

A BILL FOR AN ACT

To further amend title 30 of the Code of the Federated States of Micronesia, as enacted by Public Law No. 8-47 and amended by Public Laws Nos. 9-114, 10-8, 11-26 and 12-75, by enacting a new section 139 to establish a maximum permissible interest rate to be charged by the Federated States of Micronesia Development Bank and to prohibit certain lending requirements for Development Bank loans, and for other purposes.

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

1 Section 1. Title 30 of the Code of the Federated States of
2 Micronesia, as amended, is hereby further amended by adding a new
3 section 139 to read as follows:

4 "Section 139. Interest Rate.

5 (1) Notwithstanding any provision of Title 34, as
6 amended, the rate of interest charged by the FSM
7 Development Bank for any loan shall not exceed seven
8 percent per annum.

9 (2) The Bank shall not, either as a condition for
10 making a loan or as collateral or security for a loan,
11 require that the borrower establish, maintain or make
12 deposits to any checking, savings or other cash equity
13 or liquid account held with any bank which has the
14 effect of increasing periodic payments in excess of
15 those required by the loan for payment of interest and
16 principal.

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

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5 Date: 1/6/10

Introduced by: /s/ Dion G. Neth
Dion G. Neth

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