

# TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

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## CHAPTER 100-40 NMHC/MPLT HOME LOAN REGULATIONS

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

Chapter History: Amdts Adopted 22 Com. Reg. 17588 (Nov. 20, 2000); Amdts Proposed 22 Com. Reg. 17158 (Apr. 20, 2000); Amdts Adopted 20 Com. Reg. 16266 (Oct. 15, 1998); Amdts Proposed 20 Com. Reg. 16075 (July 15, 1998); Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

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.

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(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).

### **Part 001 - General Provisions**

#### **§ 100-40-001 Scope**

The regulations in this chapter shall govern the administration of the Northern Marianas Housing Corporation (NMHC) Marianas Public Land Trust (MPLT) Funded Home Loan Program, as established and adopted herein, by the Board of Directors of the NMHC. The regulations in this chapter shall apply to all loans made with funds provided and/or secured by MPLT and shall supersede all previously issued policies, which are inconsistent with this policy. NMHC may also utilize these regulations, at its sole discretion, in making loans of its own funds rather than MPLT secured funds.

Modified, 1 CMC § 3806(d).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

#### **§ 100-40-005 Authority**

Under and by virtue of the authority provided under 2 CMC §§ 4431, et seq., and the Administrative Procedure Act, 1 CMC §§ 9101, et seq., the Board of Directors promulgates the regulations in this chapter. NMHC in coordination with MPLT, will oversee and manage the disbursement of funds to qualified applicants, pursuant to Public Law 10-29 [2 CMC §§ 4481-4490] and agreements entered thereunder.

Modified, 1 CMC § 3806(d), (g).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: The Commission changed “eq.” to “seq.” and “Procedures” to “Procedure” to correct manifest errors.

#### **§ 100-40-010 General Purpose**

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It is the policy of NMHC to assist qualified applicants to acquire and occupy a home. 2 CMC, division 4. The purpose of the MPLT Funded Family Home Loan Program is to encourage and create better living standards for the people of the CNMI, a healthier environment for family life, and an attractive community by providing modest, safe and sanitary dwellings. This policy will also enhance the economic activity of the Commonwealth through increased building construction, which will increase demands for jobs, building materials, home furnishing, and related products.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### § 100-40-015 Programs

(a) Pursuant to Public Law 10-29 [2 CMC §§ 4481-4490], these programs are created by the regulations in this chapter:

- (1) The Standard Home Loan Program to finance home purchase and construction;
- (2) The Low Income Home Loan Program to finance home purchase and construction at reduced finance rates for certain qualified applicants; and
- (3) The Home Improvement Loan Program to finance home additions and repairs.

(b) Each program is subject to the regulations in this chapter. The particular loan limits, interest rates and special requirements of the individual programs are set out in appendixes A, B and C hereto, and are incorporated by reference herein.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: The original paragraphs were not designated. The Commission designated subsections (a) and (b).

### § 100-40-020 Definitions

As used in the regulations in this chapter:

(a) “Applicant” means any individual intending homeowner signing the note or mortgage, or both, and occupying or intending to occupy, the subject property, including any guarantor, endorser, or co-signer that occupies the property.

(b) “Appraised value” means the value assigned to or placed upon a property and improvements thereon, offered as collateral when securing or obtaining a loan under this chapter. The appraised value includes the value of the improved property plus the added value of any improvements to be constructed with the loan proceeds approved under this chapter.

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- (c) “Board” or “Board of Directors” means the Board of Directors of the Northern Marianas Housing Corporation, as defined in 2 CMC §§ 4421, et seq.
- (d) “Borrower” means the person who signs the note evidencing the loan and the mortgage securing it.
- (e) “Contractor” means a Commonwealth licensed construction business that by contract agrees to build a single family home for the applicant.
- (f) “Family” or “household” refers to husband and wife and their children who live in one house and under one head. A child who has attained the age of majority of 18 years old should not be counted as part of that family, unless he/she is a full-time student under the age of 22 years.
- (g) “Finance loan closing costs” means loan closing costs which may be financed such as loan origination fee, engineering fee, preliminary title report fee, title insurance, appraisal report fee, inspector’s fee, mortgage or life insurance.
- (h) “Guarantors,” “endorsers,” or “co-signers” means the persons signing the note or mortgage, or both, but who may or may not be occupying the subject property.
- (i) “Improved real property” means real property upon which are situated or shall be constructed permanent buildings suitable for residence.
- (j) “Lender” or “participant lender” means a financial institution which may by law make loans secured by first or second mortgages on real estate and which participates in the home loan programs under an agreement with NMHC. Lender or participating lender may include NMHC.
- (k) “Loan” or “home loan” means a loan made under the MPLT Funded Home Loan Program, administered by NMHC, with funds provided by and/or secured by MPLT, or funds provided by and/or through NMHC and made available through this chapter.
- (l) “Mortgage” includes a deed of trust for security.
- (m) “MPLT” means the Marianas Public Land Trust.
- (n) “NMHC” means the Northern Marianas Housing Corporation.
- (o) “Principal residence” means the house to be constructed, purchased, refinanced or improved must be occupied and used by the applicant as their principal place of residence.
- (p) “Unimproved real property” means real property upon which no structures or permanent buildings are situated; or upon which temporary structures or buildings are situated but are not suitable for residence.

Modified, 1 CMC § 3806(d), (f), (g).

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History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: In subsections (c) and (h), the Commission moved the commas after “guarantors” and “endorsers” inside of the closing quotation marks.

### **Part 100 - Operation of the Programs**

#### **§ 100-40-101 General Provisions**

The following generally describes the operation of the programs as they are administered by NMHC.

- (a) Individuals desiring a home loan shall file an application with NMHC for such a loan.
- (b) Financial institutions or agencies desiring to participate as Lenders in the home loan program shall file an application with NMHC, and upon approval and certification as a participant, such institution or agency shall execute a loan purchase agreement with NMHC and thereafter become a “participating lender.”
- (c) The participating lender shall, in accordance with the terms of the loan purchase agreement:
  - (1) Assist NMHC in obtaining complete applications from borrowers, and assist NMHC in its operations under this chapter;
  - (2) Purchase loans made by NMHC under this chapter.
- (d) The loan purchase agreement to be executed by a participating lender is set forth at the end of this chapter as appendix “D”<sup>\*</sup> and incorporated by reference herein.

<sup>\*</sup> So in original. See Commission Comment.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: Appendix D of the original regulation is a household income schedule, not a loan purchase agreement. It is codified as Appendix D to this chapter.

#### **§ 100-40-105 Purpose of Loan**

There shall be no outright cash disbursements or cash take out to the applicant or borrower under the home loan programs. Home loans shall be made for the following purposes only, all of which shall be verified before and during the term of the loan:

- (a) Home purchasing - the financing of the purchase or long-term lease of existing homes.
- (b) Home construction - the construction of a home on improved land to be subject to take out and long-term home purchase financing.

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- (c) Home improvement - the construction of a room addition or general improvements such as changing a tin roof to a cement roof, for the improvement of an existing home.
- (d) Home loan refinancing - the refinancing of an existing home loan, if the original mortgage was taken out for the purpose of:
  - (1) Making home improvements; or
  - (2) Purchase or construction of a principal residence.

Modified, 1 CMC § 3806(f), (g).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: In subsection (c), the Commission changed “additions” to “addition” to correct a manifest error.

### § 100-40-110 Priority

- (a) Priority among applicants will be given to first time home owners and applicants of Northern Marianas Islands descent as that term is construed under article XII of the Commonwealth Constitution. Applicants from Rota, Tinian, and Saipan will all be treated equally.
- (b) Home loans shall be provided in the following order of priority:
  - (1) First priority: Acquisition or construction of a principal residence for first time homeowners.
  - (2) Second priority: The construction of room additions or the eligible improvements to existing structures.
  - (3) Third priority: The refinancing or conversion of a construction loan to a permanent home loan for a principal residence.
  - (4) Fourth priority: The construction of second home where the applicant(s) intends to use the new home as principal residence upon completion.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: The original paragraphs were not designated. The Commission designated subsections (a) and (b).

