



GOVERNMENT OF KOSRAE

Office of the Governor

Post Office Box 158

Kosrae, Federated States of Micronesia 96944

Telephone: 691-370-3002/3003..Facsimile: 691-370-3162

June 30, 2017

The Honorable Tulensa W. Palik
Speaker
Eleventh Kosrae State Legislature
Tofol, Kosrae FM 96944

Dear Mr. Speaker:


Kulo nu sin God ke moul lasr. Paing kom a members ke Sroasr Masap kewa.

Wangin pusra yok lasr nuke sripa yok lun L.B. No. 11-151, L.D.1. Oinge nga fulela lusen len 30 la in eis comments nuka, wangin pa, panang oru el putatyang nuke pusren masap su orala Kosrae State Law No. 11-115, su sifwa u fwak mu:

“TO FURTHER AMEND TITLE 7, CHAPTER 1 AND CHAPTER 13 OF THE KOSRAE STATE CODE TO ALLOW KOSRAE HOUSING AUTHORITY TO RECEIVE EXTERNAL CAPITAL CONTRIBUTION, TO EXPAND ITS REVENUE AND TO RENUMBER DUBLICATED NUMBERING UNDER CHAPTER 13; AND FOR OTHER PURPOSES.”

Certified copy ke masap se inge pa attached nuke letter luk.

Kulo ma lulap.


Lyndon H. Jackson
Governor
State of Kosrae

/jpa

KSJ
Rec'd 07/05/17
@ 2:00pm
Hafa



ELEVENTH KOSRAE STATE LEGISLATURE

P.O. BOX 187

TOFOL, KOSRAE STATE

FEDERATED STATES OF MICRONESIA 96944

TELEPHONE: (691) 370-3019/3177

Web Page: www.kosraelegislature.org

Tulensa W. Palik
SPEAKER

May 29, 2017

Robert I. Taulung
VICE SPEAKER

Jarinson M. Charley
FLOOR LEADER

LELU:
Alber T. Welty
Gilton A. Esahu
Reedson P. Abraham
Salpess E. Tilfas
Tulensa W. Palik

TAFUNSAK:
Alckon Jb. Sigrah
Makler L. Palsis
Robert I. Taulung
Rolner L. Joe

MALEM
Jarinson M. Charley
Morgan S. Jonas
Sasaki L. George

UTWE
Josaiiah F. Waguk
Rinson H. Edmond

The Honorable Lyndon H. Jackson
Governor

State of Kosrae
Federated States of Micronesia 96944

Dear Governor Jackson,

I have the honor to transmit herewith for your consideration and action **L.B. No. 11-151, L.D.1; TO FURTHER AMEND TITLE 7, CHAPTER 1 AND CHAPTER 13 OF THE KOSRAE STATE CODE TO ALLOW KOSRAE HOUSING AUTHORITY TO RECEIVE EXTERNAL CAPITAL CONTRIBUTION, TO EXPAND ITS REVENUE AND TO RENUMBER DUPLICATED NUMBERING UNDER CHAPTER 13; AND FOR OTHER PURPOSES;** which passed the Legislature, Thirteenth Special Session, by two-thirds of the members of the Legislature, a quorum is present.

Respectfully yours,

Andy J. Andrew
Chief Clerk
Kosrae State Legislature

Enclosures:

LEGISLATIVE BILL No. 11-151, L.D.1

ELEVENTH KOSRAE STATE LEGISLATURE
THIRTEENTH SPECIAL SESSION
MAY 4, 2017

A BILL FOR AN ACT

TO FURTHER AMEND TITLE 7, CHAPTER 1 AND CHAPTER 13 OF THE KOSRAE STATE CODE TO ALLOW KOSRAE HOUSING AUTHORITY TO RECEIVE EXTERNAL CAPITAL CONTRIBUTION, TO EXPAND ITS REVENUE AND TO RENUMBER DUBLICATED NUMBERING UNDER CHAPTER 13; AND FOR OTHER PURPOSES.

INTRODUCED BY: Floor Leader

Jarinson M. Charley by request

DATE: December 21, 2016

ACTION BY THE LEGISLATURE

PASSED FIRST READING: March 14, 2017

REFERRED TO: SCR No. 11-245

PASSED SECOND READING: May 25, 2017



Andy J. Andrew
Chief Clerk
Kosrae State Legislature



ELEVENTH KOSRAE STATE LEGISLATURE

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LEGISLATIVE BILL No. 11-151, L.D.1

We hereby certify that the foregoing Bill has passed Second and Final Readings in the Legislature, Thirteenth Special Session, 2017, by two-thirds of the members of the Legislature, a quorum is present.

