHAPTER XVIII. POLICIES AND OTHER MATTERS:**

The Board members may, by resolution, make policies including, but not limited to, matters providing for:

**Section A.** Policies which may be made under these Rules and Regulations;

**Section B.** Forms and Procedures in which application to the DCD for loans, guarantees or other assistance are to be made;

**Section C.** The form and manner in which the receipt of any money from the DCD is to be acknowledged;

**Section D.** The manner in which any documents or notice may be served on or by the DCD.

#### **CHAPTER XIX. VIOLATIONS OF LOAN FUND RULES AND REGULATIONS:**

Violations or possible violations of Loan Fund Rules and Regulations shall immediately be reported to the Executive Director and the Chairman of the Board of Directors or other person designated for that purpose. The violation or possible violation shall then be promptly reported to the Board of Directors of CDA.

**Section A.** If any CDA employee or director discovers irregularities in the enforcement of Rules and Regulations, or has reasonable grounds for belief that Rules and Regulations may have been violated, the employee or director shall report the matter to the Executive Director and the Chairman of the Board of Directors and furnish such information as he or she has obtained or developed.

**Section B.** It is the responsibility of the Executive Director and Chairman of the Board of Directors to review the information submitted, and request additional information necessary for him to make a determination as to whether there is substantial evidence of violation of Loan Fund Rules and Regulations or whether further investigation should be undertaken to produce additional factual evidence.

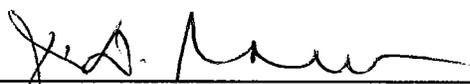
**Section C.** If it is determined by the majority of the Board of Directors that CDA personnel has violated any of the provisions of the Loan Policies and Regulations, he or she shall be subject to the penalties provided by law, and to such additional disciplinary and other remedial action including, among others, dismissal, suspension, or reduction in job position, as is appropriate. Disciplinary and other remedial action shall be effected in accordance with applicable laws and regulations.

**CHAPTER XX. AMENDMENTS:**

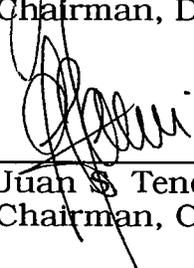
Amendments of Rules and Regulations. These Rules and Regulations may be amended from time to time upon recommendation of the DCD Board of Directors.

**CHAPTER XXI. EFFECTIVE DATE:**

These Policies and Regulations governing the Development Corporation Division (DCD) of the Commonwealth Development Authority of the Northern Mariana Islands shall be effective upon publication in the Commonwealth Register as provided in Title 1, Division 9 of the Commonwealth Code.

  
\_\_\_\_\_  
Jesus D. Sablan  
Chairman, DCD Board of Directors

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Juan S. Tenorio  
Chairman, CDA Board of Directors

  
\_\_\_\_\_  
Date

**NORTHERN MARIANA ISLANDS RETIREMENT FUND**

**PUBLIC NOTICE OF PROPOSED AMENDMENTS TO THE RETIREMENT FUND'S ADMINISTRATIVE RULES AND REGULATIONS**

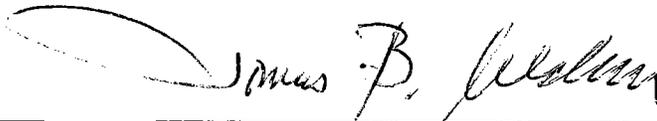
The Board of Trustees of the NMI Retirement Fund hereby gives notice to the general public that it has adopted proposed amendments to the Fund's Administrative Rules and Regulations pursuant to its authority under 1 CMC 8315(f), and the Administrative Procedure Act at 1 CMC 9101, et. seq.

The purpose of these amendments is to provide for the effective administration of Public Law 8-39, and to provide updates to the existing regulations, and for other purposes.

DATED this 6<sup>th</sup> day of May, 1994.