### § 100-40-115 Persons Eligible for Home Loans

- (a) To be eligible for a home loan, the applicant shall be a resident of the Commonwealth, shall be a person of Northern Mariana Islands descent as is defined by article XII of the Commonwealth Constitution, and shall meet all applicable criteria for the particular program they are applying for as set forth in appendixes A, B and C. Said lending criteria may be revised from time to time by the Board, and shall be effective after publication in the Commonwealth Register.

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- (b) To be eligible for a home loan, the applicant shall be:
- (1) A citizen of the United States and a resident of the CNMI,
  - (2) At least 18 years of age,
  - (3) A person who has not purchased nor built a dwelling unit under the farmers home, NMHC (formerly MIHA), SBA, or Northern Mariana Islands Retirement Fund home loan program,
  - (4) A person who demonstrates a stable employment history,
  - (5) A person who is credit worthy,
  - (6) A person who is earning an amount within the outline income boundaries and has a gross income sufficient to make the monthly installment, and
  - (7) A person who has paid all CNMI taxes due.
- (c) The applicant shall also meet all applicable criteria set by the borrower and the participating lender, in addition to the criteria required below. Said lending criteria established by the NMHC and the participating lender shall be published in the Commonwealth Register as regulations and may be revised from time to time by the Board. The qualifying criteria and subsequent revisions shall only be effective after publication in the Commonwealth Register and lapse of the comment period. The qualifying criteria set forth in this home loan program for applicants are minimum standards and cannot be reduced by the Board or the participating lender.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: The original paragraphs were not designated. The Commission designated subsections (a) through (c).

### **§ 100-40-120 Eligible Improvements**

- (a) The following improvements are eligible for home loans:
- (1) Structural alterations and reconstruction such as additions to the structure, repair of termite damage, and the treatment of termite infestation;
  - (2) Changes for improved functions and modernization such as remodeling of kitchens and bathrooms;
  - (3) Changes for aesthetic appeal and elimination of obsolescence such as new exterior siding;
  - (4) Reconditioning or replacement of plumbing, air conditioning, and electrical systems;
  - (5) Roofing, exterior siding, gutters and down spouts;
  - (6) Flooring and tiling;
  - (7) Energy conservation improvements such as new pane windows, solar domestic hot water systems; and
  - (8) Improvements for accessibility to the disabled.
- (b) Luxury items and improvements which do not become a permanent part of the real property are not eligible, including, but not limited to the following: barbecue pits, bathhouses,



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exterior hot tubs, saunas, whirlpool baths, swimming pools, television antennas, satellite dishes, and tennis courts.

(c) Any additions or alterations to provide for commercial uses are not considered eligible improvements.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: The original paragraphs were not designated. The Commission designated subsections (a) through (c). The Commission inserted commas after the words “damage” in subsection (a)(1) and “conditioning” in subsection (a)(4) pursuant to 1 CMC § 3806(g).

### **Part 200 - Special Conflict of Interest Provision**

#### **§ 100-40-201 Participation by Executives Prohibited**

No Northern Marianas Housing Corporation (NMHC) or Marianas Public Land Trust (MPLT) Board Member, Corporate Director, Executive Director, spouse, or member of his or her household may apply for loan funding, or be an “applicant” under the terms of this agreement or program. No corporation, company, association, partnership or other legal entity in which any NMHC or MPLT Board Member, Corporate Director, Executive Director, spouse or member of their household has any interest, directly or indirectly, may apply for loan funding, or be an “applicant” under the terms of this agreement or program.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

#### **§ 100-40-205 Conflict of Interest Regarding Family Members**

No NMHC or MPLT Board Member, Corporate Director, Executive Director, officer, counsel, agent, or employee shall in any manner, directly or indirectly, participate in the deliberation or upon the determination of any question affecting the personal interest or the interests of any enterprise in which his parent, child, grandchild, sibling, parents in-law, siblings in-law, or any member of his or her household is directly or indirectly interested.

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

#### **§ 100-40-210 NMHC and MPLT Employee Participation**

Officers, counsel, agents, and employees of NMHC and MPLT are eligible to apply, be an “applicant” under the terms of this agreement and program under the following terms and conditions:

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- (a) No officer, counsel, agent, or employee of NMHC or MPLT may directly or indirectly participate in the deliberation or determination of any question affecting their eligibility, priority, participation, acceptance, or other question affecting their personal interest or the interests, directly or indirectly, of their parents, parents in-law, children, grandchildren, siblings, siblings in-law, or any member of their household, or any enterprise with which any of the parties described above have any interest.
- (b) All applications for program participation from any party described in subsection (a), above shall be immediately separated from all other applications, clearly identified as an “employee or family” application, and processed in accordance with subsection (c), below.
- (c) All applications identified as an “employee or family” application shall be fully processed by NMHC employees who have no familial relation to any of the applicant as identified in subsection (a), and reviewed by the NMHC Board.
- (d) All employees, agents, counsel, Directors, and Board Members described in this section have an affirmative duty to disclose any relationship described in subsection (a), above. A willful failure to disclose a relation described in subsection (a), above, or other conflict of interest as defined in this section shall be deemed a breach of fiduciary duty and cause for immediate disciplinary action including removal by the appointing authority.

Modified, 1 CMC § 3806(f), (g).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: The original paragraphs were not designated. The Commission designated subsections (a) through (d).

In the opening paragraph, the Commission changed “condition” to “conditions” to correct a manifest error.

### **Part 300 - Qualifying Security**

#### **§ 100-40-301 Property Qualifying Under the Programs**

- (a) To qualify for a home loan, the property securing the loan shall be “improved real property” located in the Commonwealth of the Northern Mariana Islands. This includes homestead property, as such property is defined by the Department of Natural Resources, Division of Land Registration and Survey. The applicant shall own or propose to own the property in fee simple; or lease or propose to lease the property for a term in excess of at least twice the term of the loan. The property to be acquired, or constructed upon may include:
- (1) A one-family home, dwelling unit or structure which may be attached or detached; or
  - (2) A one-family dwelling unit in a planned development. The applicant shall occupy or agree to continuously occupy the dwelling unit as the applicant’s principal home during the term of the loan. Any appraisal of the property shall include the value of all improvements, but the value of the dwelling unit or units not occupied by the applicant shall be deducted in computing the loan-to value ratio.

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(b) Unless the Board finds a compelling justification otherwise on a case by case review, NMHC shall not make a loan secured by property which is not served by any utilities, lacks or has difficult access to or from a public road, or does not conform to all applicable zoning and land use restrictions or building code regulations, is located on a substandard lot, is a lodging unit, or has any other unusual characteristic that NMHC determines to adversely affect its value. The Board may establish a minimum lot size.

(c) NMHC shall not make any home loan for the construction of a principal dwelling, room addition, or home improvement, unless the construction will be:

(1) Performed by a duly licensed contractor in the Commonwealth from a pre-qualified list maintained by the Board;

(2) In accord with such building and zoning code regulations as the CNMI Legislature, or in the absence thereof, the Board, may from time to time adopt; and

(3) In accord with specifications and plans certified by a duly licensed architect, civil and structural engineers in the Commonwealth from a pre-qualified list maintained by the Board.

(d) A home purchase, home construction, or home improvement loan shall not be made if NMHC determines that the owner or an affiliated business is the contractor unless prior to loan approval and in addition to other requirements provided in this chapter, the following applies:

(1) The borrower must submit:

(i) At least three quotations from three different NMHC approved contractors;

(ii) Certified or stamped plans and specifications by a duly licensed and registered architect, civil or structural engineer in the Commonwealth of the proposed construction; and,

(iii) A contractor's cost breakdown for each quotation.

