

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

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Page 327 to Page 418

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CONTENTS

The Commonwealth Register is editorially organized according to the Commonwealth or other agency issuing the documents published or having an immediate administrative or enforcement concern over them. Listing in these contents or publishing in the sections that follow in this manner is for public information and has no legal significance.

GOVERNOR'S DIRECTIVE 327

PROPOSED REGULATIONS

Proposed Regulations for Teacher Certification, Department of Education,
Public Notice 330 ✓

Proposed Regulations governing Education and Training Leave for
Department of Education Employees, Public Notice 334 ✓

Proposed Regulations for Employments of Teachers for Elementary and
Secondary School, Department of Education, Public Notice 343 ✓

Proposed Revised Rules and Regulations, Policy and Procedure Manual
for Economic Development Loan Fund 346 ✓

Proposed Amendment to Regulations of Mariana Islands Airport
Authority 375

Proposed Regulations for Collection of Fees for Alien Worker Permits. 376 ✓

REGULATIONS

Gasoline Allocation Emergency Regulations, Department of Commerce
and Labor 380

ADOPTED REGULATIONS

Adopted Rules and Regulations governing the General Education
Development (GED) Testing Programs. 385 ✓

Adopted Customs Regulations No. 7901 389 ✓

PUBLIC NOTICE

Notice to the Public 418

The Commonwealth Register is published on the fifteenth day of each month or on the next succeeding business day, by the Registrar of Corporations, Office of the Attorney General, Commonwealth of the Northern Mariana Islands, Saipan, Mariana Islands 96950. Distribution is made by the Registrar of Corporations, Office of the Attorney General, Commonwealth of the Northern Mariana Islands, Saipan, Mariana Islands 96950.

The Commonwealth Register provides a uniform system for making available to the public the regulations, rules, decisions, orders and notices issued by Commonwealth agencies and required to be published and other Commonwealth agency documents of public interest.

The Commonwealth Register will be furnished to subscribers for \$30.00 per Volume (12 issues), payable advance. The charge for individual copies is \$3.00 for each part as actually bound. Remit check or money order made payable to the Treasurer, Commonwealth of the Northern Mariana Islands, to the Registrar of Corporations, Office of the Attorney General, Commonwealth of the Northern Mariana Islands 96950.

There are no restrictions on the republication of material appearing in the Commonwealth Register.

MEMORANDUM

TO : Chief, Administrative Officer
Planning and Budgeting Affairs Officer
Public Auditor
All Department Directors

FROM : Governor

DATE: July 26, 1979

SUBJECT: Preparation, Execution and Distribution of Contracts

This memorandum designates officials authorized to exercise the authority of the Governor as Contracting Officers for the Commonwealth Government and provides instructions for the preparation, execution, and distribution of contracts, leases, reimbursable support agreements, and other agreements hereafter referred to as "contracts." This delegation of authority will not apply to A&E Contracts, Construction Contracts in amounts of \$10,000.00 or over or purchase orders executed by the Procurement and Supply Office. The Governor's approval is required for all A&E Contracts and Construction Contracts in amounts of \$10,000.00 or over.

I. Designation of Contracting Officers:

- A. The following officials on the staff of the Governor are delegated authority to enter into and administer contracts on behalf of the Commonwealth Government which relate specifically to programs falling within their general area of administration.

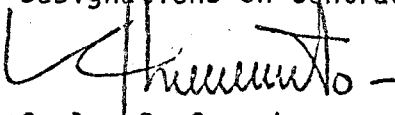
Chief, Administrative Officer
Planning and Budgeting Affairs Officer
Director of Community and Cultural Affairs
Director of Finance
Director of Public Works
Director of Public Health Services and Environmental Services
Director of Natural Resources
Director of Commerce and Labor
Director of Public Safety

- B. The Contracting Officer will have the primary responsibility for the administration of contracts.
- C. No contract will be executed on behalf of the Commonwealth unless it contains a provision, acceptable to the Attorney General and to the Public Auditor, authorizing the audit of books and accounts of the contractor by the Public Auditor or his representative.
- D. The Public Auditor shall audit the activities and performance of the Contracting Officers to determine their compliance with Northern Marianas regulations and Federal Regulations when applicable.

II. Preparation, Execution and Distribution of Contracts:

- A. All contracts will be prepared or modified by the Contracting Officer or his duly authorized representative. All proposed new contracts or modifications to contracts currently being used will be forwarded to the Attorney General, Chief Administrative Officer, Planning and Budgeting Affairs Officer, and the Director of Finance for their review and approval.
- B. The following steps will be followed in the order indicated prior to the execution of a contract by the Contracting Officers:
 1. The Contracting Officer will contact the Attorney General who shall review the contract and approve as to form and legal capacity. At the same time the Attorney General will assign an appropriate contract number to the contract.
 2. The contract will then be forwarded to the Director of Finance for his review and certification that funds are available for that purposes.
 3. The contract will then be forwarded to the Chief Administrative Officer for his concurrence on the execution of such contract.
 4. The contract will then be forwarded to the Planning and Budgeting Affairs Officer for his concurrence on the execution of such contract.
 5. The contract will then be signed by the Contracting Officer and he will distribute copies of the contract to the following:
 - A. Original copy to be retained by the Contracting Officer.
 - B. One copy to the Attorney General.
 - C. One copy to the Chief, Finance and Accounting Division.
 - D. One copy to Chief Revenue and Taxation.

This memorandum supersedes all other Regulations, Instructions and Designations on contract procedures.



Carlos S. Camacho

Commonwealth of the Northern Mariana Islands

Office of the Governor

Saipan, Northern Mariana Islands 96950

Cable Address:
Gov. NMJ Saipan

TEACHER CERTIFICATION

AGENCY: Department of Education

ACTION: Notice of Proposed Regulation

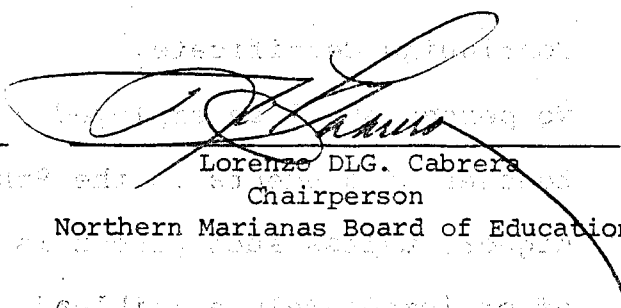
SUMMARY: The Northern Marianas Board of Education proposes regulation for Teacher Certification Program. The proposed regulation covers qualifications that a teacher must possess before being eligible to be certified for teaching in the public schools in the Commonwealth of the Northern Mariana Islands. The Superintendent of Education can issue two types of certificate, Temporary or Continuing Certificate.

DATE: Interested persons are invited to submit written comments to the Office of the Superintendent of Education within thirty (30) days from the date of this notice is published in the Commonwealth Register.

ADDRESSES: Comments should be addressed to the Office of the Superintendent of Education, Department of Education, Commonwealth of the Northern Mariana Islands, Saipan, CM 96950.

FOR FURTHER INFORMATION CONTACT: Herman T. Guerrero, 9311.

July 6, 1979
Date


Lorenze DLG. Cabrera
Chairperson

Northern Marianas Board of Education

following Regulation of the Department of Education:

1. Except as otherwise provided herein, no person shall be initially employed as a classroom teacher unless such person is the holder of or is immediately eligible for the issuance of a Continuing Certificate, as defined herein. The Board of Education may suspend the provisions of this paragraph in the event that, because of a lack of certified classroom teachers, classroom teacher vacancies would exist which would, in the opinion of the Board, be detrimental to the interest of the public school system.
2. No person shall be employed as a classroom teacher unless such person is the holder of or immediately eligible for the issuance of a Temporary Certificate or a Continuing Certificate.
3. No person shall be employed as a classroom teacher of students in the 9th grade or higher, unless such person is the holder of or immediately eligible for the issuance of a Continuing Certificate and possess a baccalaureate, masters, or


doctorate degree.

4. Every person who is employed or to be employed as a classroom teacher is eligible for and shall be issued a Continuing Certificate if such person possess an associate, baccalaureate, masters, or doctorate degree, or is the holder of a comparable teaching certificate issued by an authority of any jurisdiction of the United States of America or its territories or possession.
5. Every person who is employed as a classroom teacher prior to the effective date of this Regulation and who, while not the holder of or eligible for the issuance of a Continuing Certificate, is a high school graduate, shall be eligible for and be issued a Temporary Certificate. A Temporary Certificate is valid for a period of one year from the date of its issuance, and is renewable for additional successive one year periods if the Superintendent of Education finds that the holder of such Certificate has successfully passed at least 12 credit hours or the

equivalent thereof during the previous year; provided, however, that no Temporary Certificate shall be valid after July 1, 1983.

6. This Regulation shall take effect thirty (30) days after its initial publication in the Commonwealth Register.

DATED, this 26th day of July, 1979:



LORENZO LG. CABRERA, Chairman
Board of Education



Commonwealth of the Northern Mariana Islands
Office of the Governor

Saipan, Northern Mariana Islands 96950

Cable Address:
Gov. NMI Saipan

EDUCATIONAL AND TRAINING LEAVE FOR DEPARTMENT
OF EDUCATION EMPLOYEES

AGENCY: Department of Education

ACTION: Notice of Proposed Regulation

SUMMARY: The Northern Marianas Board of Education proposes regulation governing the Educational and Training Leave program for the Department of Education employees. The proposed regulations includes:

1. Statement of Policy Concerning Educational and Training Leave
2. Agreement

DATE: Interested persons are invited to submit written comments to the Office of the Superintendent of Education within thirty (30) days from the date of this notice is published in the Commonwealth Register.

ADDRESSES: Comments should be addressed to the Office of the Superintendent of Education, Department of Education, Commonwealth of the Northern Mariana Islands, Saipan, CM 96950.

FOR FURTHER INFORMATION CONTACT: Herman T. Guerrero, 9311.

Aug 6 1979
Date

Lorenzo DLG. Cabrera
Lorenzo DLG. Cabrera
Chairperson
Northern Marianas Board of Education

STATEMENT OF POLICY CONCERNING EDUCATIONAL
AND TRAINING LEAVE

1. The Department of Education may grant Educational and Training Leave to its employees as set forth herein.

2. No employee shall be eligible for Educational and Training Leave unless she/he shall have completed five years of satisfactory service with the Department of Education.

3. Educational and Training Leave will not be granted to an employee unless the Superintendent determines that a qualified employee is available to assume the duties of the employee who has applied for Educational and Training Leave during such employee's absence from official duty.

4. Educational and Training Leave shall not be granted unless the employee's application is accompanied by documentation showing acceptance by the education institution to be attended.

5. The Superintendent shall authorized Employment and Training Leave to employees of the Department of Education, to the extent that funds are available for such purpose, in accordance with the following criteria, which are listed in the order of their precedence:

(1) Whether the proposed course of study will enable the employee to meet teacher certification requirements.

(2) The extent to which the employee's proposed course of study will meet the present and future needs of the Department of education;

(3) The employee's nearness to the completion of degree requirements;

(4) The employee's performance of his duties with the Department of Education (in this connection, the Superintendent shall take into a consideration all factors bearing upon performance, including but not limited to past personnel evaluations.)

(5) The need for continuing education to enable the employee to maintain currency with his or her field of endeavor; and

(6) The employee's seniority.

6. Educational and Training Leave may be granted for a maximum term of nine months, and may not be extended. No employee shall be eligible for Education and Training Leave for more than a cumulative total of nine months.

7. An employee who is in the status of Educational and Training Leave shall be entitled to receive only his salary, and shall not accumulate annual or sick leave, and shall not be entitled to step increases while on such status. The employee shall, however, be eligible for life and health insurance programs to the same extent as other employees of the Government of the Northern Mariana Islands. Under no circumstances will the Government of the Northern Mariana Islands be responsible for employee's costs of transportation, per diem, books, tuition, living expenses, or any other cost attributable directly or indirectly to employee's attendance at the course of study for which Educational and Training Leave is granted.

8. Educational and Training Leave shall be granted only in accordance with the terms and conditions of the Agreement attached hereto as "Exhibit A".

9. Educational and Training Leave status will be suspended during any period in excess of five consecutive calendar days (excluding Saturdays and Sundays) when the employee's course of study is recessed, as for vacation or similar reasons. The employee is expected to return to the Department of Education (at his or her own expense) for assignment to duties within the Department during such time, and if the employee does not do so, he or she will be placed on leave status (annual or without pay, as appropriate) during such period.

10. An employee on Educational and Training Leave is excepted to be a full time student at the institution which she or he attends. For this purpose, employees shall carry a minimum load of six credits for summer session, or 12 credits per quarter or semester.

11. The Superintendent shall require each employee to meet certain reporting requirements concerning her or his course of study and her or his performance therein. Any employee who fails to comply with such reporting requirements shall be placed on leave status, and shall not be entitled to reinstatement of Educational and Training Leave status unless and until such requirements are complied. Any employee who, while on Educational and Training Leave status, fails to comply with the conditions

Under which such leave was granted, shall be placed upon Annual Leave status or Leave Without Pay status, as appropriate, retro-active to the date when such employee was placed on Educational and Training Leave.

12. Every employee who is on Educational and Training Leave status shall cause to be sent to the Superintendent of Education a certification of her or his participation in the course of study attended, which certification shall indicate the number of credits carried, if applicable. Within thirty (30) days after completion of every grading period while the employee is on such status, transcripts of the grades received and courses taken must be submitted to the Superintendent.

Adopted on April 25, 1979 by the Northern Mariana Board of Education.

