

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

CHAPTER 100-20 DIRECT FAMILY HOME LOAN POLICY AND PROCEDURES

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Chapter Authority: 2 CMC § 4433; Executive Order 94-3 § 407.

Chapter History: Amdts Proposed 19 Com. Reg. 14824 (Jan. 15, 1997);* Amdts Proposed 16 Com. Reg. 11796 (Mar. 15, 1994);* Adopted 3 Com. Reg. 1244 (June 30, 1981); Amdts Proposed 2 Com. Reg. 441 (Jan. 16, 1980); Proposed 1 Com. Reg. 62 (Dec. 16, 1978).

*Notices of adoption for the 1994 and 1997 proposed amendments were never published.

Commission Comment: 2 CMC § 4411 creates the Mariana Islands Housing Authority (MIHA) as a public corporation within the Commonwealth government, charged with meeting the need for decent, safe and sanitary housing for persons of low and moderate income in the Commonwealth. See 2 CMC §§ 4411-4457. 2 CMC § 4433 sets forth the powers of MIHA, including the general power to do any and all things necessary or convenient to effectuate the purposes of the act and to carry out any of the powers granted by the act. See 2 CMC § 4433(t).

Executive Order 94-3 (effective August 23, 1994) reorganized the Commonwealth government executive branch, changed agency names and official titles and effected numerous other revisions. According to Executive Order 94-3 § 407:

Section 407. Marianas Housing Authority.

(a) The Marianas Housing Authority is abolished and its functions transferred to a Division of Housing within the Commonwealth Development Authority, which shall have at its head a Director of Housing.

(b) Any bond or other indebtedness of the Mariana Island Housing Authority shall be assumed by the Commonwealth government, but only upon such terms and security as shall have been agreed to previously by the Authority. The full faith and credit of the Commonwealth shall to secure such bond or other indebtedness, except as may have been pledged prior to such assumption or as otherwise provided by law.

The full text of Executive Order 94-3 is set forth in the commission comment to 1 CMC § 2001.

The Northern Marianas Housing Corporation is a subsidiary corporation of the Commonwealth Development Authority and the successor to MIHA under Executive Order 94-3. See 2 CMC § 4482(d).

On December 16, 1978, MIHA published public notice of proposed Regulation No. 1-78, entitled "Regulation of the Business Use and Leasing of MIHA Property." See 1 Com. Reg. 57 (Dec. 16, 1978). A notice of adoption was never published.

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MIHA promulgated the 1981 Direct Family Home Loans Policy and Procedures pursuant to 2 CMC § 4433. In March 1994, MIHA proposed revised Direct Family Home Loans Policy and Procedures that republished the policy in its entirety with numerous amendments. See 16 Com. Reg. 11796 (Mar. 15, 1994). A notice of adoption was never published. In January 1997, NMHC, the successor corporation to MIHA, again republished the policy and procedures in their entirety as a proposed revision. See 19 Com. Reg. 14824 (Jan. 15, 1997). A notice of adoption was never published.

Part 001 - General Provisions

§ 100-20-001 Purpose and Authority

The purpose of the direct family home loan financing program is to encourage and create better living standards, a healthier environment for family life, attractive community, and to provide for modest, safe and sanitary dwellings. It will enhance the economic activity of the Mariana Islands through building constructions, which will increase demands for jobs, building materials, home furnishings, and related products. It is the policy of the Mariana Islands Housing Authority (MIHA) to assist qualified applicants to acquire and occupy a home or to improve their existing homes. Pursuant to Public Law 5-67, as amended, the MIHA will undertake to provide the financial or management operation or otherwise provide housing for persons with low and moderate income.

History: Amdts Proposed 19 Com. Reg. 14824 (Jan. 15, 1997); Amdts Proposed 16 Com. Reg. 11796 (Mar. 15, 1994); Adopted 3 Com. Reg. 1244 (June 30, 1981); Proposed 1 Com. Reg. 62 (Dec. 16, 1978).