MICHAEL A. WHITE  
Chairman



TOMAS B. ALDAN  
Administrator

Recorded by:



Donna J. Cruz  
Governor's Office

5/6/94  
Date

Filed By:



Soledad B. Sasamoto  
Registrar of Corproation

5/6/94  
Date

**NORTHERN MARIANA ISLANDS RETIREMENT FUND**

**NOTICIAN PUBLIKO POT I MA PROPONE NA TINLAIKA 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 tinilaika gi areklamento yan regulasion i Retirement Fund sigun gi atoridat gi papa' i lai gi 1 CMC 8315(f), 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 8-39, yan pot para umana dinanche mas i gaigi pago na regulasion, yan otro lokue siha na proposito.

Ma fecha gi dia 6 de Mayo, 1994.

  
\_\_\_\_\_  
MICHAEL A. WHITE  
Chairman

  
\_\_\_\_\_  
TOMAS B. ALDAN  
Administrator

Recorded by:   
Donna J. Cruz  
Governor's Office

5/6/94  
Date

  
\_\_\_\_\_  
Soledad B. Sasamoto  
Registrar of Corporation

5/6/94  
Date

# NORTHERN MARIANA ISLANDS RETIREMENT FUND

## PROPOSED RULES AND REGULATIONS

The Board of Trustees for the Northern Mariana Islands Retirement Fund promulgates these amendments to the Fund's Administrative Rules and Regulations (hereinafter "Regulations") pursuant to Public Law 6-17, as amended, 1 CMC Section 8316(f) of the Northern Mariana Retirement Fund Act of 1988, and the Administrative Procedures Act, 1 CMC 9101, et. seq.

### PART 1 - GENERAL PROVISIONS

1.1 Authority. Under and by virtue of the provisions of 1 CMC Section 8316, the Board of Trustees for the Northern Mariana Islands Retirement Fund hereby promulgates these amendments to the Regulations.

1.2 Purpose. To amend Part 2 and Part 4 of the Regulations to add a new subsection (k) under Part 2 Definition; to add a new subsection 4.2(d); to add new subsection 4.50 and 4.51 to provide for interest determination; and to add new subsection 4.55 to provide for the effective administration of Public Law 8-39 relative to prior services performed for the United States District Court of the Northern Mariana Islands, National Health Corps, and the Commission on Federal Laws.

### PART 2 - DEFINITION

(k) Terminated Vested Member. A member of the Fund who has acquired at least 3 years but less than 20 years of vesting service, who terminated employment with the government and did not obtain a refund of his/her contributions.

### PART 4 - BENEFIT

4.2 Retirement Benefits For Terminated Vested Class I Members.

(d) A terminated vested member is not eligible to receive service retirement benefits under 1 CMC Section 8342 until having reached normal retirement age (age 60 for Class II and age 62 for Class I members).

4.50 Refund of Contribution - Interest Computation. Upon complete separation from government service, a member eligible for refund of contribution shall receive regular interest and contribution upon submission of an application for refund. Computation of interest shall be based on each complete calendar year using 365 days per year. Examples in computing interest are as follows:

EXAMPLE I: Tom started working for the government on June 1992 and started contributing to the Fund. He stopped working on February 28, 1994. His contribution record shows that for 1992, he contributed \$1,000; for 1993, he contributed \$2,000; and for 1994, he contributed \$300. The total amount to be refunded is computed as follows:

|   |                    |
|---|--------------------|
| 1992 contribution   | 1,000.00           |
| For 1992 interest ( $\$1,000 \times 3.5\% \times 180 / 365$ ) | 17.26              |
| Total contribution and interest - January 1993                | 1,017.26           |
| 1993 contribution   | 2,000.00           |
| 1993 interest ( $\$3,017.26 \times 3.5\%$ )                   | 105.60             |
| Accumulated Contribution and Interest 1/94                    | \$3,123.86         |
| 1994 contribution.  | <u>300.00</u>      |
| <b>TOTAL TO BE REFUNDED</b>                                   | <b>\$ 3,423.86</b> |

No interest is given for 1994 because it is not a complete calendar year.