Apr. 6, 1979
Date

L. D. Cabrera
Lorenzo DLG. Cabrera
Chairperson
Northern Mariana Board of Education

A G R E E M E N T

THIS AGREEMENT, made and entered into this _____ day of _____, 19____, by and between the Department of Education and _____, a resident of _____, Northern Mariana Islands, hereinafter referred to as Employee,

W I T N E S S E T H:

WHEREAS, Employee is an employee of DOE; and

WHEREAS, both of the parties to this Agreement, for their mutual benefit, desire that employee obtain instruction in matters which will enable Employee more adequately to fulfill the duties of Employee's present positions and/or to acquire skills and knowledge which will better prepare Employee for advancement within DOE; and

WHEREAS, DOE is desirous of assuring that its investment in Employee's education is returned to DOE by virtue of Employee's continued service; now, therefore,

FOR AND IN CONSIDERATION of the mutual promises and covenants contained herein, and of the mutual benefit to the parties to be realized hereunder, the parties do hereby agree as follows:

1. Employee will be granted Educational and Training Leave for the purpose of attending the following:

Educational Institution:

Location:

Dates:

2. Educational and Training Leave is granted to Employee subject to the provisions of DOE's "Statement of Policy Concerning Educational and Training leave", which is incorporated herein by this reference.

3. Within thirty (30) days following the completion of Employee's attendance at the educational described hereinabove, DOE shall present to employee, in writing, a statement of all salary paid to Employee while Employee was on Educational and Training Leave Status. The total salary so paid shall constitute an obligation of Employee to the Government of the Northern Mariana Islands, and Employee agrees to repay the Government the full amount thereof, without interest, upon the date of termination of his or her employment with DOE, as follows:

a. If Employee is dismissed by DOE for other than disciplinary reasons, the obligation of Employee hereunder shall be cancelled, as of the date of such dismissal.

b. If Employee resigns from employment, or if Employee is terminated for disciplinary reasons, the obligation of Employee hereunder shall be reduced by two and one-half percent (2½) for each full month of employment completed following the date of completion of the course of instruction, and cancelled in its entirety after the expiration of three (3) years of employment following such date; provided, that periods of time while Employee is on annual leave or leave without pay status shall be excluded in calculating the period of employment following completion of the course of instruction for the purposes of this paragraph.

4. Employee agrees that any amounts due the Government of the Northern Mariana Islands under this Agreement may be withheld and deducted from any salary or other payments due Employee by the Government upon Employee's termination of employment; that, in the event that any balance remains due and owing after such deduction, such balance shall bear interest from the date of termination at the rate of 12% per annum; and that, if the matter is referred to an attorney for collection of any sum due hereunder, Employee will in addition be liable for attorney's fees of 20% of the balance due, including the principal sum and interest thereupon, together with the costs of any legal action to recover the same.

5. The parties further understand and agree as follows:

(a) This Agreement constitutes the entire agreements between the parties, and there are no representations, promises, or warranties other those expressly set forth herein.

(b) This Agreement may be amended only in writing, upon mutual agreement of the parties.

(c) This Agreement shall be binding upon the parties hereto, and upon the respective heirs, successors, administrators, and assigns.

(d) This Agreement shall take effect upon its execution by the parties hereto.

IN WITNESS WHEREOF, the parties hereto and cause these premises to executed, the date and year above-written;

DEPARTMENT OF EDUCATION

Approve as to form:

SUPERINTENDENT OF EDUCATION

EMPLOYEE:

Attorney General
Government of the Northern
Mariana Islands


Employee

Approved as to Content:

Personnel Officer

Adopted on April 25, 1979 by the Northern Marianas Board of Education.

Aug. 6, 1979
Date



Lorenzo DLG. Cabrera
Chairperson
Northern Marianas Board of Education

EMPLOYMENT OF TEACHERS FOR ELEMENTARY
AND SECONDARY SCHOOL

AGENCY: Department of Education

ACTION: Notice of Proposed Regulation


SUMMARY: The Northern Marianas Board of Education proposes regulation governing employment of teachers for the elementary and secondary schools. The proposed regulation covers policy of hiring of persons for the elementary and secondary schools.

DATE: Interested persons are invited to submit written comments to the Office of the Superintendent of Education within thirty (30 days from the date of this notice is published in the Commonwealth Register.

ADDRESSES: Comments should be addressed to the Office of the Superintendent of Education, Department of Education, Commonwealth of the Northern Mariana Islands, Saipan CM 96950.

FOR FURTHER INFORMATION CONTACT: Herman T. Guerrero, 9311 or 9812.

Aug 6, 1979
Date


Lorenzo DLG. Cabrera
Chairperson
Northern Marianas Board of Education

EDUCATION OF TEACHERS FOR ELEMENTARY
AND SECONDARY SCHOOLS

The Northern Marianas Board of Education hereby adopts the following Policy of the Department of Education:

1. Effective July, 1, 1979, no person will be hired for employment for the elementary schools if such persons does not possess an associate degree or 60 semester credit hours.

2. Effective July 1, 1979, no person will be hired for employment for the secondary schools if such person does not possess a baccalaureate degree.

Adopted on April 20, 1979.

Aug. 6, 1979
Date

L. J. Cabrera
Lorenzo DLG. Cabrera
Chairperson
Northern Marianas Board of Education

By the authority vested in the Governor and the Board of Directors of the Economic Development Loan Fund, it is hereby published a revised Rules and Regulations, Policy and Procedure Manual incorporating previous amendments and new additions to said Rules and Regulations, Policy and Procedures Manual previously adopted.

The proposed Rules and Regulations include the following subjects:

- I. Establishment and Source of Funds
- II. Purpose of Funds
- III. General Policy for Loans
- IV. Guarantees
- V. Management
- VI. Duties of the Board and the Loan Committee
- VII. Prohibited Loans
- VIII. Basic Terms of Loans or Guarantees
- IX. Terms of Loan
- X. Schedule of Payments and Penalties
- XI. Appraisal
- XII. Loan Documentation
- XIII. Loan Application
- XIV. Investment Equity
- XV. Amount of Loan
- XVI. Loan Fees
- XVII. Amount of Loan Guarantees
- XVIII. Disbursement
- XIX. Insurance
- XX. Servicing of Loan
- XXI. Collection and Foreclosures
- XXII. Investigation and Audits
- XXIII. Privileged Information
- XXIV. Amendment of Policy and Procedure Manual
- XXV. Effective Date

Copies of the Rules and Regulations may be obtained from the Executive Director, Economic Development Loan Fund.

The Economic Development Loan Fund is soliciting views, opinions, and facts for or against the proposed Rules and Regulations from the general public.

Anyone interested in commenting on the proposed Rules and Regulations may do so by submitting it in writing to the office of the Economic Development Loan Fund, 4th Floor, Nauru Building, Saipan, CM, 96950, within 30 days from the date this notice is published in the Commonwealth Register.



Commonwealth of the Northern Mariana Islands

Office of the Governor

Saipan, Mariana Islands 96950

Cable Address:
Gov. NM Saipan

POLICY AND PROCEDURE MANUAL THE ECONOMIC DEVELOPMENT LOAN FUND NORTHERN MARIANA ISLANDS

I ESTABLISHMENT AND SOURCE OF FUNDS:

The Covenant for the establishment of a Commonwealth of the Northern Mariana Islands, as signed on February 15, 1975, provides for the establishment of an Economic Development Loan Fund, pursuant to Article VII, Section 702(c), et. seq. The main sources of funds shall be received from the U.S. Government per the Covenant, pursuant to Article II, Section 5 and Article III, Section 9A, Constitution of the Northern Mariana Islands, however, such does not prohibit monies from any other sources. The Covenant being vague and general in certain respects, leaves much of the details for the establishment and administration of the Economic Development Fund to the Government of the Northern Mariana Islands. Accordingly, the various laws of the Commonwealth of the Northern Mariana Islands must be examined from time to time. The policies and procedures contained herein will be subject to change from time to time by the Board of Directors and approval of the Governor to comply with the various laws and with the economic development and demands of the Northern Mariana Islands.

II. PURPOSE OF FUNDS:

The purpose of the Economic Development Loan Fund, hereinafter referred to as the "Fund," shall be used to develop the economic

resources needed to meet the financial responsibilities of local self-government. Further, out of the funds as provided by the Federal Government, pursuant to the Covenant, as used to establish an Economic Development Loan Fund, \$500,000.00 each year will be reserved for small loans to farmers and fishermen and to agricultural and marine cooperatives. Section 704 of the Covenant further provides that funds not expended or obligated by the Government of the Northern Mariana Islands during any fiscal year will remain available for obligation or expenditure in subsequent fiscal years for the purposes for which the funds were appropriated. Monies from other sources will not be subject to the restrictions contained in the Covenant. The objective of the Fund as stated herein, shall be a long range objective. Accordingly, the funds shall be used to make loans or guarantees which are commercially feasible and in which there will be a high degree of success. All loans or guarantees will be viewed in the light of it being a profitable loan or guarantee based on similar standards as used by other financial institutions within the Northern Mariana Islands. Although it is intended that the Fund become a commercially profitable fund, its purpose is not to compete with the other financial institutions on the islands. It must be a profitable fund in order to sustain itself in future years which in turn would allow further economic development of the Northern Mariana Islands.

III. GENERAL POLICY FOR LOANS:

All loans made by the Board through recommendation of the Loan Committee shall be for the purpose of promoting economic

development in the Northern Mariana Islands. Loans to farmers and fishermen and to agricultural cooperatives need not be for high commercial purposes, but such loans to farmers or fishermen shall not be for their personal use, hobbies, or non-commercial purpose, but must be used for the development of their crops or fishing catches for commercial purposes. All loans made shall conform to the lending policies established hereby. Loans granted shall be on a reasonable and prudent basis and it is important that all loans must be economically feasible with a substantial degree of success of the particular venture. It is important that no loan be granted without some sort of equity investment on the part of the loan applicant. It is important that the loan applicant demonstrate, through such equity investment, that the particular project is important enough to risk his own capital and assets.

IV. GUARANTEES:

The Board shall also have the authority to guarantee loans, provided that such loans are made by financial institutions authorized to do business in the Northern Mariana Islands and such loans by the financial institution satisfy the same requirements of a direct loan approved by the Board.

V. MANAGEMENT:

A. Members of Board: The affairs of the Fund shall be managed by a Board of Directors, ten (10) in number of which, three shall be ex-officio without voting power representing the Department of Commerce and Labor, Department of Natural Resources and the Attorney General. Ample representation shall be from the business community and at least two of which shall be representing the

A commercial banking community (from a bank or savings and loan authorized to do business in the Northern Mariana Islands and which its deposits are Federally insured) and one each representing the business community, the public sector and the administration, one representing the island of Rota and one representing the island of Tinian. All Directors shall be appointed by the Governor of the Northern Mariana Islands. The representation of the commercial banking community on the Board shall be on a rotation basis among all the commercial banks or savings and loans duly licensed to do business in the Northern Mariana Islands. During the first year of operation of the Fund, the members of the Board shall serve staggered terms: One member shall serve for one (1) year, another for two (2) years, and the balance of the membership shall be for three (3) years. Each member replacing a Board member after his original terms, shall serve a period of three (3) years. The Governor shall determine the initial terms of the members of the Board and insure that the appointment comply with Public Law 1-8, Title 1(A), Chapter 1, Administrative Provision.

B. Chairman, Executive Director and Loan Committee: The Board shall select a Chairman from among its membership and shall select an Executive Director for the Fund who shall be the working or operational officer of the Fund and who shall manage the day-to-day operation of the Fund. The Chairman shall have no vote except when necessary to break tie votes. The Board shall, from time to time, establish policies with the approval of the Governor for the conduct of the Fund and shall be accountable to the

Governor for the affairs of the Funds. The Board shall establish a Loan Committee of four (4) members, whose members shall be selected by the Board and shall consist of the Executive Director, one (1) Board member representing the public sector and one (1) Board member representing the commercial banks, the balance of the members and such other members from the business community, or from any other sources or from the working or operational officers or employees of the Fund, taking into consideration the business and financial background and experience of each committee member. The Loan Committee shall be chaired by the Executive Director who shall have no vote except when necessary to break a tie vote.

C. Loan Committee - Purpose: The purpose of the Loan Committee shall be to review all loan applications on a monthly basis or upon request by the Chairman. The Credit Committee shall make its recommendations to the Board as to the approval, disapproval or other conditions concerning any loan applications. The staff of the Fund shall compile and obtain all necessary information for a complete loan application to be reviewed by the Loan Committee.

D. Board Vacancy: Each Board member as selected shall serve his full term unless the position is vacated by death or by voluntary resignation. Any vacancy shall be filled by appointment by the Governor. The Board may by majority vote recommend to the Governor for removal of any Board member for cause.

E. Quorum: The presence of the majority of the voting members shall constitute a quorum for the purposes of holding a meeting and making decisions. Voting by proxy is not permitted.

F. Time and Place of Meeting: The Executive Director or the Chairman of the Board shall call the Board's meeting at any time and place convenient for the Board members. Any Board member may request in writing to the Executive Director or the Chairman to hold a meeting. Such request must specify the purpose, preferred time and place of the meeting. Notice of a board meeting shall be given to each board member and at least three times daily over any local licensed radio station for three days prior to said meeting.

VI. DUTIES OF THE BOARD AND THE LOAN COMMITTEE:

A. Accounting and Investments: The Board shall maintain such separate accounts deemed necessary in a bank or savings and loan which is a member of the Federal Reserve System or the Federal Insurance Deposit Corporation. The Board shall also maintain appropriate accounting records consistent with U.S. banking standards. The Board shall have the authority to invest in such interest bearing accounts or securities as it deems appropriate and prudent. The Board shall not allow investment of the funds directly in a private business enterprise through purchase of stock equity. All property of the Fund shall be deemed to be the property of the Government of the Northern Mariana Islands.

B. Income: The Board shall cause to be collected and obtained:

1. All monies to be received by or on behalf of the Fund in respect to repayment of any loan made and the interest collected therefrom.

2. All monies arising from property or investments acquired by or invested by the Board.
3. Other monies due and payable to the Fund.

C. Disbursements: The Board shall pay out of the Fund:

1. Amounts of loan approved by the Board of Directors or loans approved jointly by the Credit Committee and the Executive Director within the policy guidelines established by the Board.
2. Amounts for the making of investments.
3. All expenses, costs and obligations properly incurred or expended by or on behalf of the Fund.