Commission Comment: Both the January 1997 and the March 1994 proposed amendments to the Direct Family Home Loans Policy and Procedures republished the policy and procedures in their entirety with numerous amendments. Notices of adoption were never published and, therefore, the Commission has not incorporated the revisions.

With respect to the reference to the Mariana Islands Housing Authority, see Executive Order 94-3 (effective August 23, 1994) reorganizing the Commonwealth government executive branch, changing agency names and official titles and effecting numerous other revisions. See also the general comment to this chapter.

§ 100-20-005 Scope

The amended policy and procedures codified in this chapter shall apply to all direct loans to families and shall supersede all policies issued prior hereto, which are inconsistent with this policy.

Modified, 1 CMC § 3806(d).

History: Amdts Proposed 19 Com. Reg. 14824 (Jan. 15, 1997); Amdts Proposed 16 Com. Reg. 11796 (Mar. 15, 1994); Adopted 3 Com. Reg. 1244 (June 30, 1981); Proposed 1 Com. Reg. 62 (Dec. 16, 1978).

Commission Comment: See the comment to § 100-20-001.

Part 100 - Policy and Procedures

§ 100-20-101 Use of Funds

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All available funds either as borrowed funds, grant funds, or covenant funds, may be used for the purchase or construction of a detached, single family residential dwelling or for home improvement or rehabilitation. The use of such funds shall be subject to the following:

- (a) The house to be constructed, improved, or purchased shall be or become owned by the applicant in fee simple. The word “applicant” means a family or a single person.
- (b) The home to be constructed or improved must be occupied and used by the applicant as his principal place of residence.
- (c) The home to be purchased must be occupied and used by the applicant as his principal place of residence immediately after the date the loan is closed, which shall be the same date as the day of purchase.

History: Amdts Proposed 19 Com. Reg. 14824 (Jan. 15, 1997); Amdts Proposed 16 Com. Reg. 11796 (Mar. 15, 1994); Adopted 3 Com. Reg. 1244 (June 30, 1981); Proposed 1 Com. Reg. 62 (Dec. 16, 1978).

Commission Comment: See the comment to § 100-20-001. The Commission inserted a comma after the word “improved” in subsection (a) pursuant to 1 CMC § 3806(g).

§ 100-20-105 Eligibility and Qualification

Any applicant may be considered eligible for a loan under this program who is determined by MIHA to be capable of repaying the loan under the terms and conditions as established by the policy in this chapter. However, no loan may be made to any applicant who is also eligible for a loan under the MIHA guaranteed loan program. No loan may be made to any applicant who is deemed by MIHA to be capable of obtaining a similar loan from a private lending institution.

Modified, 1 CMC § 3806(d), (f).

History: Amdts Proposed 19 Com. Reg. 14824 (Jan. 15, 1997); Amdts Proposed 16 Com. Reg. 11796 (Mar. 15, 1994); Adopted 3 Com. Reg. 1244 (June 30, 1981); Proposed 1 Com. Reg. 62 (Dec. 16, 1978).

Commission Comment: See the comment to § 100-20-001.

With respect to the references to the Mariana Islands Housing Authority, see Executive Order 94-3 (effective August 23, 1994) reorganizing the Commonwealth government executive branch, changing agency names and official titles and effecting numerous other revisions. See also the general comment to this chapter.

§ 100-20-110 Terms and Conditions of Loans

The following terms and conditions shall apply to all loans made directly under the program in this chapter:

- (a) The maximum loan shall not exceed thirty-five thousand dollars for construction or the purchase of a house.