Tulensa W. Palik
Speaker
Eleventh Kosrae State Legislature

Andy J. Andrew
Chief Clerk
Kosrae State Legislature

A BILL FOR AN ACT

To further amend Title 7, Chapter 1 and Chapter 13 of the Kosrae State Code to allow Kosrae Housing Authority to receive external capital contribution, to expand its revenue and to renumber duplicated numbering under Chapter 13; and for other purposes,

1 BE IT ENACTED BY THE KOSRAE STATE LEGISLATURE

2 Section 1. Purpose. The purpose of this act is to allow external capital contribution, to
3 expand revenue to the Kosrae Housing Authority, and to renumber duplicated numbering of
4 sections under Chapter 13.

5 Section 2. Amendments. Title 7, at chapter 1 and Chapter 13 of the Kosrae State Code is
6 hereby amended to read as follows:

7 "Section 7.102. Agencies; enumeration. The agencies are:

8 (1) The Broadcast Authority

9 (2) The Election Commission

10 (3) The Kosrae Island Resource Management Authority

11 (4) The Port Authority

12 (5) The Parole Board

13 (6) The Sports Council

14 (7) The Scholarship Board

1 (8) The Utility Authority

2 (9) The Visitors Bureau

3 (10) The Education Advisory Board

4 (11) Health Advisory Board

5 (12) The Housing and Rural Development Authority

6 (13) Price Control Commission

7 Chapter 13. Kosrae Home Improvement Program Act

8 Section 7.1301. Short Title.

9 Chapter 13 of Title 7 of the Kosrae State Code shall be known and may be cited as the
10 "Kosrae Home Improvement Program Act of 2013.

11 Section 7.1302. Purpose.

12 The primary purpose of this Program is to promote healthy and sound living standards as
13 as well as promoting economic advancement by providing housing and rural development loans
14 to qualified individuals in the State of Kosrae and Kosraeans living abroad.

15 Section 7.1303. Definitions.

16 As used in this chapter, unless the context clearly requires otherwise, the following
17 definitions shall apply:

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ELVENTH SPECIAL SESSION, DECEMBER 2016

L.B. No.11-151, L.D. 1

1 (1) "Board of Directors" or "the Board" is the Board of Directors of the Kosrae Housing
2 and Rural Development Authority.

3 (2) "Consumer goods" shall refer to furniture and appliances to be used in the residential
4 setting, and shall exclude vehicles business and farm equipment or supplies,

5 (3) "The executive Director" shall refer to the Executive Director of the Kosrae Housing
6 and Rural Development Authority.

7 (4) "Immediate relative" means a parent, grandparent, brother, sister, spouse, natural or
8 adopted child, or grandchild.

9 (5) "KHIP" or "the Program" is the Kosrae Home Improvement Program.

10 Section 10.205 of Title 10 of the Kosrae State Code as amended by State

11 (6) "Residential homes" shall exclude structures used for commercial, farming or rental
12 purposes.

13 Section 7.1304. Program Administration

14 The loan finds and other funds of the Kosrae Home Improvement Program shall be
15 managed and administered by the Board of Directors of the Program.

16 Section 7.1305. Housing and Rural development Authority Established.

17 There is hereby established a public Authority to be known as the "Kosrae Housing and
18 Rural development Authority".

Section 7.1306. Powers, duties and responsibilities of the Authority. The Authority is

vested with the following powers, duties, and responsibilities:

(1) To manage, use, and invest the funds and other properties of the Kosrae Home Improvement Program and other funds of the Kosrae Housing and Rural Development Authority in accordance with acceptable business practices and the provisions of this chapter;

(2) To lend money to qualified Kosraeans living in Kosrae or Kosraeans living abroad who wish to build and maintain residential homes in Kosrae.

(3) To lend money or establish lending program to qualified individuals who wishes to engage in small scale rural development projects with priorities given to rural farmers, producers women and small business entrepreneurs.