D. Checks: All checks issued by the Fund in payment of the expenses or obligations shall contain two (2) signatures, one (1) of which shall be by the Executive Director or Chairman of the Board of Directors, and the other by the Vice-Chairman or other officer of the Fund with check signing authority as approved by the Board of Directors.

E. Responsibilities of Executive Director: The Executive Director of the Fund shall be responsible for the day-to-day operation of the Fund and shall report to the Board. Further, the Executive Director shall maintain appropriate ledgers, records, documents and papers commensurate with good accounting practices for the Fund. The Executive Director shall institute tickler and follow-up systems on the collection of accounts, and prepare monthly reports to the Chairman of the Board of Directors including Balance Sheets, Profit and Loss Statements, Cash Available for Loans and Status of Receivables, Status of

Loan Reports, Delinquency Reports, and other reports as deemed necessary by the Board. Separate independent financial statements concerning the Fund shall be made annually, or periodic statements by a certified public accountant shall be given to the Board if they deem it necessary to be received more often than annually.

F. Functions of Loan Committee: The Loan Committee shall meet to review and consider all loan applications as to whether or not the loan satisfies the purpose of the Economic Development Fund, namely, that such is for the economic benefit and welfare of the Northern Mariana Islands. Further, Loan Committee shall determine whether or not the loan is commercially feasible and whether or not the loan applicant is worthy of the loan and has the necessary pay-back ability and whether or not such meets criteria and standards of the procedures set forth herein.

G. Outside Counsel or Accounting Firms: The Board may employ an attorney qualified to practice within the Northern Mariana Islands to counsel the Board as to legal matters concerning any loan, the preparation of the necessary documents for the loan and representing the Board on any or all legal matters pertaining to the operation of the loan fund. The Board shall see that the firm as employed shall be qualified, competent and have experience in the area of real estate and financing. The Board may also employ a certified public accounting firm to review and audit the books, accounts and ledgers of the Fund and such firm shall also make any recommendations to the Board as such firm deems necessary.

H. Contracting Authority: The Executive Director and/or the Chairman (and Vice-Chairman in the absence of the Chairman) shall have contracting authority for the purposes of dealing with all matters pertaining to the operations of the Fund, such as execution of all loan guarantees, and other agreements necessary to the operation of the Fund.

VII. PROHIBITED LOANS:

A. Two EDLF Directors - Conflict of Interest: No loan shall be made to any corporation, company, association, partnership or legal entity in which any two (2) Directors shall have any interest or benefit therein, whether directly or indirectly. Such loan shall also be prohibited if two (2) or more of the Directors have members of their immediate family such as brothers, sisters, spouse, parents, parents-in-law, brothers-in-law, sisters-in-law or children have an interest in shall receive any benefit whatsoever in the approval of such loan.

B. One EDLF Director - Conflict of Interest: A loan may be granted by the Board in the event only one (1) Board member has an interest in the granting of such loan provided that no loan shall be granted if such Director is an Officer, Director, partner or major stockholder (1/3 controlling interest) of the applicant; however, such Director which has an interest in the granting of such loan shall disqualify himself and shall not participate in any way whatsoever in the presentation of such loan application or in influencing the Board in any way whatsoever. Such Board member shall not and shall be prohibited from discussing the merits or any reasons favoring the granting of

this loan application with any members of the Board of Executive Director or employees of the Fund. Any Director shall disqualify himself in the event such Director has an interest or shall benefit from the granting of such loan in any way whatsoever, either directly or indirectly. Such Director shall also disqualify himself as contained herein in the event members of his immediate family, namely by or through his spouse, brothers or sisters, parents, parents-in-law, brothers-in-law, sisters-in-law or children, have an interest in the granting of such loan.

VIII. BASIC TERMS OF LOANS OR GUARANTEES:

A. Commercial Purpose: All loans shall be for the purpose of commercial development, whether it be for high commercial purposes, or small loan aids to farmers, fishermen or cooperatives. No loans or guarantees shall be made to or for any person for hobby, personal entertainment or personal pleasure. If the law requires, loan or guarantee applicants shall obtain a business license relating to the purpose of the loan prior to any disbursement of monies if the loan is granted or before the guarantee becomes effective. Before a loan guarantee is approved by the Board, such loan by the financial institution shall satisfy the same loan criteria hereunder.

B. Security: All loans, regardless of amount, shall be secured by an interest in real property (in fee simple or leasehold interest), or personal property as follows:

1. First Mortgage on Real Estate: Whenever possible, all loans will be secured by a first mortgage or deed of trust interest in the fee simple interest

or leasehold interest in real property. The loan to value ratio of any assets given as security shall not exceed eighty percent (80%) of value of the assets and improvements.

2. Second Mortgage on Real Estate: Second mortgage interests should be discouraged, but may be allowed only if such loan application is highly and strongly economically feasible, that the loan applicant has a good credit rating and good repayment ability, and that the total outstanding principal debt of any first security interest on the asset plus the second mortgage amount will total no more than eighty percent (80%) of the assets and improvements.
3. Third Mortgage or Security Interest: In no event shall the Board approve or allow a third mortgage or security interest or any other lesser interest on real estate unless such third or lesser security interest is not the main sources of security for the loan and the Board receives a security interest on real property pursuant to the requirements for a first or second mortgage as set forth above. Further, that the loan itself can stand and be justified solely on the security requirements for first or second mortgage, and that the taking of a third or lesser security interest is merely additional security for assurance of repayment.

4. Chattel Mortgage: Loans may be secured by a chattel mortgage or a security interest as allowed by law on personal property provided that such loan shall not exceed fifty percent (50%) of the value of such personal property, or of the purchase price thereof, whichever is lower, and provided such chattel mortgage or security interest is a primary security interest. Crops or agricultural products such as crop, livestock, poultry and fish shall not be used as security for any loans whatsoever due to its perishable nature.

5. Use of Funds: Any reference as to the purchase price as set forth above shall mean that the loan shall be used for the purchase of such goods, materials, supplies, equipment or real property as the case may be and such shall not mean the purchase price of any property previously owned by the loan applicant and being put up as security.

C. Loans to Farmers or Fishermen or Cooperatives: No individual farmer, fisherman or cooperative shall receive such individual small loan without security as set forth above.

IX. TERM OF LOANS:

A. Real Estate Mortgage: If secured by first mortgage, maximum term of twenty (20) years.

B. Real Estate Mortgage - Second Mortgage: If secured by second mortgage, a maximum term of seven (7) years, unless the second mortgage interest is not the primary security of the loan

but is secured by a first mortgage on real property and that such first mortgage is sufficient security and justification for the loan in itself.

C. Personal Property Security Interest: If secured by a personal property security interest, a maximum term of three (3) years.

X. SCHEDULE OF PAYMENTS AND PENALTIES:

A. Term and Payment of Loans: The Board shall have the discretion to determine the term of the loan, provided that such shall not exceed twenty (20) years depending upon the type and quality of the security for the loan, and pay-back of the loan method and manner of repayment. The loan shall not be structured to provide for only principal and interest payments on an annual basis and in no event shall any loan be structured so that the loan applicant shall be allowed to pay only interest on the principal each month for a period in excess of one (1) year. For the purpose of agricultural loans only, additional grace period may be granted on a case-by-case basis.

B. Late Payment Charges: Late payment charges shall be assessed in the event any payments are late at the rate of three percent (3%) of the monthly installment due and payable. Payments received after 15 calendar days from the due date shall be assessed the late payment charge.

C. Prepayment: No prepayment penalty shall be assessed on payments.

XI. APPRAISAL:

The value of all property being given as security, whether

it be real property or personal property, may require an appraisal report by an independent appraiser acceptable to the Board. The Board shall examine the qualifications of the appraiser to determine whether or not his work product is acceptable.

Generally, any appraisal reports on real property shall be done by an appraiser whose work product is acceptable to at least two (2) financial institutions on Guam or the Northern Mariana Islands. As to any personal property which is not being purchased with the loan proceeds, then such personal property being given as security shall be appraised by two (2) independent appraisers whom the Board deems acceptable. The lower figure of the two independent appraisers of the personal property being given as security shall be used by the Board to determine whether or not the personal property has adequate value for the purpose of securing the loan.

XII. LOAN DOCUMENTATION:

The loan documentation shall be prepared by an attorney for the Board and whenever possible, the documentation shall be standardized. The documents shall include but not be limited to a promissory note, mortgage, loan agreement, assignments, etc., as shall be approved by the attorney and recommended to the Board.

XIII. LOAN APPLICATIONS:

A. Qualifications of Applicant: An application for a direct or guaranteed loan may be submitted by U.S. citizens or U.S. National having at least a one (1) year residency in the Northern Mariana Islands, a citizen of the Northern Mariana

Islands, or a partnership or association wholly owned by citizens of the Northern Mariana Islands, or a corporation organized under the laws of the Northern Mariana Islands of which at least fifty-one percent (51%) of the capital stock outstanding and entitled to vote is owned and held by U.S. citizens or citizens of the Northern Marianas, or by a U.S. corporation, properly licensed and registered under the laws of the Northern Mariana Islands. No loans shall be made to any public commission or authority or any other legal entity or organization which is a part of a political subdivision of the Commonwealth of the Northern Mariana Islands or any other government. The loan applicant must:

1. Have demonstrated historically good moral responsibility.
2. Have good financial responsibility.
3. Have shown through previous acts and a history of his business, the ability to operate his/her business successfully, regardless of whether or not the loan shall be for a new business venture unrelated to the present loan applicant's business.
4. Show loan applicant's past financial records of its existing business and the future aspects indicating the loan applicant's ability to repay the loan.
5. Have the amount of loan equity contribution to the loan project.
6. And any other criteria which will relate to the success of the business, the credibility of the loan applicant and other factors as the Board may require or determine from time to time.

B. Economic Development: All loans must satisfy the Board that the loan will be beneficial, desirable and necessary to develop the economy of the Northern Mariana Islands. The following are some guidelines or criteria which the Board shall consider:

1. Creation of employment.
2. Replacement of imports.
3. Reduction in consumer prices.
4. Creation of needed facilities and services.
5. Creation of exports.
6. And such other criteria as the Board may establish.

C. Farmers or Fishermen Loans: As to the granting of small loans to farmers and fishermen or cooperatives as set forth in the Covenant, a small loan shall mean such amount as the Board shall determine from time to time. The granting of such small loans to farmers and fishermen or cooperatives must satisfy the Board that such is necessary, or beneficial to the development of the economy of the Northern Mariana Islands, and the following are some guidelines or criteria which the Board shall consider:

1. Creation of employment.
2. Replacement of imports by way of providing produce or food products at a commercial level.
3. Reduction in consumer prices.
4. Creation of needed facilities and services.
5. Creation of exports.
6. And such other criteria as the Board may establish.

D. Other Required Information: Financial statements, appraisal reports, information sheets and credit check authorization shall be

E. Denial from Private Financial Institution: As one of the eligibility requirements, the loan applicant shall produce evidence that he has made efforts to obtain a loan from a commercial lending institution and that such commercial lending institution has denied the granting of such loan. The loan applicant shall file with the loan application a written statement from such commercial lending institution setting forth the reasons for the denial of the loan. The Board shall not guarantee any loan for any applicant unless the commercial lending institution would not grant the loan without such guarantee by the Board. The Board shall seriously consider the reasons the commercial lending institution denied the loan for such reasons may be similar justification for the Board to deny the loan or guarantee itself, for such reasons including but not limited to poor credit, low repayment ability, high risk, etc. Because of the absence of a commercial lending institution in Rota, Tinian, and the Northern Islands, the Executive Director at his discretion may on a case-by-case basis waive the above requirements for applicants who resides in Rota, Tinian and the Northern Islands. Should a commercial lending institution be established, the applicant must first be denied by such lending institution before EDLF can entertain the application.

F. Filing: All loan applications are to be filed with the Executive Director.

G. Credit Underwriting Criteria:

1. No loans shall be granted unless the Executive Director has exhausted every possible examination of the loan applicants and its principal officers or stockholders credit standings. All sources,

shall be examined and the Board shall obtain authority from the loan applicant to send letters requesting credit information.

2. No loan applicant shall be granted a loan if such person has been adjudicated or has filed bankruptcy or any sort of proceedings concerning the discharge of debts due to the inability to pay the same within three (3) years from the date of filing the loan application.
3. No loan applicant shall be granted if in default of any debt, loan or obligation whatsoever at the time of filing the application and that the loan applicant does not have a material history of defaults in its previous loans or other credit without justification.
4. Unless for good cause shown, no loan applicant shall be qualified for a loan in the event any foreclosure proceedings were instituted or commenced against the loan applicant within the last three (3) years prior to the filing of the loan application. This paragraph applies if such proceedings were merely instituted but not completed for one reason or another. For "good cause" shall mean that the proceedings were instituted by the creditor as the result of some mistake or as a result of something beyond the control of the loan applicant and that the loan applicant was without fault.

5. No loan applicant shall be qualified for a loan in the event any property was actually foreclosed upon, taken and sold at foreclosure sale to satisfy any debt owed to a creditor and that such sale occurred within the last five (5) years of the loan application as filed.
6. No applicant shall be qualified for a loan in the event a judgment has been filed or made by any court against the loan applicant for a debt or obligation owed to a creditor and that such judgment was filed or made by a court within three (3) years of the loan application as filed.
7. The Board shall take into consideration any notices of default, other facts or information, or any other defects in the credit rating or comments made by any other creditors. The Board shall determine whether or not such shall materially effect the loan applicant's request for a loan.

H. Repayment Ability: The repayment ability of the loan applicant shall be of primary concern to the Board for the granting of such loan. The profits, income and proceeds from the business in itself in which the loan proceeds are used shall be the primary source of the loan applicant's repayment ability. The Board shall also be entitled to consider the loan applicant's personal repayment ability from other sources. Assignment of proceeds or income from other sources may be used by the Board as security for the repayment of the loan.