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- (b) The amount of the loan shall not exceed ninety percent of the appraised value of the property by MIHA or the purchase price, whichever is lower. In construction loans, the purchase price of the property means the value of the land plus the estimated cost of construction.
- (c) The repayment period of any loan shall not exceed thirty-three years.
- (d) No home improvement or rehabilitation loan may be less than one thousand dollars or more than fifteen thousand dollars.
- (e) No loan may be issued to any applicant where after careful analysis of the applicant's financial status, it is determined that the applicant will encounter difficulties in repayment of the loan or would cause other financial hardships to the applicant. Appropriate guidelines and criteria should be established, upon which the soundness of any loan to be made shall be based.
- (f) No loan shall be made to any applicant whose annual income exceeds twelve thousand dollars. "Annual income" means gross income from wages, salaries, commissions, pensions, social security, unemployment compensation, alimony, welfare, child support payments and other payments made on behalf of minors, and all net farm or non-farm business income. Wages and salaries of applicant family members who are eighteen years of age or younger shall be excluded in determining annual income.
- (g) All constructions and improvements of homes shall meet the minimum property standards and building requirements of MIHA including applicable regulations and zoning laws as may be established from time to time.
- (h) Homes to be constructed or purchased shall be modest but adequate in size in relation to the size of the applicant family, and shall be reasonable in cost in relation to the needs and financial capability of the particular applicant as determined by MIHA.
- (i) All loans shall be secured by a first mortgage on the property to be approved, purchased or constructed. Additionally, the loan may be secured by other properties or by a guarantor if deemed necessary by MIHA.
- (j) Any real property to be used as collateral shall be owned in fee simple by the applicant and shall be free from defects or encumbrances.
- (k) The applicant shall pay for all necessary attorney's fees, finance charges, and other expenses and fees related to the closing of a loan.

Modified, 1 CMC § 3806(d), (e), (f).

History: Amdts Proposed 19 Com. Reg. 14824 (Jan. 15, 1997); Amdts Proposed 16 Com. Reg. 11796 (Mar. 15, 1994); Adopted 3 Com. Reg. 1244 (June 30, 1981); Amdts Proposed 2 Com. Reg. 441 (Jan. 16, 1980); Proposed 1 Com. Reg. 62 (Dec. 16, 1978).

Commission Comment: See the comment to § 100-20-001.

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With respect to the references to the Mariana Islands Housing Authority, see Executive Order 94-3 (effective August 23, 1994) reorganizing the Commonwealth government executive branch, changing agency names and official titles and effecting numerous other revisions. See also the general comment to this chapter.

§ 100-20-115 Applicant Qualifications and Conditions

To qualify for a loan under the program in this chapter, the applicant must meet the following:

- (a) The applicant shall prove sufficient credit to make all necessary payments. Credit requirements for qualifications of applicant are subject to reasonable and necessary change from time to time by MIHA.
- (b) The applicant shall supply complete building plans, specifications, cost estimates, and other information to the satisfaction of MIHA.

Modified, 1 CMC § 3806(d).

History: Amdts Proposed 19 Com. Reg. 14824 (Jan. 15, 1997); Amdts Proposed 16 Com. Reg. 11796 (Mar. 15, 1994); Adopted 3 Com. Reg. 1244 (June 30, 1981); Proposed 1 Com. Reg. 62 (Dec. 16, 1978).

Commission Comment: See the comment to § 100-20-001.

With respect to the references to the Mariana Islands Housing Authority, see Executive Order 94-3 (effective August 23, 1994) reorganizing the Commonwealth government executive branch, changing agency names and official titles and effecting numerous other revisions. See also the general comment to this chapter.

The Commission inserted a comma after the word “estimates” in subsection (b) pursuant to 1 CMC § 3806(g).

§ 100-20-120 Priority Criteria

Consideration of application shall be on a first-come, first-served basis, and must meet one of the following criteria:

- (a) Applicant is without housing (homeless).
- (b) Applicant is about to become homeless and has been served with a notice of ejectment as a result of MIHA’s action. This category of applicants includes those whose homes have been partially damaged or totally destroyed by natural disaster.
- (c) Applicant is residing in an unsafe, unsanitary, or overcrowded dwelling.

Modified, 1 CMC § 3806(f).

