

AN ACT

To amend title 29 of the Code of the Federated States of Micronesia by changing section 613 in order to increase the limit that a bank may loan to its officer, director, agent, employee and/or related person; and for other purposes.

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

1 Section 1. Section 613 of title 29 of the Code of the
2 Federated States of Micronesia, as amended by Public Laws Nos. 12-
3 57 and 13-56, is hereby further amended to read as follows:

4 "Section 613. Limitations on loans – Related persons.

5 (1) Except as herein provided, no domestic bank shall
6 make any extension of credit to any of its officers,
7 directors, agents, or employees, or to any related
8 person, either directly or indirectly, except upon the
9 written application of such person or related person
10 stating the line of credit applied for, terms and
11 security, if any, offered therefore to the board of
12 directors or to the loan or executive committee of the
13 board, and then only with the written approval of a
14 majority of the board or majority of the loan committee
15 of the bank (excluding the person seeking the credit)
16 before the loan is made; and the approval of the loan as
17 allowed by the board or the loan committee of the bank
18 shall be made part of the minutes of the next directors'

1 meeting of the bank.

2 (2) Loans may be made to any officer, director, agent,
3 employee, or shareholder of any domestic bank or any
4 related person, without such application and approval,
5 in amounts not in excess of \$25,000 in aggregate
6 principal owing by any such individual and related
7 person at any one time."

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

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December 11, 2009

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/s/ Manny Mori

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Manny Mori

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President

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Federated States of Micronesia

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