(2) NMHC, in its discretion, may request a review of the documents by the Department of Public Works or an independent architectural or engineering firm for compliance and reasonableness of cost estimates claimed.

(3) The performance bond, payment bond, workers' compensation, and builder's risk all required under part 6 section 6.5\* of this chapter must include a provision that in the event the contractor defaults on the contract and the applicant neglects or refuses to enforce the terms of the bond, NMHC and the bank are both authorized to act on behalf of the applicant and to enforce the bond.

(4) Receipts showing actual expenditures must accompany all payment requests.

(5) A full one year builder's warranty be provided to NMHC, with a clause stipulating that if the applicant refuses to enforce the provisions stated therein, NMHC and the bank shall have the right to enforce any provision, without the applicant's consent.

\* So in original. See Commission Comment.

Modified, 1 CMC § 3806(d), (e), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: The Commission inserted a comma after the word "construction" in subsection (d) pursuant to 1 CMC § 3806(g). In subsection (d)(3), the starred cross-reference is incorrect. The original regulations did not contain a part 6, section 6.5. However, the bonds and insurance to which this section refers are required by § 10.5, codified at § 100-40-720.

**Part 400 - Administration and Eligibility**

**§ 100-40-401 Administration**

(a) Applicants for single family residential housing will apply with the NMHC. Applicants approved by the NMHC and the bank in compliance with banking standards recognized in the United States will then be authorized to borrow from the NMHC an amount no more than is necessary for the purchase, lease, refinance, construction or improvement of the residence.

(b) NMHC shall establish an account with the bank funded with the proceeds of this loan (the “collateral account”). NMHC may establish collateral accounts with more than one bank and will endeavor to secure the best interest rates and terms for the applicants in selecting banks with which to establish collateral accounts.

(c) The bank shall disburse the program loan upon the request from NMHC. The bank will transfer the funds from the line of credit facility into the checking account of NMHC. NMHC shall take a deed of trust on the property. The funds for the program loan will be secured by the collateral account. The collateral account shall be primarily liable to the bank should there be a default on the program loan. The mortgage and the deed of trust taken shall be in favor of the NMHC, and provide that the lender shall have priority to satisfy any deficiency.

(d) In the event the applicant defaults on the program loan, the NMHC will foreclose on the mortgage and deed of trust. Upon completion of the foreclosure, the bank may offset its loss against the collateral account, MPLT may offset the loss to the collateral account and its lost interest from its payments to the general fund, NMHC shall sell the foreclosed property. The proceeds from the foreclosure sale shall be transferred to the general fund, minus NMHC’s costs of collection.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

**§ 100-40-405 Applicant’s Eligibility**

(a) Before a final determination to favorably grant a loan is made, NMHC shall obtain the agreement of sale, construction contract, plans and specifications, and/or title insurance.

(b) The terms and conditions of a home loan shall be in accordance with the regulations in this chapter including amendments thereto in effect on the date the applicant’s eligibility is certified.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

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### § 100-40-410 Disbursements of Loan Proceeds; Construction Loans

- (a) If the loan approved is for new construction, NMHC, the bank, and the contractor to whom the applicant has contracted to build or construct a principal home, shall set a schedule for the disbursement of funds, in writing, in accordance with the construction phases set by the contract and as agreed to by NMHC and the participating lender, provided that the initial disbursement shall be no more than ten percent of the total amount of the loan.
- (b) All disbursements will be made directly from the NMHC to the contractor, borrower and to the insurance company jointly. No disbursements shall be made directly to the program participant alone. The first disbursement will not be made until all the required building permits have been issued to the contractor.
- (c) Borrower shall hire duly licensed and registered to practice in the Commonwealth, architects and civil and structural engineers at their own cost to inspect the progress of the project and to ensure that the building is constructed according to the plans and specifications.
- (d) All progress payments to the contractor shall be made only after the contractor, and the applicant and their construction inspector have certified to the NMHC that the work so far has been properly performed in accordance with the contract, and that the applicant accepts the work. All progress payments will be made in accordance with all construction costs to the date of contractor's invoice, less 10% retainage to be disbursed when all work is completed according to the plans and specifications and the satisfactory completion of the contract. The 10% retainage funds will not be released until the contractor has submitted to the NMHC all lien waivers, builders warranty, for at least one year. The applicant jointly with their construction inspector, should provide an acceptance and completion letter indicating that all the work is satisfactorily complete.
- (e) Prior to the release of the 10% retainage, the applicant shall submit the certificate of occupancy issued by the Building Safety Office of the Department of Public Works.
- (f) The signatures of the applicant and their construction inspector indicating that all the work is satisfactorily complete is required for the release of the 10% retainage from the NMHC to the contractor. In the event that the applicant unreasonably refuses to accept the work, NMHC may authorize payment of the final 10% provided that the architect and engineer agree that the work is in conformance with the contract documents and is acceptable.
- (g) Any change order, regardless of the amount, must be approved by NMHC and bank prior to beginning the work.
- (h) The NMHC Board and the bank may waive the 10% initial disbursement requirement set forth in subsection (a) of this section for good cause, and if to do so is appropriate under the circumstances.

Modified, 1 CMC § 3806(e), (f).

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History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **§ 100-40-415 Construction Insurance or Performance and Payment Bond**

The NMHC and the bank shall require that the contractor secure insurance coverage in an amount equal to the total construction loan to protect against builder's risk, performance and payment bond, and workmen's compensation during the entire term of the construction period. The effective date of the policies will commence on the date the notice to proceed is issued by the NMHC and the bank. The contractor shall name the NMHC and the bank as the primary loss payee up to the amount of funds already disbursed, plus any applicable interest. Any proceeds recovered under the policies secured pursuant to this section in excess of the amount to be paid to the NMHC or the bank, shall be paid to the contractor.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **§ 100-40-420 Disbursement of Loan Proceeds; Purchase of Existing Home**

If the loan is for a purchase or long term lease of an existing home, NMHC and/or the bank shall establish an escrow as follows:

- (a) The escrow shall require that before any payments are distributed, the escrow agent must receive:
- (1) The deed or long term lease conveying the property to the applicant;
  - (2) Commitment to insure title;
  - (3) Proof of clear title, if there are no mortgages, or liens on the property;
  - (4) All required insurance;
  - (5) All required inspection reports; and
  - (6) An appraisal of the property acceptable to the bank and NMHC.
- (b) Upon receipt of all of the documentation set forth above, and any other requirements specified in the escrow instructions, the escrow agent shall simultaneously:
- (1) Record the deed or lease for a long term interest in the property;
  - (2) Record the mortgage;
  - (3) Pay out of escrow the purchase or lease price to the seller/lessor;
  - (4) Pay any insurance premiums and fees as may be called for in the escrow instructions; and
  - (5) Complete all steps necessary to the closing of escrow including delivery to all parties of copies of all recorded documents and proof of insurance.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **§ 100-40-425 Disbursement of Loan Proceeds; Home Addition and Improvement Loan**

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Disbursement of loans for simple improvements may be made directly to suppliers where the supplier is installing the fixture. Disbursements shall be made only after the materials have been delivered to the job site and contemporaneous with the execution of a release by the supplier of all claims for the materials delivered. Otherwise, all disbursements for home improvement loans shall be administered as are home construction loans.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **§ 100-40-430 Purchase of Materials by Applicants**

When the loans are written, they shall be for the completed work, including the purchase by the contractor of all supplies. Applicants may reduce their total costs by purchasing materials themselves directly if NMHC is advised in advance and concurs to the applicant buying materials directly. Loan proceeds may not be disbursed to the applicants to reimburse them for their purchases, but the applicants shall be given credit on the loan balance for their direct purchases, and the total loan amount reduced accordingly, provided:

- (a) The contractor certifies that the materials the applicant claims were purchased were actually purchased and used in the work;
- (b) The contractor agrees in a written amendment to the contract that the total contract price be reduced in an amount equal to the amount of the reduction in the loan sought by the applicant;
- (c) Detailed receipts of all materials purchased are provided to the bank and NMHC;
- (d) The materials purchased by the applicant were called for in the approved plans;
- (e) The suppliers were paid in full, any period for the filing of mechanics' liens by the suppliers has passed with no mechanic liens showing or all mechanics' liens for the materials have been released; and
- (f) The loan proposal itemized with particularity the materials needed so that it can clearly be determined how much credit to give the applicant for the direct purchases of materials.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **§ 100-40-435 Co-ownership or Estate Ownership of Mortgaged Property**

If the applicant is not the sole owner of the property to be mortgaged, it shall be surveyed prior to loan closing. The survey must determine the exact location, size and shape of the property to be mortgaged. The survey map must be approved by the Division of Lands and Survey and recorded

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at the Commonwealth Recorder's Office. The applicant is wholly responsible for the cost of the survey. If the applicant is married, the applicant's spouse must execute the mortgage and agree to subject his/her marital estate to the security interest. If the property is owned, in whole or in part, by a decedent, the estate of the decedent shall first be subject to a probate action and a final probate decree must be issued by the court, prior to loan closing.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **§ 100-40-440 Surveys**

The NMHC and the bank, in its discretion, may require a survey of the property upon which a principal residence will be constructed, purchased, improved or refinanced, if the last survey was performed more than two years prior to the date of application for the program loan. The survey must determine the exact location, size and shape of the property to be mortgaged. The survey work must be done by a registered surveyor, duly licensed in the Commonwealth. The survey map must be approved by the Division of Lands and Survey and recorded at the Commonwealth's Recorder's Office, prior to loan closing. The applicant is wholly responsible for the cost of the survey.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **§ 100-40-445 Appraisals**

Any appraisal required under the regulations in this chapter is subject to review by, and the approval of, the NMHC and the bank. The NMHC and the bank may require that an appraisal be obtained from an approved list of registered appraisers, duly licensed in the Commonwealth, maintained by the NMHC and the bank. Such a list may include the appraisers approved for listing by Federal Housing Administration.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **§ 100-40-450 Criteria for Surveyors, Appraisers, Contractors and Architects**

In order to develop a qualified list of surveyors, appraisers, contractors, and architects, the Board of Directors may solicit a statement of interest from the general public, and shall require these individuals or firms to:

- (a) Be duly licensed to do business in the Commonwealth;



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(b) Have been in business for the last three years immediately prior to being selected for a project under a home loan; except that for contractors whose principal place of business is on the island of Rota or Tinian, such contractors must have been in business for at least one year immediately prior to being selected for a project under this chapter; or have at least three years of experience as an appraiser, surveyor, architect, or contractor.

(c) In the case of contractors, have constructed a minimum of six residences within the last ten years, one of which was worth at least eight thousand (\$80,000.00)\* dollars;

\*So in original; see 18 Com. Reg. 14715 (Dec. 15, 1996).

(d) Be able to provide a list of projects completed and a shod client list;

(e) Be insured against legal liability;

(f) All contractors must secure a performance bond as required under part 12, section 12.5\* of this chapter; and

(g) Any surveyor, appraiser, or architect who performs services under this chapter must be certified and licensed as required by Commonwealth law or as provided by the CNMI Board of Professional Licensing.

Modified, 1 CMC § 3806(c), (d), (e), (f), (g).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: The Commission inserted commas after the words “contractors” in the initial paragraph, “architect” in subsection (b), and “appraiser” in subsection (g) pursuant to 1 CMC § 3806(g). The starred cross-reference in subsection (f) is incorrect. The original regulations did not contain a part 12, section 12.5. However, the bond to which this section refers are required by §10.5, codified at § 100-40-720.

In subsection (e), the Commission deleted the word “and” to correct a manifest error.

### **Part 500 - Credit Review**

#### **§ 100-40-501 Credit and Payment Ability**

(a) Creditworthiness. NMHC and the bank shall each be responsible for determining the creditworthiness of each applicant who applies to for a program loan. In making that determination, NMHC and the bank shall separately and independently take into consideration:

- (1) The applicant’s monthly debt payment to income ratio;
- (2) The applicant’s credit reputation; and,
- (3) Any other factor considered by a prudent lender.

(b) Underwriting Guidelines: Monthly Mortgage Payment to Income Ratio.  
As a general rule:

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- (1) NMHC and the bank shall require that the applicant's monthly mortgage payment does not exceed twenty-five percent of the applicant's stable monthly income less any monthly debt payments.
- (2) As used in this section, the term "monthly mortgage payments" shall include, as applicable, the first mortgage payment, mortgage or life insurance payments, hazard and flood insurance payments, lease rents, property taxes, and monthly dues for common element/property charges and maintenance, but excluding dwelling unit utility charges for condominiums and property with similar dues and charges.
- (3) As used in this section, the term "monthly debt payment" shall include all monthly payments on installment debts having a remaining term of one year or more. Secondary financing for the subject property, mortgage loan payment for other properties, alimony, child support, and separate maintenance payments shall be considered installment debts, unless the obligations terminate within one year.
- (4) As used in this section, the term "stable monthly income" is the applicant's gross monthly income from the applicant's primary employment based earnings, which may include SSI, Social Security, retirement pension plus recognizable secondary income averaged for the past 12 months. Secondary income of the applicant, such as rental income, overtime or part time employment may be included in stable monthly income only if those items of secondary income are substantiated by written evidence of the applicant's previous year's earnings and that the continuation thereof is highly probable. Interest and dividends may be considered if substantiated by written evidence and averaged for the past two years. Rental income for the subject property may be considered if substantiated by written evidence.
- (5) If the applicant chooses to disclose income from alimony, child support, or maintenance payments, NMHC and the bank may consider these payments as income to the extent that they are likely to be consistently made. Factors which the lender may consider in making that determination include, but shall not be limited to:
  - (i) Whether the payments are received pursuant to written agreement or court decree;
  - (ii) The length of time the payments have been received;
  - (iii) The regularity of payments;
  - (iv) The availability of procedures to compel payment;
  - (v) Whether full or partial payments have been made;
  - (vi) The age of any child; and,
  - (vii) The creditworthiness of the payor, including the credit history of the payor where available to the lender under the Fair Credit Reporting Act (15 USC §§1681-1681(t)) or other applicable laws. The lender shall submit to NMHC and the bank evidence to support their determination.
- (6) Factors such as expected pay increases under mandatory contract terms, education, training, technical skills, occupation, potential or expected pay increases, past employment history, and future employment expectations may be taken into account on a case-by-case basis in determining stable monthly income.
- (7) Income necessary to qualify the borrower from sources not substantiated in the credit report shall be verified in writing from a reliable source.
- (8) When the borrower is self-employed, the minimum acceptable documentation to verify income shall be the:
  - (i) Profit and loss statements for the prior two years, which should include the last statement covering the year before the applicant's date of application; and/or,

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(ii) Tax returns for the previous two years.

(9) If the applicant does not qualify for the loan under the above credit underwriting guidelines described in this part, and upon recommendation by the participating lender, NMHC may consider making on a case-by-case basis, a loan with no more than two personal guarantors, endorsers or other co-signers. The guarantee, endorsement, or agreement shall not be qualified or limited in any manner. All credit underwriting standards shall apply to the credit evaluation of a guarantor, endorser, or co-signer. The monthly mortgage payment shall not exceed fifty percent of the combined stable monthly income of the applicant, the guarantor, endorser or co-signer less any monthly debt payments. In addition, the applicant's monthly mortgage payment shall not exceed thirty percent of the applicant's stable monthly income less any monthly debt payments.