Experience: The new business in itself and the proceeds for which the loan shall be used shall be examined in the light of the experience of the loan applicant. Unless the loan applicant can justify which the loan would be used shall be considered as a material reason for the disapproval of the loan.

J. Projections: The loan applicant shall make projections and feasibility studies to the satisfaction of the Loan Committee and the Board. The assumptions for such projections must be clearly set forth, defined and explained so that the Board and the Loan Committee shall have a clear understanding of the method, manner and basis of the projections and studies. All projections or feasibility studies shall be realistic and conservative in nature.

K. Fraudulent Application: In the event a loan is made or guaranteed on the basis of what appears to be fraudulent or false application, the Board, upon learning of such application, shall refer the matter to the office of the Attorney General for appropriate action.

XIV. INVESTMENT EQUITY:

No loan shall be granted without any investment equity in the particular business or product or personal property to be obtained or invested in by the loan applicant. The investment equity shall be in the form of either: (1) cash, (2) personal property, or (3) cash plus the remaining interest in the asset or property given as security. The remaining interest in the asset shall be the difference between the loan amount, and the value of the assets given as security or its purchase price, whichever is lower. It is important that the Board require that the loan applicant invest a certain amount of money or cash for the working capital as part of the

investment equity. In no event shall the Board allow any loan without the loan applicant having investment equity of at least ten percent (10%), even if the value of the asset being given as security has sufficient value to exceed the loan ratios required herein.

XV. AMOUNT OF LOAN:

Any commercial loan to the loan applicant shall be in such amounts as determined by the Board, however, in no event shall any one loan to any individual loan applicant be made in excess of the following:

1. Twenty percent (20%) of the total assets of the Fund during the first year of the Fund.
2. Fifteen percent (15%) of the total assets of the Fund during the second year of the Fund.
3. Ten percent (10%) of the total assets of the Fund during the third year of the Fund.
4. Five percent (5%) of the total assets of the Fund during the fourth year of the Fund, and for each year thereafter.

XVI. LOAN FEES:

A. Expenses: The loan applicants shall pay all loan fees necessary and incidental to the loan which may include but is not limited to recording fees, notary fees, appraisal fees, cost of the loan applicant's account or certified public accountant in the event such is required by the Board, loan application fees, and one-half (1/2) of the attorneys fees incurred by the Board for the drafting of the loan documents in the making of the loan.

B. Points or Loan Charge: The Board shall assess each loan applicant a service charge for the making of each loan.

Said charge shall be \$25.00 for each loan which shall be paid at time of the loan closing. This charge shall not apply to small loans to farmers, fishermen or cooperatives. Loans of \$10,000.00 or less to farmers, fishermen or cooperative shall be considered small loans.

C. Interest: The Board may assess interest on all loans at the maximum rate as shall be allowed by law.

XVII. AMOUNT OF LOAN GUARANTEES: The Board may approve loan guarantees in the event any commercial financial institution, licensed to do business in the Northern Mariana Islands, makes a loan to a particular borrower. Such loan guarantees shall not be more than ninety percent (90%) of the total loan plus interest as made to the borrower by the commercial financial institution, and in no event shall any loan guarantee be approved by the Board if such financial institution requires the Fund place a reserve in excess of twenty-five percent (25%) of the amount guaranteed by the Fund be placed with the financial institution. Any funds placed with the financial institution as set forth as herein, shall accrue interest at the highest rate obtainable from the financial institution and as may be negotiated by the Board.

XVIII. DISBURSEMENTS:

A. No disbursements shall be made unless all the loan documents have been completed and executed and all fees, charges and other expenses have been paid.

B. No disbursements shall be made unless the loan applicant has produced all the necessary information and copies

of any other documents required as part of the loan including but not limited to all insurance policies, releases, etc., and shall have executed all loan documents, notes, mortgages, etc.

C. All disbursements shall be subject to accounting procedures and policies as adopted by the Board.

D. In the event it is a construction loan, then with each increment payment, an amount equal to a minimum of ten percent (10%) of the increment shall be withheld to assure that all subcontractors, materialmen and suppliers have been paid. These funds shall be released after sixty (60) days after the project has been completed, provided that the Board or the Executive Director is satisfied that all of the materialmen, subcontractors and other suppliers have been paid.

E. In the event the loan proceeds involve construction of improvements, then prior to the disbursements of any funds, each increment shall be first approved according to the plans and specifications by the loan applicant or owner. Upon receipt of such approval, then such increment shall be inspected to the satisfaction of the Executive Director or his representative to see that the increment has been completed according to the plans and specifications. Upon acceptance of such increment by the Executive Director, the funds may be disbursed subject to the ten percent (10%) withholding as set forth above. The Executive Director shall be or may be assisted by outside consultants or architects or engineers concerning the construction of such increments. Such consultants shall be used whenever possible to assure the soundness of any construction.

Further, the Department of Public Works, Northern Mariana Islands, shall be required to inspect the increments or construction pursuant to the laws and regulations of the Northern Mariana Islands.

F. In the event the disbursements involve the purchase of equipment, materials or personal property, disbursements shall be made only upon the loan applicant producing satisfactory receipts and or evidences concerning the costs and the receipt of such property.

G. At all times, the Executive Director and the Board shall assure that no funds shall be disbursed unless warranted and that all the terms and conditions of the loan agreement are satisfied.

XIX. INSURANCE:

All loans involving real property improvements as security shall have the necessary insurance proceeds insuring the improvements against any damage, against earthquake, fire, typhoon and any other casualties up to the full insurable value of the improvements provided, that at no time shall the insurance coverage be less than the amount of the outstanding loan balance. As to any construction loan, the loan applicant shall be required to produce a performance and payment bond covering the full value of the improvements and the construction cost. Any real estate loan shall also have title insurance policies if obtainable, naming the Fund as the loss payee. If title insurance is not obtainable, then an attorney's title opinion or such other assurances shall be obtained by the loan applicant as

the Board may require and as approved by the attorney for the Board. The expense of such title insurance, casualty insurance, title opinion, etc., shall be paid solely by the loan applicant.

XX. SERVICING OF LOAN:

A. The Executive Director shall institute such follow-up and tickler systems and accounting systems to assure that all the payments concerning the loans are received. The accounting systems as adopted by the Board shall be followed. Such systems shall include the follow-up on insurance payments, principal and interest payments and production of any financial statements required pursuant to the loan agreement.

B. All loans shall require at least semi-annual financial reports from all of the loan applicants, plus a status report of the business and the progress of their economic development. However, the Board, at its discretion, may require the loan applicant to submit monthly financial reports and balance sheet to the Executive Director and any other information from time to time showing the progress and status of the loan applicant. The Executive Director, or his representative, shall meet with each loan applicant at least semi-annually to discuss any problems with the loan applicant and to review his progress. The Executive Director shall submit to the Board such semi-annual progress report, or any other report as required by the Board concerning each loan applicant. The Board may require the Executive Director to submit such reports more than semi-annual if the Board deems it necessary. The Executive Director shall file with the Board field reports on all loans or individual loans as prescribed by the Board.

C. The Board at its discretion may contract for the servicing and collection of all loans with a financial institution authorized to do business in the Northern Mariana Islands and as insured by the various Federal agencies. The terms and conditions of such servicing agreement shall be determined by the Board.

XXI. COLLECTION AND FORECLOSURES:

A. The Executive Director or his representative shall closely monitor the payment of all loans by the borrowers. All loans shall be due and payable on the first day of each month. If any payment is not received by the thirty (30) day of each month, then the Executive Director or his executive officer shall make personal contact with the borrowers immediately thereafter concerning the payment. The Executive Director shall also send out such letters of notice of default as may be necessary or required pursuant to the terms and conditions of the loan agreements and the various loan documents.

B. In the event any payments are more than ninety (90) days delinquent, then the matter shall be forwarded to its attorney for collection. The attorney shall be authorized to send such notices and letters of default to the loan applicant to protect the right of the Fund and to minimize delinquencies.

C. The Executive Director shall make a monthly report of all delinquent accounts and as to the status and nature and as to what notices were given. Prior to the institution of any judicial or other legal proceedings for the actual foreclosure, such shall be first approved by the Board; however, unless good

cause is shown, foreclosure proceedings shall be instituted if the loan is more than ninety (90) days delinquent.

D. The Board shall use every effort to collect the monies due to the Fund and it is intended that aggressive measures be used for collection. It is important that the Fund be maintained in a strong position at all times and that delinquencies remain at a minimum.

E. In the event a loan is in default, the loan applicant may request or the Executive Director may recommend, a work-out situation with the loan applicant by modifying the terms and conditions of the loan. Provided, however, that such work-out or modification is reasonable and prudent and is to the benefit of the Fund. Commercial reasonableness shall be of a primary concern of the Executive Director in considering any work-out situation. Any such amendments for a work-out must be with the approval of the Executive Director. In consideration of such "work-out" or modification, a fee shall be charged in the amount of one-fourth percent (1/4%) of the remaining principal balance per month, and such must be paid by the loan applicant or borrower immediately prior to any amendment being put into full force and effect.

F. Amendments: Any amendments to the terms and conditions of the loan, once granted, and regardless of whether or not it is in default, shall require approval of the Executive Director.

XXIII. INVESTIGATION AND AUDITS:

The Board or the Executive Director may instruct a representative of the Fund, or may contract with a qualified person to investigate or audit the accounts of any borrower from the Fund or from the commercial banks guaranteed by the Economic

Development Loan Fund in order to ascertain:

1. Whether the loan has been used for the purpose for which it was granted.
2. Whether there is evidence or indication of future difficulties arising that might prevent the borrower from repaying the loan in accordance with the loan agreement.
3. Whether management or other assistance is needed to improve the business' operation.

XXIII: PRIVILEGED INFORMATION:

A. The Executive Director, Board members and every employee of the Fund shall observe the confidentiality of all matters relating to borrowers' and applicants' financial reports. Matters discussed within the Boards, and any other information pertaining to any individual or corporation directly or indirectly involved with EDLF must also be kept confidential.

B. The Executive Director, Board members and every employee of the Fund shall not engage in the preparation of any EDLF application and/or accept any compensation from any person, firm or corporation to prepare the loan application and/or make it look favorable to the Board and/or staff of EDLF.

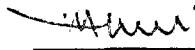
XIV. AMENDMENT OF POLICY AND PROCEDURE MANUAL:

This Policy and Procedure Manual may be amended from time to time upon recommendation of the Board and with the approval of the Governor.

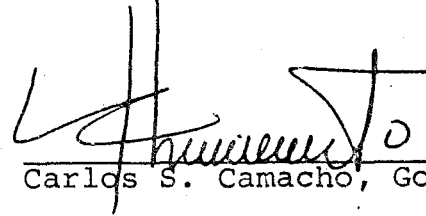
XV. EFFECTIVE DATE:

These Regulation governing the policies and procedures for the Economic Development Loan Fund of the Commonwealth of the

Northern Mariana Islands shall be effective upon publication in
the Commonwealth Register.



Chairman, EDLF Board of Directors



Carlos S. Camacho, Governor

Date: 8-13-79

Date: Aug 15, 1979



MARIANA ISLANDS AIRPORT AUTHORITY

SAIPAN INTERNATIONAL AIRPORT

P.O. BOX 1055 • SAIPAN • MARIANA ISLANDS 96950

Telephone 6717-6718

PUBLIC NOTICE

OF AMENDMENT TO THE RULES AND REGULATIONS

OF THE MARIANA ISLANDS AIRPORT AUTHORITY

The Mariana Islands Airport authority has proposed and hereby publishes and advertises the following Amendment to Part 12(b) of its Rules and Regulations:

"(b) Until otherwise determined by the Authority, the fees and charges set forth in this Part shall apply, except that (i) the landing fee provided in Part 12.1 shall be fifty-five cents (55¢) per thousand (1,000) pounds gross certified landing weight of the aircraft as determined by FAA for said aircraft, with a minimum fee of Five Dollars (\$5.00) per landing, for each landing at Saipan International Airport and Rota International Airport; and (ii) the Departure facility Service Charge provided in Part 12.3 shall be Three Dollars and Fifty Cents (\$3.50) per enplaned revenue passenger at Saipan International Airport and at Rota International Airport."

Interested persons may submit comments to Carlos A. Shoda, Executive Director, Mariana Islands Airport Authority, Saipan International Airport.

DATED, this 7th day of July, 1979:

MARIANA ISLANDS AIRPORT AUTHORITY

By: /s/ Jesus V. Deleon Guerrero
Jesus V. Deleon Guerrero
Chairman

DEPARTMENT OF COMMERCE AND LABOR

FEES FOR ALIEN WORKER PERMITS

PROPOSED RULEMAKING

1. AUTHORITY: Public Law 1-8, Chapter 9.
2. PURPOSE : To partially offset the administrative costs of processing and issuing alien worker permits by levying application and permit fees against those wishing to import such workers. It is expected that sufficient revenue will be generated pursuant to these rules to fund the additional positions necessary to achieve greater efficiencies in the processing of such permits.
3. DISCUSSION: It has become obvious both to the Department and to the business community that the present resources which can be devoted to the processing of alien worker permits are grossly inadequate, making the system highly inefficient and leading to unavoidable but annoying delays. Due to the limited revenues available for Commonwealth operations, it would be impossible to secure additional personnel positions for the alien worker program under the present situation. It is therefore proposed that a fee be charged for the processing of an application, the most expensive part of the system. Another fee will be charged for issuing of the permit itself, as this also involves significant costs.

In preliminary discussions with members of the business community, the Department proposed a \$15 application fee and a \$10 permit fee. Although the proposed fees did not seem overly burdensome, the comments suggested that Departmental costs associated with renewing a worker's permit were significantly less than for the initial application. The Department is therefore proposing that only the permit fee be charged for renewal of an alien worker permit by the same employer, provided the job remains essentially the same as the preceding year.

The Department originally suggested that the application fee be refunded if the employer was able to fill the position with a resident worker during the vacancy announcement period. This would entail tying up the employer's money for up to 30 days, and the refund would involve considerable administrative costs. Instead of collecting the fee at the beginning of the process, therefore, the Department will continue to do the initial processing and vacancy announcement without fee and only collect the fee on a non-refundable basis after it is determined that no resident worker can be located. The fee would accompany the application for the specific alien whom the employer proposes to hire.