(4) To seek and receive grants, donation and other funds to be used by the Authority for the purposes for which it is created;

(5) To borrow money only when it is fiscally prudent to do so;

(6) To adopt rules, regulations, or policies to implement the provisions of this Act, consistent with applicable consumer protections laws and other applicable laws;

(7) To exercise all powers necessary to discharge its duties and responsibilities, including, but not limited to, the following:

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1 (a) to alter, and use an official seal;

2 (b) To adopt bylaws, rules or regulations governing the duties granted to it or
3 imposed by law;

4 (c) To set interest charges, penalties and fees on loans used to customers within
5 firms set by law;

6 (d) To deny loan applications;

7 (e) To require loan security deposits;

8 (f) To establish procedures and policies to ensure timely payment and collection
9 of loans;

10 (g) To acquire, in any lawful manner, real, personal, or mixed property, either
11 tangible or intangible, and to hold, maintain, use an operates the property; and to sell lease or
12 otherwise dispose of such property;

13 (h) To sue or be sued in the name of the Kosrae Housing and Rural Development
14 Authority;

15 (i) To retain and terminate services of employees, agents, attorneys, and
16 independent contractors upon such terms and conditions as the Authority deems appropriate.

17 Section 7.307. Board of Directors: Terms. The Authority is governed by a Board of
18 Directors. Board of Directors shall composed of five (5) members, who shall be appointed by the

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ELVENTH SPECIAL SESSION, DECEMBER 2016

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1 Governor with the advice and consent of the Legislature. The Executive Director serves as an ex-
2 officio member of the Board. A Director serves for a term of four (4) years, subject to
3 reappointment, and until his successor has been appointed and qualified. A vacancy in the Board
4 of Directors is filled for the remainder of the term in the same manner Directors are appointed
5 and qualified.

6 Section 7. 1308. Meetings of the Board: Quorum. Within 15 days after the confirmation
7 of the Board, the Governor calls an organizational meeting for the purpose of electing the
8 Board's officers. The Board meets and holds one meeting each calendar quarter and any special
9 meeting it may deem necessary for the transaction of its general business. Any three (3) members
10 of the Board present in a meeting constitute a quorum. No official business may be transacted
11 without a quorum present.

12 Section 7. 1309. Officers of the Board. The Board shall elect among its membership a
13 Chairman, a Vice Chairman, and a Secretary. The Chairman conducts meetings of the Board. In
14 his absence the Vice Chairman conducts board meetings. The Secretary keeps the minutes and
15 records of the Board. The Board may adopt additional duties and responsibilities for its officers
16 in its bylaws.

17 Section 7.1310. Accounting and reporting. The Board adopts and maintains a system of
18 accounting, which is in accordance with generally accepted accounting principles applicable to
19 public corporations. The accounting system adopted shall require:

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1 (1) That the Board may request the Kosrae State Public Auditor's Office, or
2 employ a firm of independent certified public accountants to examine and report to the Board, at
3 least annually all financial records an accounts maintained by the Authority and that copies of
4 such reports are furnished to the Governor and the legislature, and

5 (2) That the Board presents to the Governor and the Legislature an annual report
6 of affairs of the Authority within 60 days after the end of each fiscal year and, when requested by
7 the Governor and the Legislature present special reports within 30 days after the end of each
8 intervening quarter.

9 Section 7.1311. Budget preparation. The Executive Director prepares in advance of each
10 fiscal year an annual budget for the Authority, taking into consideration anticipated capital and
11 operational expenditures and anticipated revenues. The Authority uses the same fiscal calendar
12 as the Kosrae State Government. The budget indicates the operational requirements of the
13 Authority that will be set with the anticipated revenues of the Authority. The Authority's annual
14 budget shall be a balanced budget.

15 Section 7.1312. Transition. Following organization of the Authority, the State transfers to
16 the Authority all funds and assets of the Kosrae Home Improvement Program. All deeds, bonds,
17 agreements or instruments existing immediately before the effective date of this Act which affect
18 any undertaking transferred hereby shall continue in full force and effect against or in favor of
19 the Authority. Any proceedings or cause of action pending or existing immediately before the

1 effective date of this act by or against the Kosrae Home Improvement Program or any person
2 acting on behalf of the Program which pertains to any undertaking transferred hereby may be
3 continued or enforced by or against the Authority.

4 Section 7.1313. Kosrae Housing and Rural Development Authority Fund.

5 (1) The Kosrae Housing Rural Development Authority shall deposit the funds of
6 the Authority with any financial institution in Kosrae.