History: Amdts Proposed 19 Com. Reg. 14824 (Jan. 15, 1997); Amdts Proposed 16 Com. Reg. 11796 (Mar. 15, 1994); Adopted 3 Com. Reg. 1244 (June 30, 1981); Proposed 1 Com. Reg. 62 (Dec. 16, 1978).

Commission Comment: See the comment to § 100-20-001.

With respect to the reference to the Mariana Islands Housing Authority, see Executive Order 94-3 (effective August 23, 1994) reorganizing the Commonwealth government executive branch, changing agency names and official titles and effecting numerous other revisions. See also the general comment to this chapter.

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The Commission corrected the phrase “This category... include” in subsection (b) to “This category... includes” pursuant to 1 CMC § 3806(g). The Commission inserted a comma after the word “unsanitary” in subsection (c) pursuant to 1 CMC § 3806(g).

§ 100-20-125 Advertising

Whenever additional funds are made available under this program, it shall be made to the public through the media such as the radio and newspaper and shall state the following:

- (a) Amount available
- (b) Origin of the fund
- (c) Intent as to the use of the fund.

Modified, 1 CMC § 3806(g).

History: Amdts Proposed 19 Com. Reg. 14824 (Jan. 15, 1997); Amdts Proposed 16 Com. Reg. 11796 (Mar. 15, 1994); Adopted 3 Com. Reg. 1244 (June 30, 1981); Proposed 1 Com. Reg. 62 (Dec. 16, 1978).

Commission Comment: In subsection (c), the Commission inserted the final period.

See also the comment to § 100-20-001.

§ 100-20-130 Processing of Loans

Loans shall be processed on a first-come, first-served basis and shall be subject to the following:

- (a) Any information pertaining to credit, income, employment and related matters necessary for the determination of the loan application shall be filed together with the application. If MIHA is to obtain such information itself, then authorization shall be obtained from the applicant prior to collection of information.
- (b) Any information gathered shall be considered confidential and shall not be released to any person except upon written approval of the applicant.

Modified, 1 CMC § 3806(d).

History: Amdts Proposed 19 Com. Reg. 14824 (Jan. 15, 1997); Amdts Proposed 16 Com. Reg. 11796 (Mar. 15, 1994); Adopted 3 Com. Reg. 1244 (June 30, 1981); Proposed 1 Com. Reg. 62 (Dec. 16, 1978).

Commission Comment: See the comment to § 100-20-001.

With respect to the reference to the Mariana Islands Housing Authority, see Executive Order 94-3 (effective August 23, 1994) reorganizing the Commonwealth government executive branch, changing agency names and official titles and effecting numerous other revisions. See also the general comment to this chapter.

§ 100-20-135 Loan Settlement

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The closing of a loan made hereunder shall be subject to the following:

- (a) For construction loans, the first monthly installment shall be due on the first day of the month following the completion and occupancy of the house or six months after the closing of the loan, whichever occurs first. Monthly installments thereafter shall be due on the first day of each and every month. Installments are due and payable within, but not to exceed thirty days. No interest may be charged the borrower during the construction period.
- (b) For improvement loans, the first monthly installment shall be due on the first day of the month following the month when the improvement of the dwelling is to have been completed or on the first day of the third month following the month the loan is closed, whichever occurs first. All monthly installments thereafter shall be due on the first day of each and every month. Installments are due and payable within, but not to exceed, thirty days. No interest may be charged to the borrower during the improvement period.
- (c) For purchase loans, the first monthly installment shall be due on the first day of the second month following the month of purchase. Monthly installments thereafter shall be due on the first day of each and every month. Installments are payable within, but not to exceed, thirty days. Interest may not be charged to the borrower for the remaining days of the month during which the loan was closed.

Modified, 1 CMC § 3806(e).

History: Amdts Proposed 19 Com. Reg. 14824 (Jan. 15, 1997); Amdts Proposed 16 Com. Reg. 11796 (Mar. 15, 1994); Adopted 3 Com. Reg. 1244 (June 30, 1981); Proposed 1 Com. Reg. 62 (Dec. 16, 1978).