The Chief of the Division of Labor is being delegated the authority to collect these fees and will develop a simplified form to expedite alien worker permit renewals. It is expected that these rules will take effect upon publication in final form in the next issue of the Commonwealth Register.

Interested persons may submit written comments to the Division of Labor, 4th Floor, Nauru Building (Tel. 7263), during regular business hours, within the next 30 days. A public hearing will be held if, in the judgment of the Director of Commerce and Labor, a sufficient number of persons request such hearing.

The text of the proposed regulations follows.

August 23, 1979

DAVID L. CAHN
Director

ALIEN WORKER PERMITS

Chapter I - Permit Fees

- 1.1 Application Fee. After the expiration of any required period during which a job vacancy must be announced within the Commonwealth of the Northern Mariana Islands, any person wishing to employ an alien worker to fill such vacancy shall make application to the Division of Labor pursuant to Title 49, Trust Territory Code, and these regulations. Such application shall be accompanied by a non-refundable fee of Fifteen Dollars (\$15.00). This fee may be paid in cash, or by check or money order payable to the Commonwealth Treasury. A single check may be submitted to cover the total amount due for more than one application submitted by a single employer at one time. A penalty fee of Five Dollars (\$5.00) will be assessed by the Chief, Division of Labor, for any check returned by the bank.
- 1.2 License Fee. After final approval of an application, the Chief, Division of Labor, shall issue an alien worker permit. Prior to release of such permit, a fee of Ten Dollars (\$10.00) shall be collected from the employer. This fee may be paid in cash, or by check or money order payable to the Commonwealth Treasury. A single check may be submitted to cover the total amount due for all permits released to a single employer at one time. A penalty fee of Five Dollars (\$5.00) will be assessed by the Chief, Division of Labor, for any check returned by the bank.
- 1.3 Renewals. Application for renewal of an alien worker permit shall, after the expiration of any required vacancy announcement, be made on a simplified form provided for such purpose by the Chief, Division of Labor. A permit fee shall be collected from the employer pursuant to Section 1.2 of this Chapter for such renewal. An application fee shall not be required for renewal unless, in the discretion of the Chief, Division of Labor, the job title and duties of such alien are sufficiently changed to require re-application. This Section shall only apply to renewal requests by the alien's current employer.

- 1.4 Transfers. Upon approval of a request to transfer an alien worker from one employer to another, the gaining employer shall pay a permit fee pursuant to Section 1.2 of this Chapter, regardless of the time remaining in the current contract. No application fee shall be required for such transfer unless, in the discretion of the Chief, Division of Labor, the job title and duties of the alien are sufficiently changed to require re-application.

DEPARTMENT OF COMMERCE AND LABOR

Pre-Certification of Critical Shortage Occupations

Notice of Intention

1. Authority: Public Law 1-8, Chapter 9.
2. Discussion: The 30-day vacancy announcement period required pursuant to Title 49, Trust Territory Code, often does not serve the purpose of protecting resident workers. With respect to several occupations which are critical to the economic development of the Commonwealth, applications from resident workers are rarely, if ever, forthcoming. In these cases, the 30-day requirement serves merely as a bureaucratic exercise which delays the inevitable granting of an alien worker permit, and increases costs both to the employer and to the consumer. It is the intention of the Department of Commerce and Labor, therefore, to establish a pre-certification list of occupations which are critical to the development of the Commonwealth, the demand for which routinely cannot be met by resident workers. Occupations on the pre-certification list would be subject to a seven-day vacancy announcement period, in lieu of the 30-day period.

The public is invited to submit nominations of occupations to be included on the initial pre-certification list. Such nominations shall be accompanied by a justification for such inclusion. Negative nominations, suggesting that certain occupations not be included on the pre-certification list, are also solicited, together with justification therefore. Nominations should be sent to the Division of Labor, 4th Floor, Nauru Building (Tel. 7263), during regular business hours.

All nominations received prior to the deadline for the next issue of the Commonwealth Register will be published in such issue together with a formal notice of proposed rulemaking. At that time, comments on the nominated occupations and on the rulemaking itself will be solicited. The rulemaking will include procedures for periodically adding or deleting occupations from the list, for public or agency hearing where necessary, and for annual or semi-annual review of the entire list. It is expected that the new system will go into effect on or about November 1, 1979.

August 23, 1979

DAVID L. CAHN
Director

GASOLINE ALLOCATION EMERGENCY REGULATIONS

Authority: Emergency Executive Order No. 13 delegated to the Director of Commerce and Labor authority to implement the Executive Order, take other action not inconsistent with the order, and to modify or suspend application of the order to any municipality at his own initiative or at the request of a Mayor. The following regulations are promulgated pursuant to such authority:

1) Containers

(a) The provisions of paragraph 6 of the Executive relating to the dispensing, receipt, and storage of gasoline in excess of 5 gallons are hereby modified in their application to Saipan, Tinian, and Rota to read 2 gallons, except that it shall not be a violation to store between 2 and 5 gallons for the first 14 days after the effective date of this regulation.

(b) Persons exempted by the Executive Order from the maximum receipt and storage provisions of paragraph 6 thereof must show their identification to the service station attendant before the gasoline is dispensed. On a form provided by the Department of Commerce and Labor for such purpose, the purchaser shall print his name, the purpose entitling him to the exemption, and his signature. The attendant shall enter the number of gallons dispensed and his initials. If such form is unavailable, the operator of the service station shall provide suitable paper for the entry of the foregoing information.

(c) The documentation for exemption from the maximum receipt and storage provisions of paragraph 6 in the Executive Order is not transferrable. If a gas station attendant has any doubt as to the identity of a person providing such documentation, he may require such person to show additional corroborating identification. If the matter cannot be resolved in this manner, it shall be referred to the Department of Natural Resources or the Department of Commerce and Labor, as appropriate.

(d) Gasoline dispensed into containers for the purposes of fishing shall, if the boat to be utilized is powered by an outboard motor, be premixed with oil in order to prevent abuse.

2) Commercial Sales

(a) In order to provide sufficient gasoline for both commercial and retail use, the commercial set-aside

permitted under paragraph 2 of the Executive Order shall not exceed 2/3 of the total gasoline available for sale by the service station in the month. Gasoline available shall include the monthly allotment from the supplier plus gas on hand prior to the first delivery of the month.

(b) It is the policy of the gasoline allocation program to interfere in the relationships between gas stations and their commercial customers to the minimum extent necessary. This policy will continue as long as it remains practical. To the maximum extent possible, in consonant with sound business judgment and the provisions of the Executive Order and this regulation, service station operators shall continue the commercial relationships they had with farmers, fishermen, and others prior to the gasoline allocation program.

(c) The odd-even plan and the required fill provisions of paragraphs (3) and (4) of the Executive Order shall not apply to the commercial set-aside. Also, except as provided in paragraph (d) of this regulation, operators may refuse to serve any potential commercial customer.

(d) If a person entitled to purchase gasoline under the commercial set-aside program permitted purchase pursuant to the provisions of paragraph 2 of the Executive Order, is not able to arrive at a satisfactory business relationship with a service station, the Director of Commerce and Labor will, upon request, assign such person to a station participating in the commercial set-aside program. Such assignment shall be in rotation among the stations participating in such program.

(e) No passenger vehicle, except a rental car, and no pick-up truck, other than one with a commercial sign painted on or otherwise permanently attached to it and registered to and in the possession of the company identified on such sign, shall be dispensed gasoline at a time and place designated for use of the commercial set-aside, unless documented as commercial vehicle by the Department of Commerce and Labor.

(f) The decision as to whether a passenger vehicle or pick-up truck is or is not a commercial vehicle for purposes of the set-aside program, will be made on the basis of the predominant use of such vehicle. When the predominance of use is for agricultural (including fishery) production, or the transport of goods, such as wholesale delivery, the vehicle is more likely to be approved as commercial. If the predominant use of the vehicle is professional or managerial, such as for visiting a client or supervising the unloading of goods at the dock, such vehicle is more likely to be disapproved as commercial. Regardless of the foregoing, if the predominant use of the vehicle is for the pleasure or convenience of its owner or operator, the vehicle will not be documented as commercial.

(g) Any vehicle larger than a pick-up truck may be dispensed gasoline at the time and a place designated for commercial set-aside without further documentation by the Department of Commerce and Labor.

(h) The personal vehicles of employees of a service station, or of any related enterprise, are not entitled to be dispensed gasoline under the commercial set-aside program. For convenience of operation, personal cars of employees of a service station, but not a related enterprise, may be dispensed gas at the time designated for the opening of the station, before any vehicle waiting on line at such time is serviced. They may, of course, also get on line immediately prior to the placement of the "Last Car" sign. Employees of any enterprise related to the operation of a gas station will at all times be treated the same as any other retail customer.

3) Last Car

Paragraph 5 of the Executive Order provides that everyone on line when the "Last Car" sign is put in place shall be permitted to purchase gasoline. One exception is necessary to this general principle. When the number of vehicles on line prior to the designated opening time for a service station exceeds the number of vehicles which that station can reasonably

fill with gasoline under its daily allotment, the operator or attendant may place the sign in the appropriate vehicle and shall refuse to service vehicles on line behind such sign.

4) Statistics

(a) Except as otherwise provided in this regulation, each operator of a service station shall, not later than 4 p.m. each business day, bring to the offices of the Department of Commerce and Labor a daily report of the day's operations. A form will be provided by the Department for this purpose. If the owner or operator cannot make all the computations required on the form, he shall at a minimum enter the times of opening and closing for retail and commercial sales, the start and stop readings for each pump for retail and commercial sales, the number of retail and commercial vehicles served, and the number of containers filled. Each operator shall also bring with him the signed and initialed list of exempt container sale.

(b) If the service station has concluded retail sales, but not commercial sales, by 4 p.m., the operator shall contact the Department of Commerce and Labor in person or by phone for the purpose of determining the following day's retail target. The completed form shall then be delivered not later than 4 p.m. on the following business day.

(c) If the service station has not concluded retail sales at 4 p.m., he shall inform the Department of Commerce and Labor of such fact in person or by telephone. The form shall then be turned in not later than 4 p.m. on the following business day. The following day's retail target shall be the unadjusted daily allotment.

(d) Daily reports for Saturday and Sunday shall be submitted along with the Monday report, unless earlier collected by an employee of the Department. If a service station operator is unable to determine the retail target for Sunday or Monday due to this provision, he shall use the unadjusted daily allotment for such day.

(e) After concluding all sales on the 7th, 14th, 21st, 28th, and last day of each month, each station operator shall make a physical verification of the amount of gas remaining in the tanks of such station and report the same to the Department of Commerce and Labor with that day's daily record.

(f) The provisions of this regulation may be modified by employees of the Department of Commerce and Labor in Tinian and in Rota in order to provide the same or similar information, taking into consideration conditions on such island. Such information shall be transmitted to the Director of Commerce and Labor not less than weekly.

5) Deliveries

Service stations may receive deliveries near the end of one month under the following month's allocation. In this case they shall, before accepting such delivery, physically verify the number of gallons of gasoline remaining in their tanks. After accepting such delivery, they may continue to sell up to the physically verified balance for the current month. None of the gas delivered under the following month's allocation may be dispensed in the current month without the express permission of the Director of Commerce and Labor or his designee.

Effective Date: This regulation shall take effect at 6:00 a.m. August 1, 1979, or upon delivery to the service stations, whichever is later.



DAVID L. CAHN
Director of Commerce & Labor

DLC:lca



Commonwealth of the Northern Mariana Islands
Office of the Governor

Saipan, Northern Mariana Islands 96950

Cable Address:
Gov. NMIS Saipan

GENERAL EDUCATIONAL DEVELOPMENT (GED) TESTING PROGRAM

AGENCY: Department of Education

ACTION: Notice of Final Regulation

SUMMARY: The Northern Marianas Board of Education wishes to advise the public that the final rules and regulations governing the General Educational Development (GED) have been adopted.

The adopted regulation includes the following subjects:

1. Title of Credential
2. Requirements for Issuance of Diploma
3. Minimum Age for Testing
4. Requirements for Retesting
5. Methods of Applying
6. Official Transcripts
7. Fees
8. Administration of GED Testing Program
9. Official GED Centers

EFFECTIVE DATE: These regulations are effective July 18, 1979.

FOR FURTHER INFORMATION CONTACT: Student Assistance Office,
Department of Education, Commonwealth of the Northern Mariana
Islands, Saipan, CM 96950 (telephone 9812).

Aug. 6, 1979
Date

Lorenzo DLG. Cabrera
Lorenzo DLG. Cabrera
Chairperson
Northern Marianas Board of Education

GOVERNMENT OF THE NORTHERN MARIANA ISLANDS

DEPARTMENT OF EDUCATION

The General Education Development (GED) Testing Program

1. Title of Credential: Northern Mariana Islands High School Equivalency Diploma.

2. Requirements for Issuance of Diploma:

(a) Minimum Test Scores: A standard score of 35 on each of the five tests and an average standard score of 45 on all five tests.

(b) Minimum Age: 18, and applicant must have been out of school for at least six months prior to testing.

Exceptions:

(1) Candidates for admission to post-secondary schools, if the post-secondary school provides a letter requesting the candidate's GED scores;

(2) Applicants who are on active duty in the United States Armed Forces, upon a written request by an appropriate official; and

(3) Applicants who have been actively and continuously employed for two years immediately preceding the date of application for testing.

(c) Residence: Applicant must physically reside in the Northern Mariana Islands for thirty (30) days immediately prior to making application. Permanent residents of the Northern Mariana Islands who are serving in the U.S. Armed Forces are exempt from the foregoing residence

requirements.

3. Minimum Age for Testing: Same as 2-b.

4. Requirements for Retesting: Three months must have elapsed between initial testings and retests, or applicant must have demonstrated satisfactory completion of an adult education program.