(10) If an applicant has guaranteed, endorsed or co-signed for an existing home loan, and is applying for his own home loan, the mortgage loan payment for both loans shall not exceed thirty percent of the applicants stable monthly income less any monthly debt payments.

(c) Determination of Creditworthiness.

Should either NMHC or the bank determine that the applicant does not qualify to borrow the amount that the applicant has sought, the loan shall not be approved. The applicant may, however, apply for a lesser amount or address deficiencies noted in the application, and re-seek approval.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **§ 100-40-505 Program Loan Amounts**

(a) No program loan secured by this loan agreement shall exceed the lesser of:

(1) \$200,000.00 in principal, or a lesser amount set by NMHC; or

(2) Ninety percent of the lesser of the purchase price or the appraised value of the real estate and improvements mortgaged to secure it, up to a maximum of \$200,000 in principal; or

(3) Eighty percent of the appraised value of the unimproved real property plus the total construction costs, for either a construction loan or home improvement loan, up to a maximum amount of \$200,000 in principal.

(b) All loans shall be further secured by a life or mortgage protection insurance policy naming NMHC as the primary beneficiary to the extent of the borrower's current balance remaining unpaid. The life or mortgage insurance protection shall be obtained from an insurer acceptable to the NMHC and the bank and shall insure or guarantee against the borrower default or loss sufficient, in case of death of the borrower, to cover the balance of the loan at the time of the borrower's death. The life or mortgage protection insurance coverage shall remain in force until the loan is paid off. Proof of acceptable insurance must be submitted to NMHC prior to the closing of the home loan. The borrower shall pay for the premiums for the insurance. A copy of proof of payment of the insurance policy required under this section shall be submitted to NMHC after approval of the program loan and prior to the release of the loan proceeds.

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(c) Borrower shall maintain, at its expense mortgage protection or life insurance coverage for the total outstanding loan until the loan is paid in full. Should borrower fail to maintain such an insurance, then the NMHC and the bank may do so on behalf of and as agent of borrower, but the NMHC and the bank are not obligated to do so. Any and all amounts expended by the NMHC and the bank to procure and maintain such insurance shall be added onto the principal balance with interest accruing thereon at the same rate of interest applicable to the loan. NMHC shall be named as the loss payee.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: The original paragraphs were not designated. The Commission designated subsections (a) through (c).

### **Part 600 - Secondary Financing**

#### **§ 100-40-601 Secondary Financing**

The borrower may not engage in secondary financing of the home subject to the home loan, except with the prior written consent of NMHC and the bank. The borrower may not execute or permit any further lien on the mortgaged real property. NMHC shall ensure that all home loans are subject to this restriction.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **Part 700 - Security for Program Loans**

#### **§ 100-40-701 Title Insurance Required**

Each home loan shall be covered by a title insurance policy on the current standard American Land Title Association (ALTA) form issued by a title insurer licensed to do business in the Commonwealth of the Northern Mariana Islands prior to loan closing.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

#### **§ 100-40-705 Amount of Coverage**

The amount of title insurance coverage shall be at least equal to or higher than the amount of the loan, and the primary beneficiary shall be NMHC to the extent of the balance of the loan. The policy shall insure against any mechanics' and materialmen's liens.

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History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### § 100-40-710 Other Insurance Coverage

The mortgaged property shall be covered for fire, typhoon and extended coverage insurance equal to the full replacement costs of the improvements on the mortgaged property without deduction for depreciation. NMHC shall be named as the primary loss payee on these policies.

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### § 100-40-715 Collateral Required

(a) All program loans shall be secured by a first mortgage on unencumbered improved real property owned in fee simple or leased for a term in excess of two times the loan term.

(b) All program loans shall be subject to a deed of trust, conveying the mortgaged interest (fee simple or leasehold) to NMHC.

(c) For purposes of this section, “improved real property” is unencumbered notwithstanding the existence of:

- (1) Instruments reserving mineral, oil, timber, or similar rights, rights of way, sewer rights, rights in walls, and other easement rights;
- (2) Any liens for taxes or assessments not yet due;
- (3) Liens not delinquent for community recreation facilities or for the maintenance of community facilities;
- (4) Building restrictions or other restrictive covenants common to the community in which the property is located; and
- (5) Liens for service and maintenance of water rights where not delinquent.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### § 100-40-720 Construction Insurance or Performance and Payment Bond

The NMHC and the bank shall require that the contractor secure insurance coverage in an amount equal to the total construction loan to protect against builder’s risk, performance and payment bond, and workmen’s compensation during the entire term of the construction period. The effective date of the policies will commence on the date the notice to proceed is issued by the borrower. The contractor shall name the NMHC and the bank as the primary loss payee up to the amount of funds already disbursed, plus any applicable interest. Any proceeds recovered under the policies secured pursuant to this section in excess of the amount to be paid to the NMHC or the bank, shall be paid to the contractor.

Modified, 1 CMC § 3806(f).

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History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **Part 800 - Limitation on Use and Enforcement**

#### **§ 100-40-801 Only Home Loans Permitted**

The proceeds of this loan shall be used solely to secure home loans. In no event shall the funds be used to pay off or retire any indebtedness of NMHC, including without limitation all loans and advances made to NMHC and all of the obligations and liabilities of NMHC, whether now existing or hereafter incurred or created, whether voluntary or involuntary, whether due or not due, whether absolute or contingent, or whether incurred directly or acquired by NMHC by assignment or otherwise. Any deviation from the limited purpose for which this loan is made will constitute a material breach of the loan agreement, entitling MPLT to the return of the collateral account, all interest accrued, and to all proceeds or profits received by NMHC or any one else arising out of the improper use of the funds provided for under this agreement, plus all other rights and remedies that MPLT might have at equity and in law. Interest earned on the home loans above the interest due to lender may be used by NMHC to meet the administrative costs of the programs.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **Part 900 - Loan Charges and Fees**

#### **§ 100-40-901 Interest Rate**

The Board shall set the interest rate for home loan mortgages. The minimum interest rate for the standard loan program and for the home improvement loan program shall be eight percent. The interest rate for the low income home loan program shall be a maximum of six percent.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

#### **§ 100-40-905 Allowable Loan Charges; Prepayment Penalties**

- (a) The NMHC may require the borrower to pay all reasonable fees and charges ordinarily charged to and paid by a borrower for a loan, except:
- (1) For the loan origination fee, the lender may charge 0.5% of the loan amount for the very low income level; 1% of the loan amount for the low income level; and, 2% of the loan amount for the moderate income level.
  - (2) At loan closing, the borrower will have to pay loan closing costs. The loan closing costs may be financed if the borrower demonstrates a need or a lack of funds thereof.

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(b) The NMHC and the lender may charge an application fee not to exceed \$50.00 when the application is made. The application fee shall be credited towards the closing costs if the loan is made. If the loan fails approval, or the borrower cancels the loan application prior to approval, the deposit fee will not be returned to the applicant.

(c) The lender may charge the borrower for services rendered as follows:

- |                          |             |
|--------------------------|-------------|
| (1) Credit Report Fee    | Actual cost |
| (2) Title Insurance Fee  | Actual cost |
| (3) Appraisal Report Fee | Actual cost |
| (4) Recordation Fee      | Actual cost |
| (5) Late Payment Fee     | Three (3%)  |

A late payment charge shall be assessed in the event an installment payment is not made within fifteen days after the due date of the installment at the rate of three percent of the amount of the installment due.