Commission Comment: See the comment to § 100-20-001.

§ 100-20-140 Fund Management

The management of funds made available under the program in this chapter shall be governed as follows:

- (a) All funds obtained hereunder shall be deposited on a separate account and from all other funds of MIHA and shall be effectively managed so that they may not be diminished and shall continue to revolve.
- (b) The account to which funds are deposited shall be known as the “Direct Family Home Loans Revolving Fund.”
- (c) Loans shall be amortized and interest on loans shall be charged on the declining balance.
- (d) The interest chargeable under the program in this chapter is six percent per annum on the declining balance of the loan. Interest chargeable on other funds made available under this program shall be based on rates as may be established by law.

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(e) Interest chargeable on any borrowed funds under this program shall not exceed 1½% per annum above the interest rate assessed MIHA by a lending institution.

(f) Revenues or interests earned may be deposited in MIHA's general fund account may be expended for any approved purpose.

(g) Late installment charge shall be fixed at 1% of the monthly installment on every late installment per month until fully paid.

Modified, 1 CMC § 3806(d), (e), (g).

History: Amdts Proposed 19 Com. Reg. 14824 (Jan. 15, 1997); Amdts Proposed 16 Com. Reg. 11796 (Mar. 15, 1994); Adopted 3 Com. Reg. 1244 (June 30, 1981); Proposed 1 Com. Reg. 62 (Dec. 16, 1978).

Commission Comment: In subsection (a), the Commission corrected the spelling of "diminished." In subsection (b), the Commission moved the final period inside of the closing quotation mark.

With respect to the references to the Mariana Islands Housing Authority, see Executive Order 94-3 (effective August 23, 1994) reorganizing the Commonwealth government executive branch, changing agency names and official titles and effecting numerous other revisions. See also the general comment to this chapter.

See also the comment to § 100-20-001.

§ 100-20-145 Administration of Program

The administration of the program in this chapter shall be governed by the provisions of this policy. As the administrator/manager of the Mariana Islands Housing Authority:

(a) The Executive Director is delegated the authority and responsibilities to administer this program. In his capacity as the Executive Director, he shall have the authority to approve or disapprove loans, promulgate rules and regulations consistent with the provisions of this policy, and shall have other powers necessary and appropriate to carry out the intent and purposes of the program in this chapter.

(b) The Executive Director shall make periodic reports to the Board of Directors at least once every three months in regards to his administration and management of the program in this chapter.

Modified, 1 CMC § 3806(d).

History: Amdts Proposed 19 Com. Reg. 14824 (Jan. 15, 1997); Amdts Proposed 16 Com. Reg. 11796 (Mar. 15, 1994); Adopted 3 Com. Reg. 1244 (June 30, 1981); Proposed 1 Com. Reg. 62 (Dec. 16, 1978).

Commission Comment: See the comment to § 100-20-001.

With respect to the reference to the Mariana Islands Housing Authority, see Executive Order 94-3 (effective August 23, 1994) reorganizing the Commonwealth government executive branch, changing agency names and official titles and effecting numerous other revisions. See also the general comment to this chapter.

Part 200 - Miscellaneous Provisions

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§ 100-20-201 Authority Reserved

(a) The Board of Directors reserves the authority and power to revise, amend, or repeal any provision of the policy in this chapter.

(b) In addition, the Board of Directors reserves the authority to appropriate revenues from the interests earned under this program.

Modified, 1 CMC § 3806(d).

History: Amdts Proposed 19 Com. Reg. 14824 (Jan. 15, 1997); Amdts Proposed 16 Com. Reg. 11796 (Mar. 15, 1994); Adopted 3 Com. Reg. 1244 (June 30, 1981); Proposed 1 Com. Reg. 62 (Dec. 16, 1978).

Commission Comment: The original paragraphs were not designated. The Commission designated subsections (a) and (b). The Commission inserted a comma after the word “amend” in subsection (a) pursuant to 1 CMC § 3806(g).

See also the comment to § 100-20-001.