EXAMPLE II. The same scenario as Example I except that Tom requested a refund on April 1, 1995. In this case, Tom would received a full interest for the accumulated contribution and interest through December 1994 and no interest for 1995.

|                                    |                   |
|------------------------------------|-------------------|
| Contribution and Interest to 12/94 | \$3,423.86        |
| Interest 01/95 (\$3,423.86 x 3.5%) | <u>119.84</u>     |
| <b>TOTAL TO BE REFUNDED 4/95</b>   | <b>\$3,543.70</b> |

4.51 Interest Computation for Active Members. Each year on January, regular interest of 3.5% shall be computed and added to the contribution record of the member. Computation of interest is the same as those provided under Section 4.50 of these regulations.

4.55 Prior Service Credit per Public Law 8-39. Former employees of the U.S. District Court for the Northern Mariana Islands, Appellate Division, National Health Corps, and Commission on Federal Laws, are entitled to receive prior service credit pursuant to Public Law 8-39. Upon the effective date of these regulations, prior service credit shall be granted for service rendered to the following agencies based on the following terms and conditions:

(a) Any member who has service rendered to the United States District Court for the Northern Mariana Islands, Appellate Division, between October 2, 1980 and May 1, 1989 must elect to receive such prior service within 90 days of the effective date of these regulations or within 90 days of becoming a member. Payment of required contributions shall be made in either lump sum or in installment which shall not exceed 7 years. To determine the amount of contribution to be paid, the member must submit together with the election for prior service, Form W-2, Wage and Tax Statement, for the period being claimed. Interest as provided by law and rules and regulations shall be added to the amount due from the date the wages were first earned.

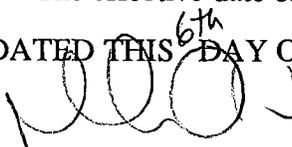
(b) Any member who has service rendered to the National Health Corps between September 1986 and September 1990 in the Northern Mariana Islands must elect to receive such prior service within 90 days of the effective date of these regulations or within 90 days of becoming a member. Payment of required contributions shall be made either in lump sum or in installment which shall not exceed 7 years. To determine the amount of contributions to be paid, the member must submit together with the election for prior service, Form W-2, Wage and Tax Statement, for the period being claimed. Interest as provided by law and rules and regulations shall be added to the amount due from the date the wages were first earned.

(c) Any member who has service rendered to the Commission on Federal Laws between January 1981 and May 1983 must elect to receive such prior service within 90 days of the effective day of these regulations or within 90 days of becoming a member. Payment of required contributions shall be made either in lump sum or in installment which shall not exceed 7 years. To determine the amount of contributions to be paid, the member must submit together with the election for prior service, Form W-2, Wage and Tax Statement, for the period of services being claimed. Interest as provided by law and rules and regulations shall be added to the amount due from the date the wages were first earned.

## PART 5. EFFECTIVE DATE

The effective date of these regulations shall be pursuant to 1 CMC 9101, et. seq.

DATED THIS <sup>6<sup>th</sup></sup> DAY OF MAY, 1994.

  
MICHAEL A. WHITE  
Chairman



**BOARD OF PROFESSIONAL LICENSING**  
**Commonwealth of the Northern Mariana Islands**

P.O. Box 2078  
Saipan, MP 96950  
Tel. No.: (670) 234-5897  
Fax No.: (670) 234-6040

**NOTICE OF PROPOSED AMENDMENT  
TO THE  
ADMINISTRATIVE REGULATIONS  
OF THE  
BOARD OF PROFESSIONAL LICENSING**

The Board of Professional Licensing hereby notifies the General Public that it proposes to amend Part XV, Section 15.1 of the Administrative Regulations. Interested persons may obtain copies of the proposed amendment from the Office of the Board of Professional Licensing, P.O. Box 2078, Saipan, MP, located on the 2nd Floor of the Island Commercial Center, Middle Road, Gualo Rai, Saipan.

Anyone interested in commenting on the proposed amendment may do so within thirty (30) days from the date this notice is published in the Commonwealth Register.