- (6) Returned check processing fee: \$25.00 per occurrence.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **Part 1000 - Term of Loans**

#### **§ 100-40-1001 Repayment Period**

The term of any home loan shall not exceed thirty years or any lesser period the Board may in its sole discretion determine to be appropriate upon consideration of the character and economic life of the property securing the loan. There shall be no minimum repayment period requirement.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

#### **§ 100-40-1005 Interest Payment**

Monthly interest installments based upon the disbursed amount(s) shall be due and payable on the first day of the month following the date of the execution of the note and on the first day of each month thereafter.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

#### **§ 100-40-1010 Payment of Principal and Interest**

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The first monthly installments of the principal and interest will begin and be payable thirty days after all construction work is satisfactorily completed. Payments made will first be applied against accrued interest and then against the principal amount. If the borrower demonstrates a need or a lack of funds thereof, the loan closing costs may be financed and must be satisfied, before any payments will be applied against accrued interest and then against the principal amount.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **Part 1100 - Loan Closing**

#### **§ 100-40-1101 Expiration of Commitment Letter**

An approved client has thirty days from the date of their acknowledgment of the approval letter to close the loan.

Modified, 1 CMC § 3806(e).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

#### **§ 100-40-1105 Pre-construction Conference**

Before the commencement of the construction, an approved client with their construction inspector and their contractor, including NMHC, will hold a pre-construction conference to discuss the scope of work, payment schedule and the terms and conditions of the construction contract.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

#### **§ 100-40-1110 Homeowner Counseling**

Counseling can help families maintain ownership of their homes over the long term. A staff from NMHC will hold a home owner counseling session with a newly-approved client to discuss the terms and conditions of their approved loan and to educate homeowners about their ongoing responsibilities of home ownership.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **Part 1200 - Assignment and Transfer of Mortgaged Property**



**§ 100-40-1201            Sale or Transfer of Mortgaged Property**

(a) Every mortgage shall contain a due-on-sale clause giving NMHC the right to require the borrower to make immediate payment in full of the entire indebtedness secured by the mortgage if the borrower sells, transfers, leases, subleases, or assigns all or part of the interest in real property securing a home loan, including any equitable or beneficial interest, without first obtaining NMHC's prior written consent.

(b) The due-on-sale clause shall be fully effective as to any sale, lease, transfer or assignment of interest in the mortgaged trust property by any trustee, or the sale, lease, transfer or assignment of the borrower's equitable or beneficial interest in the property, without the prior written consent of NMHC.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

**§ 100-40-1205            Consent by NMHC**

(a) NMHC's consent shall be subject to the home loan program policy in effect on the date a request for consent is received by NMHC.

(b) NMHC's right to require the borrower or the trustee to make payment in full with respect to the sale, lease, transfer, or assignment shall be subject to any applicable laws which restrict or prohibit NMHC from its exercise of this right.

(c) NMHC shall not unreasonably withhold its consent to the borrower's sale, lease, transfer, or assignment of the mortgaged property by agreement of sale, provided:

(1) NMHC's mortgage priority is not in any way affected by the sale, lease, transfer or assignment;

(2) The borrower has not been and is not in default of the loan or has not broken any promises made in obtaining the loan;

(3) Has notified NMHC within a reasonable time of the proposed transaction;

(4) The borrower agrees to pay or reimburse the lender, participating services, or NMHC, as the case may be, for all costs or expenses, including reasonable attorney's fees and consent fees incurred to review the proposed transaction and draft documents;

(5) The borrower agrees to acknowledge that NMHC shall not consent to any assumption of the loan or to any further sale, lease, transfer, or assignment of the mortgaged property;

(6) The borrower agrees to acknowledge that as a condition for NMHC's consent, the buyer or lessee shall sign a certification of occupancy in which the lessee or buyer represents and agrees to occupy and use the mortgaged property as a principal home for the entire term of the loan;

(7) The borrower agrees to sign the documents as may be necessary, including a loan modification agreement;

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(8) The borrower agrees to give assurances as the participating lender or services may require to protect NMHC's lien priority in the mortgaged property;

(9) The borrower agrees to pay a higher rate of interest to be set by the Board, in its sole discretion, should NMHC's risk of loss increase as a result of the transfer.

(d) If any of the conditions described in subsection (c) of this section require the borrower to pay an interest rate or finance charge which would exceed the highest rate permitted by law, then the borrower's obligation to pay interest or finance charge shall be limited to the highest rate permitted by law, so that the borrower is not obligated to pay any interest or finance charge which would result in the payment of interest or finance charge in excess of the limit so permitted.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: The Commission inserted commas after the word "transfer" in subsections (b), (c), and (c)(5) pursuant to 1 CMC § 3806(g).

### **Part 1300 - Assumption and Early Pay off of Loan**

#### **§ 100-40-1301 Assumption of Loan; Prohibition**

No assumption shall be allowed of any loan without the prior pre-approval of the Board, and conditioned on the qualification of the party seeking to assume the loan to have qualified as a new applicant.

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

#### **§ 100-40-1305 Early Pay Off**

There shall be no prohibition, fee, charge, or penalty for the early pay off of the home loan.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: The Commission inserted a comma after the word "charge" pursuant to 1 CMC § 3806(g).

#### **§ 100-40-1310 Death of Borrower**

Upon the death of the borrower, the entire unpaid balance of the loan shall be immediately due and payable. The Board may allow assumption of the loan by the heirs of the borrower if a final decree in the probate of the borrower identifies the heirs and approves distribution to them of the improved property and the loan, and if the heirs themselves would qualify as a new applicant for the loan.

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Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **Part 1400 - Sanctions and Foreclosure**

#### **§ 100-40-1401 Sanctions**

(a) The applicant shall sign the application for a mortgage loan. By doing so, the applicant shall be considered to have verified the truth of all statements made in the application.

(b) If the applicant or borrower makes any false or untrue statement, intentionally or otherwise, for a mortgage loan, NMHC may, after providing the opportunity for a hearing in accordance with the Administrative Procedure Act, 1 CMC §§ 9108, et seq., determine that:

(1) The applicant or borrower shall not be eligible for a home loan for a period up to ten years after the date NMHC actually learns or discovers the false or untrue statement.

(2) If NMHC has already made the mortgage loan to the applicant or borrower, such applicant or borrower shall not be eligible for another mortgage loan for ten years, and the loan already made by NMHC shall immediately become due and payable in full, for which NMHC shall demand full payment thereof.

(c) The borrower shall be required to make immediate payment in full of all sums secured by the mortgage if the borrower fails to fulfill any promise for a mortgage or with respect to a mortgage loan or makes or has made false statement(s) to qualify or be eligible for a mortgage loan or with respect to a mortgage loan under the home loan program.

Modified, 1 CMC § 3806(e), (f), (g).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: In subsection (b), the Commission changed “Procedures” to “Procedure” to correct a manifest error.

#### **§ 100-40-1405 Foreclosure**

NMHC shall comply with such foreclosure restrictions as are established by applicable law.

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

#### **§ 100-40-1410 Foreclosure of Home Loans**

NMHC shall comply with the following:

(a) When an account is three or more payments delinquent or has otherwise become a service problem, the bank will provide a formal notice to NMHC. Upon being notified, NMHC has the

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option to pay the account to current and work directly with the applicant(s) in an effort to resolve the problem. In doing so, the applicant(s) will be advised, if applicable, of the possibility of moratorium, and provisions of work out agreement. If such counseling fails, NMHC will, with the continuing assistance of the bank, work toward resolving the problems by such other means as assisting the applicant(s) to enter into agreements with the bank to sell or transfer the property to another eligible home loan applicant, or to transfer the property under eligible terms.

(b) If a satisfactory resolution is not reached, the account will be accelerated and after all appeals have been exhausted and completed with the bank, NMHC will be notified by a formal demand letter of the action taken. The formal demand letter must be hand delivered and acknowledged by the NMHC main office located in Garapan, Saipan. Within 90 days of receipt of the formal demand letter, the debt will be paid in full by NMHC. The bank will then assign the promissory note and the deed of trust to NMHC for foreclosure action.