5. Method of Applying: for tests, retests, and diplomas, the necessary forms may be acquired at the Office of the GED chief examiner of each island (Saipan, Tinian, and Rota) in the Commonwealth of the Northern Mariana Islands. GED tests are administered on schedules set by the GED chief examiner of each island.

6. Official Transcripts: Test scores are accepted as official only when reported directly by: (1) Official GED Centers; (2) Transcript Service of the Defense Activity for Non-Traditional Education Support; (3) (Veterans Administration hospitals and Centers; and (4) the GED Testing Service.

7. Fee:

(a) Testing at Official GED Centers: \$5.00 for complete test battery, payable at time application for testing is filed; \$1.00 for each single test. \$2.00 per single test for retesting, payable to the local testing center at time of retesting.

(b) Issuance of Diploma: \$2.50

8. Administrator of GED Testing Program: Herman T. Guerrero, Office of the Superintendent of Education, Department

of Education, Commonwealth of the Northern Mariana Islands,
Saipan, CM 96950.

9. Official GED Centers:

Saipan: Susana T. Mafnas, Student Assistance
Office, Department of Education, Commonwealth
of the Northern Mariana Islands, Saipan, CM
96950.

Rota: Joaquin Manglona, Rota School, Commonwealth
of the Northern Mariana Islands, Saipan, CM 96951.

Tinian: Florence M. Hofschneider, Tinian Junior
High School, Commonwealth of the Northern Mariana
Islands, Tinian CM 96950.

June 29, 1979
Date

Lorenzo Dlg. Cabrera
LORENZO DLG. CABRERA
Chairperson
Northern Marianas Board of Education



PUBLIC NOTICE

Adopted Customs Regulations No. 7901

The Director of Finance, in accordance with Public Law 1-8 and Public Law 1-21, wishes to advise the public that new rules and regulations, identified as Customs Regulations No. 7901 of the Division of Revenue and Taxation have been adopted.

The adopted regulations include the following subjects:

1. General Provisions
2. Entry and Declaration of Imports Arriving by Freight
3. Arrivals/Departures
4. Freight Clearance
5. Inspections and Examinations of Arrivals/Departures
6. Request, Cancellation, Delay and Charges
7. Customs Exemption for Domestic Travelers

Copies of the adopted regulations may be obtained from the Division of Revenue and Taxation, Central Office, Chalan Piao, Commonwealth of the Northern Mariana Islands, Saipan, CM 96950.

8/7/79

Date

Saul A. Newman
Director of Finance



OFFICE OF THE DIRECTOR OF FINANCE

DEPARTMENT OF FINANCE

DIVISION OF REVENUE AND TAXATION

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

PART 12.210. GENERAL PROVISIONS

Section 1. Authority. The authority for the promulgation and issuance of Customs Regulations No. 7901 is by virtue of Public Law 1-21 and Section 8, Chapter 11, Title I of Public Law 1-8 (CNMI).

Section 2. Purpose. The purpose of the regulations is to establish policy and procedures to implement and provide uniform enforcement of excise tax laws and to require complete customs service to control imports of all articles, wares, or merchandise for the assessment and collection of excise taxes and for the interception of contraband.

Section 3. Administration and Enforcement. The Northern Marianas Customs Service shall consist of uniformed and trained men and women under the supervision of the Chief of the Division of Revenue and Taxation or his designee. The Chief of the Division of Revenue and Taxation, however, may utilize, by agreement, the personnel services and facilities of other agencies of the Northern Mariana Islands Government or other government agencies for proper enforcement of excise tax laws and these and other related regulations.

Section 4. Function.

(a) The Division of Revenue and Taxation of the Northern Mariana Islands shall administer and enforce all excise tax laws and shall intercept illicit imports of narcotics, nonregistered weapons and other contraband at the ports of entry, and is hereby authorized to develop procedures and policies including procedures and policies for

the purpose of conducting searches on persons, not covered by these regulations, necessary for the proper functioning of the Customs Service. All monies due pursuant to excise tax laws shall be collected by the Division of Revenue and Taxation and be deposited with the Treasurer of the Northern Mariana Islands Government.

(b) The Division of Revenue and Taxation of the Northern Mariana Islands shall maintain all records and documents associated with the administration and enforcement of excise tax laws and other related regulations. Only authorized employees of the Division of Revenue and Taxation shall have access to these records and documents. Employees of the Division of Revenue and Taxation are not authorized to furnish any information to any person regarding another person's records maintained pursuant to excise tax laws and these and other related regulations.

Section 5. Definitions.

(a) Normal Working Hours/Days - The term "normal working hours" or "normal working days" means the time between 0730 hour and 1630 hour from Monday to Friday except holidays falling on Monday through Friday.

(b) Overtime - All hours in excess of normal working hours/days.

(c) Overtime Pay - The term "overtime pay" means one and one-half ($1\frac{1}{2}$) times the basic rate of pay for overtime hours worked by each and every customs officer or inspector of customs rendering a service.

(d) Holiday Pay - The term "holiday pay" means the basic rate of pay of a customs officer rendering the service multiplied by two (2) for every hour worked.

(e) Customs Officer - Whenever the word "Customs Officer" is used in these regulations, it means Customs and Cargo Supervisor,

Customs Inspector, Revenue Officer, and any person authorized to perform the duties of a Customs Officer.

(f) Service - Whenever the word "Service" is used in these regulations, unless context otherwise requires, it shall mean the Customs Service of the Commonwealth of the Northern Mariana Islands.

(g) Bill of Lading/Airway Bill - Whenever the term "Bill of Lading" is used in these regulations it means documents prepared by the operator or agent of a carrier listing and describing the contents of the cargo carried on a vessel or aircraft consigned to a person. "Bill of Lading" shall also mean "Airway Bill."

(h) Manifest - The term "manifest," unless context otherwise requires, means summary list of passengers or cargo on board a carrier.

(i) Merchandise - The word "merchandise" means goods, wares and chattels of every description and includes merchandise the importation of which is prohibited or restricted.

(j) Manufacture - For purpose of these regulations, the term "manufacture" shall mean the art of making raw material into a product suitable for sale, lease or rental, and includes the techniques and methods of converting finished merchandise into another product for sale, lease or rental.

(k) Carrier - The word "carrier" as used herein, unless context otherwise requires, means any description of craft or other contrivance used, or capable of being used as a means of transportation on the water or in the air and includes pleasure vessels and private aircraft.

(l) Vessels - The word "vessel" includes every description of craft or other contrivance used, or capable of being used as a means of transportation on the water.

(m) Aircraft - The word "aircraft" means any contrivance used or capable of being used for flight in the air.

(n) Person - The word "person" means any individual, firm, corporation, association, or partnership.

(o) Domestic Travel - For purposes of customs, the term "domestic travel" means any travel originating from within the Northern Marianas and terminating in the Northern Marianas without transiting or traveling by way of any port outside of the Northern Marianas.

(p) International Travel - For purpose of customs, the term "international travel" means any travel originating from within the Northern Marianas and terminating at any port outside the Northern Marianas, or terminating at a port in the Northern Marianas by transiting or traveling by way of any port outside the Northern Marianas, or any travel originating from outside of the Northern Marianas and terminating at any port in the Northern Marianas.

(q) Customs Territory - For purposes of customs, "Customs Territory" means the islands and territorial waters which lie within the area north of 14° north latitude, south of 21° north latitude, west of 150° east longitude, and east of 144° east longitude.

(r) Official Customs Port of Entry - All vessels and aircraft on international travel and are authorized entry into the Customs Territory of the Commonwealth of the Northern Mariana Islands must enter and obtain customs clearance from any of the following official customs port of entry:

Islands

Official Customs Port of Entry

Saipan

Tanapag Harbor (Charlie Dock) and
Isley Field (Saipan International
Airport)

<u>Islands</u>	<u>Official Customs Port of Entry</u>
Rota	Rota Harbors (East and West Docks) and Rota International Airport
Tinian	Tinian Harbor and West Tinian Airport

A vessel or aircraft in distress may anchor or land at any port in the Northern Mariana Islands but shall immediately notify the nearest Customs Service office for immediate customs clearance.

(s) Customs Jurisdiction - All compounds of all ports listed in Subsection R of this Section shall be under the jurisdiction of the Customs Service for clearance purposes for international travel.

Section 6. Regulations Superseded. Regulations in this Chapter supersede Regulations Release 78-2, Regulations Release 78-3 (CNMI) and Parts 1 and 2 of Public Regulations Release 10-73 (TTG), which superseded all previously issued Budget and Finance Regulations.

PART 12.211. ENTRY AND DECLARATIONS OF IMPORTS ARRIVING BY FREIGHT

Section 1. Entry of Imports - Requirement and Time. Except as otherwise provided, the consignee of imported merchandise shall make entry therefor either in person or by an agent authorized by him at the Division of Revenue and Taxation within four (4) days exclusive of Saturday, Sunday and holidays, after the entry of the importing carrier.

Section 2. Entry Documents.

(a) Entry may be made upon presentation to a customs officer of a non-negotiable copy of the bill of lading and vendor's invoices covering all merchandise arriving on one carrier and consigned to a consignee. If proper documents are not available within four (4) days after arrival of the merchandise the estimated tax shall be paid subject to adjustment when documents arrive. However, no release shall be authorized if the consignee has a prior unpaid tax liability.

(b) In addition to the non-negotiable copy of the bill of lading and vendor's invoices, each importer shall sign an Entry Certificate stating under penalty of perjury that the vendor's invoices are true and correct and that no alterations or changes have been made thereto. The Entry Certificate shall be obtained from a customs officer and signed at the time of entry.

(c) It shall be prohibited for any person with a valid import license to import merchandise for another business entity not authorized to import merchandise in its own behalf. If the Service determines that such a violation exists, the importer responsible for such violation shall be subject to the following actions:

(1) The importer shall be required to pay the applicable import license fee for every business entity which was intended to benefit from such import.

(2) Each import license fee required by Section 2(c)(1) of this Part shall be paid at the full rate of \$100.00 and shall not be prorated. The penalty of Section 202 of 77 TTC (CNMI) shall also be imposed for each and every single import license fee required.

(3) The import license fee collected pursuant to this Subsection shall be good only for the import made which violates this Subsection. No import license certificate shall be issued for this purpose.

(4) Each subsequent violation of this Section shall be treated separately and the provisions of this Section shall apply in each case.

(5) The provisions of this Subsection shall not apply to a licensed wholesaler or to a business which has a sole franchise for the importation and distribution of certain commodities. A franchise agreement may be requested by the Service for its review and determination.

Section 3. Damage or Nonreceipt. Any merchandise subject to tax which is not received by the importer or received in damaged condition may be exempted from taxation upon presentation of a certificate of damage or nonreceipt from the carrier or his agent. The carrier or his agent shall either deny the claim or furnish the certificate of damage or nonreceipt within fifteen (15) days after such damage or nonreceipt is reported by the importer. Terminal operators or the carrier of the imported merchandise shall not be required to open shipments for damage inspection. Importers may apply for a refund of taxes paid to the extent of losses incurred on damaged merchandise, nonreceipt, or manufacture defect where such damage was concealed. However, the damage shall be inspected by the customs officer and depending on his findings may authorize a tax rebate. No tax rebate shall be authorized for damage resulting from improper handling, inadequate or improper storage facility, prolonged storage, or other causes due to the importer's failure to provide such security or necessity. Also no tax rebate shall be authorized for merchandise with a factory deadline for use, sale or distribution which was not sold, used, or distributed before the required date.

PART 12.212. ARRIVALS/DEPARTURES

Section 1. Master's Responsibility - Arrival.

(a) Immediately upon arrival, the master of a vessel or aircraft shall deliver to the customs officer two (2) copies of the manifests, bills of lading and general declaration and also deliver a true and correct copy of any correction of such manifests, bills of lading and general declaration filed on entry of his vessel or aircraft. If the master is aware of any error in the manifests or bills of lading or general declaration and did not make correction, he shall be guilty of perjury and shall also be subject to the penalty of Section 14, Public Law 1-21. The master and his vessel or aircraft, passengers and cargo aboard such vessel or aircraft shall be denied customs clearance

if these documents are not presented to the Service upon arrival. Clearance may be granted provided the penalty of Subsection (e) of this Section is agreed upon by the master of the vessel or aircraft and is subject to collection when actual assessment is made by the Service. Advance submission of copies of manifests and bills of lading to the Service shall not be authorized. The Service will accept manifests and bills of lading only at the time of arrival of the carrier.

(b) Carriers arriving in the Northern Marianas from more than one port of departure shall deliver to the Service, immediately upon arrival, separate passenger and cargo manifests for all passengers and cargo boarded at each port of departure regardless whether no passengers or cargo were boarded at any one particular port in the travel itinerary of the carrier.

(c) Passengers transiting on the same flight or voyage they arrived in the Northern Marianas must be clearly identified on the manifest by indicating in parenthesis the point of final destination immediately after the passenger's name.

(d) Passengers on a flight or voyage which terminates in the Northern Marianas and are discharged in the Northern Marianas for purposes of immediate connection on another flight or voyage for points outside of the Northern Marianas shall be reported to the Customs Service, immediately upon arrival of the carrier, in one of the following methods:

(1) File a separate manifest for each port of final destination of such passengers; or,

(2) Identify on the manifest such passengers by enclosing in parenthesis the point of final destination and the connecting flight or voyage number immediately after the name of the passengers.

(e) The Director of Finance, by authority of Section 8, Chapter 11, Title I of Public Law 1-8, shall impose a fifty dollars (\$50.00) penalty for every and each violation of this Section or twenty-five dollars (\$25.00) per hour or a fraction of an hour for each and every violation, whichever is greater, from the time of arrival until the appropriate documents are presented to the Service.

(f) All cargo, including ship's stores and operator's pouch mail or cargo, or U.S. Mail carried on the vessel or aircraft entering the Northern Marianas must be included on the manifests and related bills of lading. Willful failure to so include such cargo or mail or the presentation of a willfully falsified manifests shall be deemed to be a violation of these regulations and is subject to the penalty provisions of Section 14 of Public Law 1-21, and/or a penalty of ten dollars (\$10.00) for each line item not so included in the manifest.