April 21, 1994  
Date

Elizabeth Salas-Balayad  
Chairperson

Filed By:

4/22/94  
Date

Soledad B. Sasamoto  
Soledad B. Sasamoto  
Registrar of Corporations

Received at Governor's Office:

4/22/94  
Date

Donna J. Cruz  
Donna J. Cruz



**BOARD OF PROFESSIONAL LICENSING**  
**Commonwealth of the Northern Mariana Islands**

P.O. Box 2078  
Saipan, MP 96950  
Tel. No.: (670) 234-5897  
Fax No.: (670) 234-6040

NUTISIA PUT I MAPROPOPONI NA AMENDASION  
GI  
REGULASION ADMINISTRASION  
I  
KUETPON PROFESSIONAL LICENSING SIHA

I Kuetpon i Professional Licensing ginen este ha infofotma i pupbliku henerat na ha propoponi para u amenda i Patte XV, Seksiona 15.1 gi Regulasion Administrasion siha. Interesante siha na petsona siha manmañule kopia siha put i mapropoponi na amendasion ginen i Ufusinan i Kuetpon Professional Licensing, P.O. Box 2078, Saipan, MP. ni gaige gi Sigundu Bibendan i Islan Commercial Center, Middle Road, Gualo Rai, Saipan.

Interesante siha na petsona siha matuge papa komentun-niha put i mapropoponin na amendasion ya u submiti halom gi halom trenta (30) dias desde malaknos este na nutisia gi Rehistran Commonwealth.

4/21/94  
Fecha

EK Salan Balayan  
Chairperson

Ma "File" Nu as:

4/22/94  
Fecha

Soledad B. Sasamoto  
Rehistradot Kotporasion

I Rumusibi gi Ufusinan Gobietno:

4/22/94  
Fecha

Don J. Cruz



**BOARD OF PROFESSIONAL LICENSING**  
**Commonwealth of the Northern Mariana Islands**

P.O. Box 2078  
Saipan, MP 96950  
Tel. No.: (670) 234-5897  
Fax No.: (670) 234-6040

ARONGORONGOL TOWLAP,  
REEL FFÉERÚL LIIWEL MELLÓL ÓWTOL  
ALLÉGHÚL ADMINISTRATIVE  
NGÁLI  
BOARD OF PROFESSIONAL LICENSING

School Board-ul Professional Licensing sangi milleel nge ekke arongaar towap igha ekke mángiit bwe ebwe ayoora lliiwel mellól ówtol mille Part XV. Táil ye 15.1 reel Alléghul Administrative. Aramas ye e tipali nge emmwel schagh bwe ebweló bweibwogh kopiyaal lliiwel kkaal mellol Bwulasiyool Board of Professional Licensing, P.O. Box 2078, Saipan, MP, iye elo Aruwwowal Bibenda mellol Island Commercial Center, Middle Road, Gualo Rai Saipan.

Aramas ye e tipali bwe ebwe isiisilong meta mangemangil me tipal reel lliiwel kkaal nge emmwel schagh ebwe ischiitiw nge aa isaliilong llól eliigh (30) rál sangi gha e toowow arongorong yeel mellol Commonwealth Register.

4/22/94  
Rál

E H Galan-Balayad  
Chairperson

File-liiya:

4/22/94  
Rál

Soledad B. Sasamoto  
Soledad B. Sasamoto  
Registrar of Corporations

Aramas ye e risibi mellól Bwulasiyool Gubenko:

4/22/94  
Rál

[Signature]

**Proposed Amendment to the  
Administrative Regulations  
of the  
Board of Professional Licensing**

Part XV, Section 15.1 is hereby amended as follows:

- 15.1 ATTENDANCE; TERMINATION. Attendance at all meetings is compulsory unless excused due to medical or other valid reasons, in the opinion of the Chairperson. Should a member have three (3) unexcused absences from three (3) regular meetings within any three hundred and sixty-five (365) day period, the Board shall (upon the motion by one of its members that has been duly seconded by another member and then approved of by at least four members) recommend to the Governor that such member be terminated "for cause" from the Board.