(c) The NMHC shall comply with such foreclosure restrictions as are established by applicable law.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **Part 1500 - Minimum Standards for Professionals**

#### **§ 100-40-1501 Pre-qualified List**

All professionals who seek to be paid out of proceeds from program loans, or provide their services in connection with the loan approval process, including without limitation, accountants, architects, attorneys, appraisers, contractors, engineers, insurers, lenders, and surveyors, must meet certain minimum requirements of qualification before payment for their services, or reliance on their opinions will be permitted. The borrower shall cause to be published a request for proposals from professionals, setting forth the minimum requirements, and from the responses, create a pre-qualified list. At any time, professionals may submit their qualifications and request inclusion on the list.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: The Commission inserted a comma after the word “lenders” pursuant to 1 CMC § 3806(g).

#### **§ 100-40-1505 Universal Minimum Standards**

All professionals must meet the following minimum requirements, plus what ever\* additional requirements the borrower may impose, before they may submit themselves for inclusion on the pre-qualified list:

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- (a) Commonwealth business license having been issued at least two years in advance of the request for inclusion on the pre-qualified list;
- (b) Professional licensing from the relevant professional society, issued at least two years in advance of submission to be included in the pre-qualified list;
- (c) A client list of customers from the Commonwealth who can attest to the quality of the professional's work; and
- (d) Other proof of the ability of the professional to perform.

\* So in original.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **§ 100-40-1510 Limitation on Applicant/Borrower Selection of Contractors; Mandatory Criteria for Contractors to Participate/Construct/Rehabilitate Homes Financed by NMHC**

- (a) Borrowers may only contract, for the construction and/or rehabilitation of a home, to be financed in whole, or in part, by NMHC, with a construction contractor that has been approved by NMHC.
- (b) In addition to the universal minimum requirements, plus additional requirements that may be imposed by the borrower, all general contractors who seek to perform work on residences that will be paid for from the proceeds of program loans must:
  - (1) Have constructed at least six residences within the last ten years;
  - (2) Have constructed a residence worth at least \$80,000.00;
  - (3) Have bonding for at least three months salary for all contract workers, as well as proof of workers compensation insurance, and bonding that would satisfy the requirements of § 100-40-420 of this chapter;
  - (4) Be able to provide a list of projects completed and a client list;
  - (5) The NMHC Board and the bank may waive the requirements set forth in subsections (b)(1), (b)(2), and (b)(4)\* of this section for good cause, and if to do so is appropriate under the circumstances; and
  - (6) All contractors must secure a performance and payment bond, builder's risk and workmen's compensation.
- (c) To obtain NMHC approval to participate/construct/rehabilitate homes that will be paid from the proceeds of program loans, a contractor must submit the following documents:
  - (1) Most current financial statement and a copy of BGR for the last two years;
  - (2) Statement of experience in and length of existence of construction business;
  - (3) List of on going/past projects including location and mount of project;
  - (4) Certificate of compliance issued by the Division of Revenue and Tax;

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- (5) Copy of workman's compensation policy;
- (6) Copy of valid business license;
- (7) Name of insurance company currently dealing with contractor for coverage on hazards, bonds, etc.;
- (8) Articles of incorporation and by-laws of the company, if applicable; and
- (9) Copy of most recent annual report, if applicable.

(d) In addition to supplying NMHC with the above referenced documents, the contractor must certify in writing that:

- (1) It has supplied the above requested documents;
- (2) It has no pending complaints or disputes from clients on projects that it is currently working on;
- (3) There are no pending complaints, cases, or liens, filed against contractor at the Division of Labor, Superior Court, or the US. District Court, for unfair labor practices, breach of contract, non payment of wages, or any other ground;
- (4) There are no claims or unpaid obligations on materials purchased by contractor that are past due; and
- (5) Contractor is able to obtain the necessary bonding required in order for NMHC to close the applicable loan.

(e) If a contractor has been previously approved by NMHC, and any of the information required to be submitted above has changed, then the contractor must advise NMHC of the same and submit documents explaining the same. In addition, an approved contractor, on an annual basis, must establish that it has renewed its business license, worker's compensation insurance coverage, any other applicable insurance, and paid taxes for the previous year.

(f) Should an approved contractor:

- (1) Have a claim filed on a bond issued to them;
- (2) Have a lien filed against them for failure to pay a construction related debt;
- (3) Have a determination issued by the CNMI Department of Labor and Immigration, Division of Labor, that the contractor has failed to pay wages to its employees in compliance with applicable law, or otherwise violated any law pertaining to its employees;
- (4) Have a complaint filed against it by the US Department of Labor, IRS, or other government agency;
- (5) Fail to renew their business license;
- (6) Be unable to obtain bonding or necessary insurance;
- (7) Be issued a notice of deficiency or other notice, that it has an outstanding obligation for taxes due and owing to either the CNMI, federal, or other governmental body;

then the Executive Director, in consultation with the manager, Mortgage Credit Division, shall bar/suspend the contractor from working, in any manner, on a home financed by NMHC, or financed under the NMHC/MPLT Home Loan Program, until such time as the contractor provides assurances, adequate to NMHC in its sole discretion, that the contractor is financially capable of constructing the home in question, free and clear of any and all liens or encumbrances. The contractor will further be limited to working on NMHC houses, such that the contractor must be approved on a project by project basis, until such time as the contractor has remedied whichever of the above referenced criteria is applicable to it.

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(g) A decision by the management, to bar or suspend a contractor may be appealed to NMHC’s Board of Directors. All appeals shall be governed by the APA [1 CMC §§ 9101, et seq.].

(h) If a contractor has been barred/suspended, then regardless of the result of an appeal, they may reapply for NMHC approval, sixty days after their being barred/suspended, and may reapply every sixty days thereafter.

\* See Commission Comment.

Modified, 1 CMC § 3806(c), (d), (e), (f).

History: Amdts Adopted 22 Com. Reg. 17588 (Nov. 20, 2000); Amdts Proposed 22 Com. Reg. 17158 (Apr. 20, 2000); Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: The original paragraphs were not designated. The Commission designated subsections (a) through (h).

The 2000 amendments added new subsections (a) and (c) through (h) and re-designated subsection (b).

The starred reference to subsections (b)(1), (b)(2), and (b)(4) was written as “subparagraphs (a), (b) and (d)” in the original regulation, referring to what the Commission re-designated as subsections (b)(1), (b)(2), and (b)(4). This section was initially erroneously codified as “subsections (a), (b) and (d).”

Executive Order 03-01 (effective May 9, 2003), the “Department of Labor and Immigration Reorganization Plan of 2003,” renamed the Department of Labor and Immigration to the Department of Labor.

**§ 100-40-1515      Liquidated Damage Assessments for NMHC Financed Construction Projects**

All contracts for home construction or rehabilitation, funded in whole, or in part, by NMHC, must contain a provision for mandatory liquidated damages as follows:

Construction Amount	Liquidated Damages (Per Day)
\$ 1-25,000	\$100.00
25,001 - 50,000	\$125.00
50,001 - 75,000	\$150.00
75,001-100,000	\$175.00
100,001 and above	\$200.00

History: Amdts Adopted 22 Com. Reg. 17588 (Nov. 20, 2000); Amdts Proposed 22 Com. Reg. 17158 (Apr. 20, 2000).