7 (2) The funds of the Authority shall be made available for low interest loans to
8 private individuals for the sole purpose of residential home improvement.

9 (3) The revolving funds are to be used for the following purposes:

10 a. To make loans to [private individuals for improvement of residential
11 real property;

12 b. To make loans to private individuals for the purchase of residential
13 consumer goods other than motorized vehicles or perishables;

14 c. To pay documented reasonable expenses of the Program as authorized
15 by the Board,.

16 (4) A separate account shall be established for the purpose of satisfying payroll
17 obligations,

1 (5) A monthly reimbursement report shall be made by the Executive Director,
2 which report shall be reviewed by the Board of Directors during their next regular or special
3 session.

4 (6) Upon approval of the Board, any surplus fund shall be paid into the Kosrae
5 State General Fund.

6 Section 7.1314. Loan application and approval. The Board of Directors shall adopt and
7 publish loan application and approval procedures by rules or regulations consistent with the
8 provisions of this Act.

9 Section 7.1315. Eligibility, Procedures, Requirements. Eligibility for the benefits under
10 the Program shall be determined as follows;

11 (1) Be no less than 22 years of age, and born of or adopted by at least one
12 Kosraean parent or married to someone born of or adopted by at least one Kosraean parent.

13 (2) Have proof of good credit.

14 (3) Not be a staff member of KHIP, a member involved in the review and
15 approval of the loan application, or an immediate relative of such member.

16 (4) A Certificate of Title must be attached to the application for any construction
17 or renovation loan. In lieu of a certificate of Title, proof of a possessory interest in the land may
18 be shown by:

1 a. A land use right consented to by the owner in a format approved by the
2 Attorney's Office or, in the case of a deceased owner, a similar land use right consented to by all
3 the heirs of deceased owner must be attached to the application; or

4 b. A court order granting the individual either a life estate or other definite period
5 of possession.

6 (5) The applicant must be the person who intends to live in the house. The loan
7 can only be approved for residential purposes of the applicant.

8 (6) The applicant must show a demonstrable need for the home construction or
9 renovation applied for.

10 (7) The property on which the house is situated must be free from encumbrances
11 except;

12 a. Loan applicants who have an existing loan under the Program and an existing
13 encumbrance securing said loan; the repeat loan applicant (current borrower) is eligible for a new
14 additional loan under the Program if he otherwise meets the criteria for a loan; or

15 b. Loan applicants where an existing encumbrance was made in connection with a
16 loan made under the Kosrae State Housing Preservation Grant Program. Under either these
17 circumstances an applicant may be eligible for a loan under the KHIP if the Loan Review
18 Committee determines that:

1 i. the applicant has sufficient resources to repay all loans; and

2 ii. The value of the property encumbered is sufficient to satisfy all
3 combined outstanding loan balances.

4 (8) Loans can also be extended to Kosraeans residing outside Kosrae but with
5 special eligibility requirements to address the risks involved. Such eligibility requirements shall
6 be established by the Board of Directors by rules or regulations.

7 Section 7.1316. Annual Report. The Authority shall submit a report to the Governor and
8 the Speaker of the Legislature not later than the first on day of February of each year regarding
9 the condition of the Program, actual expenditures from the last completed fiscal year estimated
10 expenditures for the fiscal year in progress, a full accounting of the funds received by the
11 Authority, and a full accounting of funds deposited in the Authority's account.

12 Section 7.1317. Act supersedes other laws. The provisions of this Chapter shall supersede
13 in their entirety any other provisions of any other State laws that may be interpreted as being
14 inconsistent with any such provision of this Chapter."

15 Section 3. Effective Date. This act takes effect upon the approval of the Governor or
16 upon its becoming law without such approval.

17
18 PASSED BY THE ELEVENTH KOSRAE STATE LEGISLATURE ON THE 25th DAY OF

ELEVENTH KOSRAE STATE LEGISLATURE

ELEVENTH SPECIAL SESSION, DECEMBER 2016

L.B. No. 11-151, L.D.1

1 MAY, 2017.

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Tulensa W. Palik

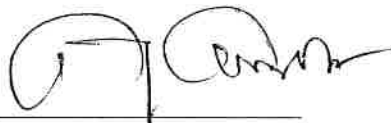
Speaker, Eleventh Kosrae State Legislature

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Attested by:



Chief Clerk

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Lyndon H. Jackson

Governor, State of Kosrae

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Date: _____