NORTHERN MARIANA ISLANDS RETIREMENT FUND

Tomas B. Aldan
Administrator

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

Edward H. Manglona
Deputy Administrator

NOTICE OF THE PROPOSED 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, Volume 13, No. 4, dated April 15, 1991, Volume 13, No. 10, dated October 15, 1991, Volume 15, No. 3, dated March 15, 1993, Volume 15, No. 9, dated September 15, 1993 and further amended in Volume 15, No. 12, dated December 15, 1993 of the Commonwealth Register.

Dated this 14th day of April, 1994.

Michael A. White
Chairman
Board of Trustees
NMI Retirement Fund

Edward H. Manglona
Acting Administrator
NMI Retirement Fund

Date: 4/19/94

Donna J. Cruz
Filed by The Governor's Office

Date: 19 APR 1994

Soledad B. Sasamoto
Filed by the Registrar of Corp.



NORTHERN MARIANA ISLANDS RETIREMENT FUND

Tomas B. Aldan
Administrator

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

Edward H. Manglona
Deputy Administrator

NOTICIA POT I MA PROPONE NA AMENDASION
I REGULASION YAN AREKLAMENTO
I MEMBER HOME LOAN PROGAM

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 15, 1989, ya ma amenda gi Volume 12, No. 3, Matso 15, 1990, Volume 13, No. 4, Abrit
15, 1991, Volume 13, No. 10, Octubre 15, 1991, Volume 15, No. 3, Matso 15, 1993, Volume
15, No. 9, Septiembre 15, 1993, ya ma amenda talo gi Volume 15, No. 12, gi Decembre 15,
1993, Commonwealth Register.

Mafecha gi dia 14 Abrit, 1994.

[Signature of Michael A. White]

Michael A. White
Chairman
Board of Trustees
NMI Retirement Fund

[Signature of Edward H. Manglona]

Edward H. Manglona
Acting Administrator
NMI Retirement Fund

Date: 4/19/94

[Signature of Donna J. Cruz]

Donna J. Cruz
Filed by The Governor's Office

Date: 19 APR 1994

[Signature of Soledad B. Sasamoto]

Soledad B. Sasamoto
Filed by the Registrar of Corp.



Tomas B. Aldan  
Administrator

## NORTHERN MARIANA ISLANDS RETIREMENT FUND

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

Edward H. Manglona  
Deputy Administrator

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### NORTHERN MARIANA ISLANDS RETIREMENT FUND PROPOSED AMENDMENTS 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, Volume 13, No. 04, dated April 15, 1991, Volume 13, No. 10, dated October 15, 1991, Volume 15, No. 03, dated March 15, 1993, Volume 15, No. 9, dated September 15, 1993, and as further amended in Volume 15, No. 12, dated December 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 8314(f), and the Administrative Procedures Act, at 1 CMC 9101, et. seq.

#### Part II. AMENDMENTS

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

1. **Part 5, Section 5.5(b)** to insert the following after the first sentence in the paragraph:

**"or have at least three (03) years of experience as an appraiser or surveyor;"**

2. **Part 7, Section 7.1(a)(1)** shall be amended as follows:

"(a) No member home loan secured by a first mortgage on unencumbered improved real estate owned in fee simple shall exceed:

(1) **\$150,000.00;**"

3. **Part 7, Section 7.1(b)** shall be amended as follows:

"(b) No member home loan secured by a first mortgage on leasehold interest in improved real property shall exceed (1) **\$150,000** and (2) seventy-five percent (75%) of the lesser of the purchase price or the appraised value of the leasehold interest and improvements. [Source: 1 CMC 8354(a)(4).]"

4. **Part 7, Section 7.1(c)(1)** shall be amended as follows:

"(c) The "value" in a loan-to-value ratio shall in no event exceed the lesser of:  
(1) \$150,000"

5. **Part 7, Section 7.1(e)** shall be amended as follows:

"(e) No member home loan secured by a first mortgage shall be made in an amount exceeding \$150,000 or less than \$15,000."

6. **Part 7, Section 7.2(a)** shall be amended as follows:

"(a) No leasehold conversion loan shall be made which, when combined with the outstanding balance of a first leasehold home loan, exceeds \$150,000, or when the combined balances of any first leasehold mortgage loan and the amount of the leasehold conversion loan exceeds the seventy-five percent (75%) of the appraised value of the real estate mortgaged to secure it.