(g) All passengers and crew members' baggage must be transported directly from the carrier to the arrival area at the port. All other cargo not part of any passenger or crew members' baggage must be transported directly from the carrier to the warehouse or place designated as the cargo storage area of the carrier.

(h) Upon arrival at the airport all passenger exit doors, cargo compartment doors, and galley service doors of the aircraft shall remain closed. At the request of the Service only one passenger exit door may be opened for the purpose of clearing the flight. All other doors may be opened for disembarkation of passengers and cargo only at the approval of the Service.

(i) Upon arrival at the pier no passenger or crew member may disembark or cargo be unloaded until approval to do so is granted by the Service.

Section 2. Sealing of Stores. Upon the arrival of a vessel from a port outside of the Northern Mariana Islands, or a vessel engaged in the foreign trade from a port within the Northern Mariana Islands,

sea stores and ship's stores not required for immediate use or consumption on board while the vessel is in port and articles acquired abroad by officers and members of the crew, for which no permit to land has been issued, shall be placed under seal, unless the customs officer is of the opinion that the circumstances do not require such action. Customs inspectors in charge of the vessel, from time to time, as in their judgment and necessity requires, may issue stores from under seal for consumption on board the vessel by its passengers and crew.

Section 3. Boarding of Vessels and Aircrafts. The customs officer may board and examine any vessel or aircraft arriving in the Northern Mariana Islands when it is necessary to carry out the provisions of applicable laws of the Commonwealth of the Northern Mariana Islands, or any rule or regulation promulgated thereunder and require the master or captain thereof to exhibit for examination by the customs officer the manifest or any documents or papers, or any trunk, package or cargo on board, or any compartment, storage area, cabin, galley, cockpit, laboratory, or any section of the vessel or aircraft. The master or captain of the carrier shall ensure the safety of the customs employees from the time of boarding the vessel or aircraft until such employees disembark.

Section 4. Master's Responsibility - Departure.

(a) Prior to departure, the master of a vessel or aircraft shall deliver to the customs officer the following documents:

(1) One copy of the general declaration for the port of destination.

(2) One copy of passenger and cargo manifests for the port of destination. If the flight or voyage has intermediate stops before reaching its final destination, one copy of passenger and cargo manifests for each intermediate port.

(b) All vessels destined for ports outside of the Commonwealth of the Northern Mariana Islands, must obtain an Official

Customs Clearance Certificate prior to departure. A Customs Clearance Certificate must be requested at least twenty-four (24) hours prior to expected departure. If departure is anticipated on Saturday, Sunday or holidays, the Customs Clearance Certificate must be requested twenty-four (24) hours of the last regular working day.

(c) The requirements of Subsections A and B of this Section would not apply to private aircraft and pleasure vessels.

(d) Vessels and aircraft not complying with this Section may be denied future customs clearance upon arrival in the Commonwealth of the Northern Mariana Islands and may be subject to either one of the following penalties:

(1) The vessel or aircraft and all passengers, crew members and cargo on board may be returned to its point of origin or other port outside of the Northern Mariana Islands, or

(2) The master, owner or operator of the vessel or aircraft may pay a fine of five hundred dollars (\$500.00) per violation.

(e) Strictly domestic flights or voyages may be exempted from the requirements of this Section.

Section 5. Destination and Disembarkation.

(a) Terminating Passengers and Crew Members - Upon arrival at destination and upon approval to disembark, all passengers and terminating crew members must proceed directly from the carrier to the arrival area at the terminal, by way of passage designated for use by arriving passengers and crew members to gain access to the customs inspection area.

(b) Transit Passengers and Crew Members - All passengers and crew members transiting in the Northern Mariana Islands for points outside of the Northern Mariana Islands are permitted to:

(1) Disembark and proceed ~~directly~~ to the designated area at the terminal for embarking passengers for reboarding, or

(2) Disembark and proceed with terminating passengers to the customs inspection area and go through customs formalities which will authorize them access to other facilities at the port, or

(3) Remain on board.

(c) Transfer of Passengers and Crew Members' Baggage and Hand Carried Articles - Passengers and crew members' baggage and hand carried articles on international travel arriving in the Northern Mariana Islands and require immediate connection aboard another carrier to points outside of the Northern Mariana Islands may be waived customs inspections provided such baggage and hand carried articles are transferred to the connecting aircraft or vessel by the owner, agent, or operator of the carrier that brought such passengers and crew members' baggage and under the supervision of the Customs Service.

(d) Northern Islands Destination - Carriers, crew members, passengers, baggage and cargo on international travel, as defined in these regulations, destined for any islands north of Saipan are required to go through customs formalities at the Saipan international ports, Charlie Dock and Saipan International Airport, before continuing on the journey. After customs clearance in Saipan, the flight or voyage is classified domestic travel.

(e) International Travelers Boarding Domestic Flight or Voyage - All passengers and crew members, including their baggage and hand carried parcels on international travel aboard one carrier destined to another point in the Northern Mariana Islands with a stopover in Saipan, Rota or Tinian to board another carrier cruising or flying a domestic itinerary, require customs inspection and clearance immediately upon arrival at the first port of entry in the Northern Mariana Islands. The first port of entry arrived at in the Northern Marianas by

passengers and crew members in this type of situation is considered the port of destination for such passengers and crew members.

Section 6. Customs Entry and Declaration.

(a) All passengers and crew members regardless of citizenship must make a customs entry and declaration upon arrival in the Northern Mariana Islands. All articles or merchandise acquired abroad must be declared in writing. Written declaration must be signed and presented to the customs officer on duty before examination pursuant to inspection requirements of Part 12.214. Passengers, however, are not required to complete Part B of Form CS-1350 if the total value of articles or merchandise declared (price actually paid for or, if not purchased, fair retail value) is not more than the sum of one hundred dollars (\$100.00) per person. All information furnished by the passengers whether orally or in writing shall be testimonies provided under oath. Any person who shall willfully swear falsely on an examination before a customs officer shall be guilty of perjury and shall be punished in accordance with Section 1201, 11 TTC (CNMI) and Section 14 of Public Law 1-21 (CNMI).

(b) A single customs entry and declaration may be filed with the customs officer upon arrival for immediate family members if traveling together. For purposes of this Section, immediate family members are limited only to husband, wife, sons, and daughters. Parents, brothers, sisters, grandparents, grandchildren, nephews; nieces, uncles, aunts, married daughters, married sons, and all other persons must make separate customs entry and declaration.

(c) Children under the age of 12 traveling with friends or relatives may be claimed as immediate family members of the relatives or friends. The full name of the children must be written on the customs entry and declaration.

(d) Unaccompanied children under the age of 12 are required to make a customs entry and declaration. A customs officer

will render necessary assistance to minor children in making customs entry and declarations.

(e) Persons unable to read or write are required to seek the assistance of a customs officer in making customs entry and declarations. Persons unable to write may sign the prescribed customs entry and declaration form with an "X" mark and witnessed by the customs officer.

(f) Passengers boarding international flights or voyages from Tinian or Rota destined for Saipan or vice versa, do not require a customs entry or declaration. Such passengers would be required to obtain customs departure clearance at the point of embarkation.

(g) No passenger or crew member required by this Section to make customs entry and declaration may be cleared by a customs officer without completing the required form.

(h) All passengers and crew members on international travel boarding domestic carriers for continuation of their travel to other points in the Northern Mariana Islands must make customs entry and declarations at the first port of entry in the Northern Mariana Islands as required in Section 5.E. of this Part.

(i) To facilitate inspection the prescribed form for making customs entry and declaration may be printed in a foreign language in addition to English. However, all prescribed customs entry and declaration forms in a foreign language must be completed by the passengers and crew members in Roman characters only.

(j) Transit passengers and crew members are prohibited access to areas at the port other than those designated for transit passengers and crew members. Transit passengers and crew members are strictly prohibited from leaving the airport or wharf compound for any length of time prior to their departure from the Northern Mariana Islands without going through customs formalities.

Section 7. Samples. Passengers having saleable sample merchandise for purpose of promoting future sales or determining the marketability of such merchandise are required to provide the Customs Service with a copy of the vendor's invoice. If the vendor's invoice is not available, the passenger is required to itemize and describe in detail all samples, along with the value and quantity of each item brought with him/her. Identification marks, place of manufacture, jewel number, or serial number of each item must be clearly shown. In the case where a permanent identification mark is not available, a clear color photograph of the item imported must be furnished to the Customs Service. In addition, the locations and addresses where the merchandise is to be displayed or advertised must be furnished to the Service. Samples intended to be exported or taken out of the Commonwealth after a brief period of time in the territory are required to be cleared by the Service at the time of exportation. A minimum security deposit of one hundred dollars (\$100.00) per one thousand dollars (\$1,000.00) or fraction thereof, worth of samples must be posted at the Division of Revenue and Taxation. The security deposit will be refunded to the passenger upon leaving the territory provided all samples brought in are in the possession of the passenger upon departure from the territory.

PART 12.213. FREIGHT CLEARANCE

Section 1. Payment and Release.

(a) Cargo shall be retained at the place of unloading until the tax has been paid or permission given by a customs officer for its release. Any cargo not released shall remain in the physical possession of the terminal operator or the operator of the carrier at the expense of the consignee but under technical customs custody until entry is made and the tax paid. An officer from the Customs Service will give permission for the release of cargo after payment of taxes in full by making the following notation on one of the two (2) copies of bills of lading submitted pursuant to these regulations.

"All excise taxes for the items included on this bill of lading have been paid. The merchandise may be released to the consignee."

Date Customs Supervisor/Customs Officer

OR

"The merchandise included in this bill of lading/airway bill is not subject to excise tax. The merchandise may be released to the consignee."

Date Customs Supervisor/Customs Officer

(b) A partial release of cargo may be authorized by a customs officer making the following notation on the bill of lading and by initialing each line item to be released. Items not initialed shall not be released.

"The merchandise identified by my initials on each line of this bill of lading may be released to the consignee."

Date Customs Supervisor/Customs Officer

(c) Payments, inspections and releases of shipments may be made without any charge to the consignee, agent, postal service or operator of the carrier from 0730 hour to 1630 hour, Monday to Friday except holidays.

(d) For assessment and payment of taxes and inspection and release of merchandise on Saturday, Sunday or holidays, persons requiring such service must be assessed a Customs Service charge pursuant to the provisions of Part 12.215 of these regulations.

Section 2. Release of Perishable Merchandise.

(a) The customs officer is authorized to permit the release and delivery, prior to formal entry thereof, of perishable articles, and other merchandise, the immediate delivery of which is considered necessary, such as where adequate holding or storage facilities are not available. Such merchandise shall remain under technical customs custody and no disposition of such merchandise by the consignee is authorized without payment of the tax or the execution of a promissory note executed pursuant to this Section. Promissory notes shall not be made longer than a period of ten (10) calendar days from the date the tax is assessed and shall be subject to the provisions of Sections 14, 15 and 16 of Public Law 1-21 (CNMI) if not paid at maturity.

(b) The requirement of a promissory note in this Section may be waived if the importer chooses to make a permanent deposit to guarantee payment of taxes due from dutiable merchandise. The minimum amount of the permanent deposit is shown in the Administrative Regulations 3901, Division of Revenue and Taxation.

Section 3. RESERVED FOR SECTION 10 OF PUBLIC LAW 1-21.

Section 4. Release of Merchandise Without Customs Clearance.
No carrier, agent, or terminal operator shall release or turn over to a consignee any merchandise or parcel being imported into the Northern Mariana Islands without prior approval of customs. In the event a release was made by the carrier, agent, or terminal operator without prior clearance of customs and the tax on the merchandise released cannot be paid by the consignee, the tax liability plus the penalty and interest imposed by Sections 15 and 16 of Public Law 1-21 shall become the liability of the carrier, agent, or terminal operator and shall continue to accumulate such penalty and interest until the tax liability is paid in full. The Service shall notify the carrier, agent, or terminal operator of the consignee's inability to pay and the determination of the Service to transfer such liability from the consignee to the carrier, agent, or terminal operator.

Section 1. Inspection of Baggage. The customs officer may inspect without warrant the baggage and hand carried parcels of any person arriving in the Northern Marianas in order to ascertain what articles are contained therein and whether taxable, prohibited, or restricted.

Section 2. Inspection of Cargo. The customs officer may inspect without warrant any cargo, packages, receptacles and aircrafts and vessels arriving in the Commonwealth of the Northern Mariana Islands, to seize prohibited or restricted article or merchandise including narcotics and other items of contraband.

Section 3. Inspection of Passenger. The customs officer may inspect without warrant any person arriving in the Northern Marianas, who such officer has probable cause to believe, is willfully violating the provisions of Public Law 1-21, the Controlled Substances Act, the Weapons Control Act, and/or these and other related regulations.

Section 4. Persons Required Inspection. All persons including passengers and crew members' baggage and hand carried articles on international travel regardless of their point of embarkation, shall be inspected by the Service prior to leaving or taken away from the port of entry.

Section 5. Departing or Prospective Passengers and Crew Members.

(a) Any person who voluntarily enters a security area at the airport or wharf is subject to customs inspections as provided for in Sections 1, 2, and 3 of this Part regardless of the purpose of the entry into the security area.

(b) Prospective passengers who enter a security area at the airport or wharf and later decide not to leave are required to go through customs inspection and clearance in the same manner as an arriving passenger on international travel.

Section 6. Oaths. The customs supervisor and all other authorized customs officers are empowered to administer any oaths required or authorized by these regulations in respect of any matter coming before such officers in the performance of their official duties. No compensation or fee shall be demanded or accepted for administering any oaths under the provisions of this Section.

Section 7. Persons Waived Inspection. Persons on domestic travel, as defined, may be waived inspection. However, the Service may, at any time, require inspection of any and all persons on any domestic travel when such inspection is deemed necessary. Diplomats of any foreign country on official travel with proper U.S. visa to enter the Northern Marianas may be waived inspection.