**Part 1600 - Proof of Occupancy**

**§ 100-40-1601      Affidavit of Occupancy**

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Consistent with the purpose and objectives of the home loan program, every applicant who will reside on the mortgaged property applying for a home loan shall file with NMHC an affidavit or declaration under penalty of perjury stating that:

- (a) The applicant will occupy the mortgaged property as the applicant's principal place of abode within forty-five days after the date of closing of the loan where an existing structure of residence is acquired, or within forty-five days after notice from the contractor that the residence is ready for occupancy;
- (b) The applicant will occupy the residence as a principal place of abode continuously for the entire loan term. In the event the applicant sells, leases, rents, assigns, or conveys any interest to the property for any period exceeding one year, including options and rights of renewal, then all indebtedness owing by and chargeable to the applicant shall become immediately due and payable in accordance with the terms of this chapter, unless the Board agrees to allow assumption of the loan by the new owner, or transfer of the loan security to the borrower's new residence. In no event will assumption or transfer be allowed unless the assuming party or the new security would have qualified itself in the first instance for a loan under the applicable program;
- (c) If the applicant fails to comply with this section, any and all indebtedness owing by and chargeable to the applicant by way of a mortgage loan made on the basis of the application filed in connection with the loan shall become immediately due and payable in full, unless for good cause shown, the period to initially occupy the premises is extended by NMHC in writing, or the failure of the applicant to remain on the premises for the required minimum number of years is waived.

Modified, 1 CMC § 3806(d), (e), (f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

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

### **Part 1700 - Reconsideration of Loan Application**

#### **§ 100-40-1701 Request for Review of NMHC Rejection**

- (a) If an application for a loan is not approved by NMHC, the applicant may request the Board, in writing, to review and reconsider any decision or determination relating to the application.
- (b) A borrower under an existing home loan may request the Board to review or reconsider any decision or determination relating to the loan.
- (c) The request for review and reconsideration shall be in writing, and shall be filed with NMHC within thirty days after receipt of the notice of disapproval, and shall contain a statement of the facts and include copies of all documents upon which the applicant or borrower relies in



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support of the request for review. The Board may appoint a hearing officer from among its members to conduct such a review.

(d) The Board may request the submission of additional information or documents and may request the applicant or borrower to appear at a specified place, date, and time to submit oral testimony in support of the request for review.

(e) All requests for review shall be governed by the Administrative Procedure Act (APA) [1 CMC §§ 9101, et seq.].

Modified, 1 CMC § 3806(e), (f), (g).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: In subsection (e), the Commission changed “Administration” to “Administrative” and “Procedures” to “Procedure” to correct manifest errors. The Commission inserted a comma after the word “date” in subsection (d) pursuant to 1 CMC § 3806(g).

### **§ 100-40-1705 Request for Review of Lender Rejection**

Where the applicant is rejected by the participating lender and not NMHC, no review of the rejection shall be available to the applicant. However, NMHC may submit the application to another participating lender at the applicant’s request, and if the other participating lender approves the application, the loan may still be made.

Modified, 1 CMC § 3806(f).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

## **Part 1800 - Miscellaneous Provisions**

### **§ 100-40-1801 Headings**

Headings or titles of sections contained herein are for convenience and shall not be used in construction or application of any section contained herein.

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **§ 100-40-1805 Severability**

If any part or section of the regulations in this chapter are found to be invalid by a court of competent jurisdiction, all valid portions that are severable shall remain in effect. If a part or section hereof is invalid in one or more of its applications, that part remains in effect in all valid applications that are severable from its invalid applications.

Modified, 1 CMC § 3806(d).

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History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

### **§ 100-40-1810**            **Effective Date**

The effective date of the regulations in this chapter shall be pursuant to 1 CMC § 9105(b).

Modified, 1 CMC § 3806(d).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

**Appendix A  
Standard Home Loan Program**

- A. Maximum Loan Amount - \_\_\_\_\_ (\$\_\_\_\_\_).
- B. Applicable Interest Rate - \_\_\_\_\_ percent (\_\_\_\_%).
- C. Applicable Uses:
  - 1. Home purchase.
  - 2. Home construction.
  - 3. Existing home loan refinance.
- D. Qualifying Criteria:
  - 1. CNMI Resident of Northern Mariana Islands descent.
  - 2. Creditworthiness (loan payments may not exceed \_\_\_\_\_ percent (\_\_\_\_ %) of disposable income).
    - a. Ownership in fee simple; or
    - b. Proposed ownership in fee simple of the property.
- E. Equity Required:
  - 1. Home Purchase-payment by the Borrower equivalent to at least \_\_\_\_\_ percent (\_\_\_\_ %) of the total purchase price.
  - 2. Home Construction:
    - a. Equity in the unimproved land of at least \_\_\_\_\_ percent (\_\_\_\_%) of the total land value (except where Homestead property is used); and
    - b. Payment by the Borrower toward the construction costs so that the total equity upon completion of the home is equal to \_\_\_\_\_ percent (\_\_\_\_%).
- F. Special Restriction: None
  - 1. Married with children.
  - 2. Single Parent with children.

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

**Appendix B  
Low Income Home Loan Program**

- A. Maximum Loan Amount - \_\_\_\_\_ (\$\_\_\_\_\_).
- B. Applicable Interest Rate - Six percent (6%).
- C. Applicable Uses:
1. Home purchase.
  2. Home construction.
  3. Existing home loan refinance.
- D. Qualifying Criteria:
1. CNMI Resident of Northern Mariana Islands descent.
  2. Creditworthiness (loan payments may not exceed \_\_\_\_\_ percent (\_\_\_\_%) of disposable income)
  3. (a) Ownership in fee simple; or  
(b) Proposed ownership in fee simple of the property.
- E. Equity Required:
1. Home Purchase - payment by the Borrower equivalents to at least \_\_\_\_\_ percent (\_\_\_\_%) of the total purchase price.
  2. Home Construction:
    - a. Equity in the unimproved land of at least \_\_\_\_\_ percent (\_\_\_\_%) of the total land value (except where homestead property is used); and
    - b. Payment by the Borrower toward the construction costs so that the total equity upon completion of the home is equal to percent (\_\_\_\_%).
- F. Special Restrictions:
1. Combined family income not in excess of \_\_\_\_\_ dollars (\$\_\_\_\_\_) per year.
  2. Married with children.
  3. Single Parent with children.

Modified, 1 CMC § 3806(g).

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

Commission Comment: In section E(1), the Commission changed “he” to “the” to correct a manifest error.

**Appendix C  
Home Improvement Loan Program**

- A. Maximum Loan Amount - \_\_\_\_\_ (\$\_\_\_\_\_).
- B. Applicable Interest Rate - \_\_\_\_\_percent (\_\_\_\_ %).
- C. Applicable Uses:
  - 1. Room additions.
  - 2. Replacement of tin roof.
- D. Qualifying Criteria:
  - 1. CNMI Resident of the Northern Mariana Islands descent.
  - 2. Creditworthiness (loan payments may not exceed \_\_\_\_\_ percent (\_\_\_\_ %) of disposable income).
  - 3. (a) Ownership in fee simple; or  
(b) Proposed ownership in fee simple of the property.
- E. Equity Required:
  - 1. Property including home must be at least \_\_\_\_\_ percent (\_\_\_\_ %) paid for.
  - 2. Value of improvement to be financed must not exceed \_\_\_\_\_ percent (\_\_\_\_ %) of total value of existing improved property.
- F. Special Restrictions: None

History: Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).

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## Appendix D

### Income Schedule

Size	Low	Moderate
01-person	18,150	49,850
02-person	22,600	56,950
03-person	27,050	64,050
04-person	31,500	71,200
05-person	35,050	76,900
06-person	38,600	82,600
07-person	42,150	88,300
08-person	45,700	94,000
09-person	49,300	99,700
10-person	52,850	105,400
11-person	56,400	111,050
12-person	60,000	116,750
13-person	63,500	122,450
14-person	67,100	128,150
15-person	70,650	133,850

History: Amdts Adopted 20 Com. Reg. 16266 (Oct. 15, 1998); Amdts Proposed 20 Com. Reg. 16075 (July 15, 1998); Adopted 20 Com. Reg. 16072 (July 15, 1998); Adopted 19 Com. Reg. 15152 (Feb. 15, 1997); Proposed 18 Com. Reg. 14689 (Dec. 15, 1996).