7. **Part 7, Section 7.2(b)** shall be amended as follows:

"(b) No leasehold conversion loan shall be made in an amount less than \$15,000."

### **PART III. EFFECTIVE DATE**

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

Dated this 14th day of April, 1994.



Michael A. White  
Chairman  
Board of Trustees  
NMI Retirement Fund



Edward H. Manglona  
Acting Administrator  
NMI Retirement Fund

REGISTRAR OF CORPORATIONS  
OFFICE OF THE ATTORNEY GENERAL

PUBLIC NOTICE

ADOPTION OF AMENDMENTS TO THE  
CORPORATION REGULATIONS

The Registrar of Corporations, with the approval of the Governor, adopts the amendments to the Corporation Regulations as set forth in the Notice of Proposed Regulations published in the Commonwealth Register, Volume 12, No. 10, Page 7401.

The amendment to the regulations provides a more efficient method of notifying corporations of administrative dissolution actions.

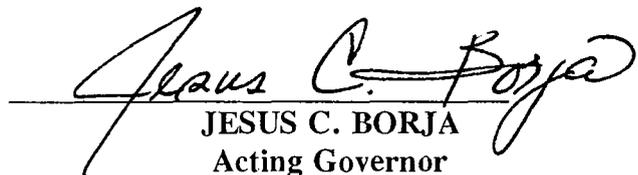
A copy of the amended regulations follows this notice.

Date: 5/11/94

  
\_\_\_\_\_  
SOLEDAD B. SASAMOTO  
Registrar of Corporations

APPROVED BY GOVERNOR.

Date: May 11, 1994

  
\_\_\_\_\_  
JESUS C. BORJA  
Acting Governor

RECEIVED AT GOVERNOR'S OFFICE.

Date: 5/11/94

  
\_\_\_\_\_  
DONNA J. CRUZ

**REGISTRAR OF CORPORATIONS**  
Office of the Attorney General

**CERTIFICATION**

I, Soledad B. Sasamoto, Registrar of Corporations, by signing below certify that the amendments to The Corporation Regulations which are attached hereto are a true, complete and correct copy of the amendments adopted by the Registrar of Corporations. I declare under penalty of perjury that the foregoing is true and correct.

Date: 5/11/94



**SOLEDAD B. SASAMOTO**  
Registrar of Corporations

## AMENDMENT TO CORPORATION REGULATIONS

### 14.21. Procedure for and Effect of Administrative Dissolution.

(a) If the Registrar of Corporations one or more grounds exist under section 14.20 for dissolving a corporation, he shall serve the corporation with written notice of his determination by delivering a copy to the registered office of the corporation, or by mailing a copy by first class mail to the registered agent, or if the registered agent cannot be found, to the secretary of the corporation at its principal office, as disclosed in the records of the Registrar of Corporations.

(b) If the corporation does not correct each ground for dissolution or demonstrate to the reasonable satisfaction of the Registrar of Corporations that each ground determined by the Registrar of Corporations does not exist within 60 days after service of the notice under section 14.21(a), the Registrar of Corporations shall administratively dissolve the corporation by signing a certificate of dissolution that recites the ground or grounds for dissolution and its effective date. The Registrar of Corporations shall file the original of the certificate and serve a copy on the corporation as provided for in section 14.21(a).

### 14.22. Reinstatement Following Administrative Dissolution.-

...  
(b) If the Registrar of Corporations determines that the application contains the information required by subsection (a) and that the information is correct, he shall cancel the certificate of dissolution and prepare a certificate of reinstatement that recites his determination and the effective date of reinstatement, file the original of the certificate, and serve a copy on the corporation under section 14.21(a).

### § 14.23. Appeal From Denial of Reinstatement.-

(a) If the Registrar of Corporations denies a corporation's application for reinstatement following administrative dissolution, he shall serve the corporation under section 14.21(a) with a written notice that explains the reason or reasons for denial.