Section 8. Domestic Travellers - Required Inspection. All persons on domestic travel, as defined, who enters or passes through a customs jurisdiction at the ports during the process of clearing international travellers, are required to go through all customs formalities except the requirements of Section 5 of Part 12.212 of these regulations.

Section 9. Inspectors Required. In every inspection conducted by the Service there shall be a minimum of two (s) inspectors. The senior of the two (2) inspectors assigned shall assume full responsibility to ensure adequate and efficient service is rendered. When there is a seizure, the senior inspector shall perform the seizure and the other inspector shall be the primary witness. The senior inspector shall submit to the Service a narrative report justifying all seizures in addition to incident reports required for use by the police and the courts.

Section 10. Penalty. The master of a carrier, other crew members, operator of the carrier or its agent, and all persons who willfully aid a passenger to conceal any item brought on board with the intention to violate any of the provisions of Public Law 1-21 and/or these and other related regulations shall be penalized in accordance with Section 14, Public Law 1-21.

Section 11. Unclaimed Baggage. Passenger's or crew member's baggage not claimed at the customs inspection area shall be retained by the carrier and secured in a safe place within the inspection area at the port. Unclaimed baggage which is required to be stored in another location due to inadequate storage facilities within the inspection area at the port may be transferred by an authorized representative of the carrier liable for the security of the unclaimed baggage, PROVIDED, HOWEVER, the representative of the carrier obtains the approval of the Customs Service. The Customs Service shall have the right to take into custody any part of or all unclaimed baggage which, such officer has probable cause to believe contains dutiable, prohibited, or restricted merchandise. The Customs Service may open and inspect such baggage without the presence of the passenger or crew member but in the presence of a representative of the carrier.

Section 12. Confiscating of Merchandise. Prohibited or restricted merchandise imported into the Northern Marianas and found during inspection shall be confiscated by the Service and turned over to an appropriate Northern Marianas Government agency within a reasonable time for proper disposition. Merchandise on which the tax is not collected shall also be confiscated. Merchandise confiscated by the Service due to nonpayment of tax must be claimed and the tax paid by the owner or consignee within ten (10) days from the date the merchandise was confiscated.

Section 13. Unclaimed Merchandise. Merchandise confiscated by the Service due to nonpayment of the tax due may be sold at auction if no claim was made pursuant to Section 12 of this Part, provided however;

(a) the Service notified the owner or consignee in writing that the provision of Section 12 of this Part for making a claim has expired and the owner or consignee will be given additional ten (10) days to claim the merchandise and pay the tax due plus related penalty and interest.

(b) if the merchandise is not claimed and the tax liability is not paid at the end of the period allowed in Subsection (a) of this Section, the Service will send a final written notice to the owner or consignee of the merchandise advising that the merchandise will be sold at auction if not claimed in ten (10) days commencing from the date of the final written notice.

(c) after the expiration of the final notice and the merchandise is still not claimed and the tax liability is still not paid, the owner or consignee shall not be allowed to claim the merchandise once the merchandise has been processed and advertised for auction.

Section 14. Auction. The Service shall advertise to the public in any local newspaper for three (3) consecutive weeks, that merchandise on which excise taxes remain unpaid will be sold at auction. Proceeds from the sale shall be used as follows:

(a) To pay the tax liability.

(b) To pay applicable penalty and interest charges imposed by Public Law 1-21 and these regulations.

(c) To reimburse the Service for advertising, storage and other related expenses.

(d) To pay part or all of any other outstanding tax liabilities, fees, penalties or interests.

(e) Pay to the owner or consignee any amount left which is one dollar (\$1.00) or more. Amounts less than one dollar (\$1.00) may be paid to the owner or consignee provided the owner or consignee requests payment and arranges to obtain the fund at the Division of Revenue and Taxation.

Section 15. Payments. All taxes, except where other provisions of these regulations govern, shall immediately become due and must be paid in cash, or by U.S. Postal Money Order, or check drawn at a bank in the Northern Mariana Islands, a bank in any of the States of the United States of America or any territory of the United States of America. Any check returned by the bank due to insufficient funds must be replaced by either cash, U.S. Postal Money Order, or certified check. Any tax paid by a check and returned by the bank due to insufficient funds is construed to have not been paid when due and the owner or consignee shall be assessed and collected the penalty and interest of Sections 15 and 16, Public Law 1-21, in addition to all charges arising as a result of the check being returned, i.e., bank service charge for returned checks. The Division of Revenue and Taxation shall have the right to reject any or all personal checks and demand payment in the form of cash, U.S. Postal Money Order, or certified check.

Section 16. Spectators. Persons not directly associated with the enforcement of the laws of the Northern Mariana Islands or applicable laws of the Federal Government and administered at the ports of entry in the Northern Marianas, the maintenance and service of a carrier, or arriving passengers or arriving crew members shall not be permitted entry into any area between the carrier and the customs inspection area including all ramps, aprons, gangplanks, escalators, elevators, stairways, walkways, and all passageways and lavatories

accessible and used by arriving passengers and crew members; and all areas accessible and used by the operator of a carrier for transporting cargo from the carrier to the operator's warehouse or storage facility. Unauthorized persons found in any of these areas shall be deemed to be in violation of this Section and shall be punished in accordance with Section 14 of Public Law 1-21.

PART 12.215. REQUEST, CANCELLATION, DELAY AND CHARGES.

Section 1. Request Requirement. All air and sea carriers and other persons whose operation require the service of customs officers of the Commonwealth of the Northern Mariana Islands are required to make a request for such service. The request must be made on a form prescribed by the Customs Service.

(a) Blanket Request - All carriers and other persons operating on a planned schedule must make a request to the Customs Service at least thirty (30) days before the effective date of their schedule of operation. A single request will be sufficient for the duration of one set of schedule. Any unforeseen changes in a set of schedules would require a special request to the Service at least twenty-four (24) hours before the occurrence of such change. If such change is to occur during weekends and holidays, the request must be made twenty-four (24) hours of the last normal working day. All carriers and other persons making a permanent change in their schedule are required to submit a new blanket request at least thirty (30) days before the effective date of the new schedule.

(b) Special Request - All carriers and other persons operating on unscheduled flights or operating a charter, technical stop or extra flight or voyage are required to make a special request at least twenty-four (24) hours of the last normal working day before arrival. All sea carriers are required to submit a special request for customs clearance.

Section 2. Failure to Make a Request. When a carrier, its master, operator, owner or authorized agent fails to make a request as required by Subsections (a) and (b) of Section 1 of this Part, upon arrival of such carrier, one or all of the following shall apply:

(a) During normal working hours, the Service will arrange for clearance based on the availability of personnel and the number of blanket and special requests for the day. If Customs Service cannot be rendered during normal working hours, clearance would be furnished after regular working hours provided the carrier agrees and pays customs overtime charge as provided for in Section 5 of this Part prior to rendering such service.

(b) All vessels, including pleasure boats, on international travel arriving after regular working hours are prohibited to anchor at the pier until cleared by the Service. They must remain out in the harbor until the next regular working day except for emergencies as determined by the Customs Service. While anchored out in the harbor, crew members and passengers including their baggage are prohibited to disembark. Cargo on board shall not be unloaded.

(c) Air carriers arriving after normal working hours may be denied customs clearance unless adequate customs personnel are readily available and the carriers pay the necessary customs overtime charge. Passengers and crew members including their baggage and hand carried articles and all cargo on board are prohibited to disembark or to be unloaded until cleared by the Service.

Section 3. Cancellation and Delay of Arrivals. The operator of a carrier or its agent shall notify the Service of all cancellations and/or delays of arrivals at least four (4) hours of the normal working day before the initial schedule of the arrival being cancelled or delayed. In the absence or delay of such notification, the charge to be imposed shall be in accordance with Section 5 of this Part.

Section 4. Storage Charge.

(a) Unclaimed baggage not properly stored by the carrier liable for the security of same may be taken custody, and shall be released to the carrier only upon payment to the Service by the carrier a storage charge of five dollars (\$5.00) per day or a fraction of a day for each piece stored. Unclaimed baggage in the custody of the Service may be claimed by the carrier during regular working hours only, from 0730 hour to 1130 hour and from 1230 hour to 1630 hour, Monday thru Friday. Passengers or crew members shall not be authorized to claim any unclaimed baggage in the custody of the Service. The Service shall not be liable for damages to the container or damages and/or loss of the contents.

(b) Unclaimed baggage in the custody of the carrier may be released to the passenger or crew member only after inspection and clearance by the customs officer.

(c) Unclaimed baggage in the custody of the carrier or the Service not claimed within ten (10) days shall be opened and inspected by a customs officer and shall be released to the carrier for storage at another location the carrier wishes to utilize, provided, the storage charge in Subsection (a) of this Section is paid.

Section 5. Compensation for Services Rendered.

(a) All air and sea carrier and other persons whose operation require the service of customs officer of the Government of the Northern Marianas after normal working hours and on Saturdays and Sundays shall be charged with the overtime pay of the customs officers rendering the service, plus ten percent (10%) for administrative overhead. Service of less than two (2) hours for each arrival shall be charged with the minimum of two (2) hours overtime, plus ten percent (10%) thereof for administrative overhead. Any fraction of an hour in

excess of the two (2) hours minimum is charged a full hour. The charge shall commence thirty (30) minutes prior to the scheduled arrival time of a carrier or from the time the customs officer leaves his home and shall terminate thirty (30) minutes after the officer left the post of duty. For persons requiring the service of customs officer, the charge shall accumulate from the time the customs officers leave their home or office until they return thereto. On legal holidays falling on Mondays through Fridays, the charge shall be the holiday pay of the customs officers rendering the Service during the first eight (8) hours of work performed, plus ten percent (10%) thereof for administrative overhead. Any time in excess of eight (8) hours shall be charged at overtime pay, plus ten percent (10%) administrative overhead. Each legal holiday shall be on 24-hour day, 0001 hour to 2400 hour.

(b) When a customs officer is assigned to any vessel or aircraft for the purpose of conducting an inspection and clearance during the journey, the master of the carrier, owner, or agent must furnish such officer the accommodations usually supplied to passengers. In addition, the master, owner or agent shall furnish all air or sea transportation required in order for the customs officer to board such aircraft or vessel. The customs service charge to be imposed shall be in accordance with Subsection (a) of this Section.

(c) Nonperformance of Requested Service - If services have been requested for which employees have reported but are not performed by reason of circumstances beyond the control of the employees concerned, compensation shall be in accordance with Subsection (a) of this Section.

(d) Broken Periods - When overtime services are rendered to two (2) or more carriers registered to a single owner or operator, arriving two (2) or more hours apart, each arrival shall be treated separately and the minimum charge of two (2) hours overtime, plus ten

percent (10%) administrative overhead charge shall apply for each arrival. On holidays falling on Mondays through Fridays, the charge shall be in accordance with Subsection (a) of this Section.

(e) Continuous Periods - When overtime services are rendered to two or more carriers registered to a single owner or operator arriving less than two (2) hours apart, the charge shall be treated as though the services had been continuous. The charge shall be computed on a continuous basis and a minimum of two (2) hours overtime, plus ten percent (10%) administrative overhead if the total overtime service rendered is less than two (2) hours. For holiday charge refer to Subsection (a) of this Section. Two or more arrivals within a two (2) hour period for carriers with different owners or operators shall be treated separately and the services rendered to each carrier shall be computed separately and in accordance with Subsection (a) of this Section.

(f) Personnel Benefit - All charges imposed for personnel services shall be subject to personnel benefits and shall also be charged in addition to all provisions of this Section.

(g) Interest of eight percent (8%) per annum shall be imposed on all unpaid charges imposed by this Part.

PART 12.216. CUSTOMS EXEMPTION FOR DOMESTIC TRAVELLERS (§ 404 , CHAPTER 13, 33 TTC (CNMI)

Section 1. Duty-Free Purchase. Passengers and crew members on domestic travel as defined, and passengers and crew members boarding a carrier on international travel in Saipan, Rota, Tinian and other islands in the Commonwealth, or vice-versa and destined for any port in the Northern Mariana Islands without traveling by way of any port outside of the Northern Marianas may bring with them not more than two fifths of a wine gallon of distilled alcoholic beverages and not more

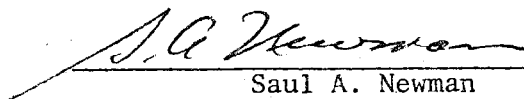
than three cartons of cigarettes into the port of destination in the Northern Marianas, if such beverages and cigarettes were purchased from a duty-free retail consession at the port of embarkation in the Northern Marianas.

Passengers and crew members bringing alcoholic beverages and cigarettes in excess of the amount authorized in this section shall be assessed excise tax in accordance with the provisions of Section 4(a) and (e) of Public Law 1-21.

PART 12.217. EFFECTIVE DATE. These regulations governing the policies and procedures for Customs Services in the Commonwealth of the Northern Marianas shall be effective retroactive to January 12, 1979.

8/7/79

Date



Saul A. Newman
Director of Finance

MEMORANDUM

TO : All CNMI Agencies and Department Directors

DATE: AUG 6 1979

FROM : The Governor

SUBJECT: Earthmoving Permits

Upon the advice of the Office of the Attorney General, this is to inform the above officials that the Trust Territory of the Pacific Islands Earthmoving Regulations (Title 63 Chapter 13, Subchapter III), are in effect via the Continuity of Laws Sections of the Covenant and the Constitution.

Consequently, prior to the initiation of any earthmoving activity, as defined by the above referenced subchapter, the Commonwealth agency or department involved shall receive an earthmoving permit or a waiver of such permit from the Division of Environmental Quality (DEQ).

Similarly, before any Commonwealth license, permit or other entitlement is issued to an applicant for any project requiring any earthmoving, as defined by the above referenced subchapter, the agency or department shall require that the applicant has applied to DEQ for an earthmoving permit.

This action is taken to assure the continued environmental quality of the Commonwealth.


Carlos S. Camacho