COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS SAIPAN MARIANA ISLANDS

VOLUME 20 NUMBER 01



JANUARY 15, 1998

COMMONWEALTH

REGISTER

COMMONWEALTH REGISTER VOLUME 20 NUMBER 01 JANUARY 15, 1998

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COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS P.O. BOX 1370 CK

SAIPAN, MP 96950

OF

STATE

THE

BOARD



NORTHERN

OF



COMMISSIONER OF EDUCATION WILLIAM S. TORRES

CHAIRMAN DON A. FARRELL

VICE-CHAIRPERSON ESTHER S. FLEMING

THOMAS B. PANGELIN SIXTH COMMONWEALTH DANIEL O. QUITUGUA MARJA LEE C. TAITANO MARIANA

PUBLIC SCHOOL TEACHER JOVITA K. MASIWEMAI

NON PUBLIC SCH. REP. REV. JOHN A. KINSELLA

STUDENT REP. PATRINA SN. BORJA

NOTICE OF REGULAR MEETINGS

EDUCATION

ISLANDS

LEGAL COUNSEL SEAN E. FRINK

Pursuant to Public Law, the CNMI Board of Education, hereby gives notice that the regular meetings of the Board of Education will be held at 9:00 a.m. on the second Thursday of each month, at the Conference Room of the Nauru Building, Saipan.

COMMONWEALTH REGISTER VOLUME 20 JANUARY 15, 1998 PAGE 15802 NUMBER 01 TEL: (670) 664-3770/3720 FAX: (670) 664-3798/664-3791/664-3792



COMMONNEALTH OF THE NORTHERN MARIANA ISLANDS STATE BOARD OF EDUCATION PUBLIC SCHOOL SYSTEM P.O. BOX 1370 CK SAIPAN, MP 96950



CNMI STATE BOARD OF EDUCATION

NOTICE OF MEETING

Pursuant to Public Law, the CNMI Board of Education,

hereby gives notice that the special meeting of the

Board of Education will be held on Tuesday, January 27, 1998 at 9:00 a.m. at the Conference Room of the

The following items are on the agenda for the above-

COMMISSIONER OF EDUCATION WILLIAM S. TORRES

CHAIRMAN DON A. FARRELL VICE-CHAIRPERSON ESTHER S. FLEMING

MEMBERS THOMAS B. PANGELINAN Daniel O. Quitugua Marja Lee C. Taitano

PUBLIC SCHOOL TEACHER

NON PUBLIC SCH. REP. Rev. John A. Kinsella

STUDENT REP. Patrina SN. Borja

LEGAL COUNSEL SEAN E. FRINK

PRELIMINARY MATTERS

- 1. Call to Order
- 2. Roll Call

Nauru Building, Saipan.

referenced meeting:

- 3. Adoption of Agenda
- 4. Adoption of Minutes

II.

I.

- . COMMITTEE GOALS AND PRIORITIES
 - 1. Fiscal & Personnel
 - 2. Curriculum & Equal Opportunity
 - 3. Legislative & Intergovernment Affairs
 - 4. School Reform & Parental Involvement
 - 5. Chartering, Accreditation & Privatization
 - 6. Teacher & Student Affairs
 - 7. School/Community Relations

III. POLICY REVIEW

- 1. PSS Regulations
- 2. Public Law 6-10
- 3. Policy Manual

IV. PUBLIC COMMENTS

V. ADJOURNMENT

All interested persons are welcome to attend and to submit written or oral testimony on the above agenda items.

THE NORTHERN THE	COM	NONWEALTH OF THE NORTHERN MARIANA ISLANDS STATE BOARD OF EDUCATION PUBLIC SCHOOL SYSTEM P.O. BOX 1370 CK SAIPAN, MP 96950
		CNMI STATE BOARD OF EDUCATION
CHAIRMAN Don A. Farrell		NOTICE OF MEETING
JOVITA K. MASIWEM NON PUBLIC SCH. R	Pursuar INAN hereby ANO Board C ACHER 1998 at AI Buildin EP.	nt to Public Law, the CNMI Board of Education, gives notice that the regular meeting of the of Education will be held on Monday, January 19, t 9:00 a.m. at the Conference Room of the Nauru ng, Saipan
REV. JOHN A. KINSE Student Rep. Patrina SN. Borja	The 1	Following items are on the agenda for the above- renced meeting:
LEGAL COUNSEL SEAN E. FRINK	Ι.	PRELIMINARY MATTERS Call to Order Roll Call Adoption of Agenda Adoption of Minutes
	ΙΙ .	FINANCIAL STATUS REPORT 1. OTIA After School Program Funding 2. Reprogramming of Funds
	III.	CHAIRWOMAN'S REPORT 1. Committee Assignment
	IV.	PROGRAMS COMMITTEE REPORT
	ν.	PERSONNEL COMMITTEE REPORT 1. Status of litigation 2. Vacancy Anouncement for Commissioner 3. Human Resources Center
	VI.	CIP COMMITTEE REPORT
	VII.	POLICY REVIEW 1. PSS Regulations 2. Public Law 6-10 3. Policy Manual
	VIII.	PUBLIC COMMENTS
	IX.	ADJOURNMENT
		ested persons are welcome to attend and to submit for a submit and to submit a submit above agenda items.

COMMONWEALTH REGISTER VOLUME 20 NUMBER 01 JANUARY 15, 1998 PAGE 15804 TEL: (670) 664-3770/3720 FAX: (670) 664-3798/664-3791/664-3792

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ST THE NORTHERN UN	COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS			STOP THE NORTHERN LIFE	
	COMMONWE	STATE BOARD PUBLIC SCH P.O. BOX SAIPAN, M	1370 CK	ISLANDS	COFFICIAL SENT
	5TH COM	IONWEALTH OF	THE NORTHER	N MARIANA	MISSIONER OF EDUCATION WILLIAM S. TORRES

BOARD

OF

EDUCATION

VICE-CHAIRPERSON ESTHER S. FLEMING NOTICE OF MEETING MEMBERS Thomas B. Pangelinan Daniel O. Quitugua MARJA LEE C. TAITANO Pursuant to Public Law, the CNMI State Board of Education, PUBLIC SCHOOL TEACHER hereby gives notice that the Special meeting of the Board of Education will held on Thursday, January 8, 1998 at 9:30 NON PUBLIC SCH. REP. REV. JOHN A. KINSELLA a.m. at the Conference Room of the Nauru Building, Saipan. STUDENT REP. PATRINA SN. BORJA The following items are on the agenda for the above-LEGAL COUNSEL SEAN E. FRINK referenced meeting:

PRELIMINARY MATTERS

ISLANDS

- 1. Call to Order
- 2. Roll Call
- 3. Adoption of Agenda

STATE

II. BUSINESS

I.

CHAIRMAN DON A. FARRELL

- 1. Status of Litigation
- 2. Appointment of Acting Commissioner
- 3. Vacancy Announcement for COE (Revision)
 - 4. Decentralization of Personnel
 - 5. Human Resources Office
- 6. Reprogramming of funds

III. PUBLIC COMMENTS

IV. ADJOURNMENT

All interested persons are welcome to attend and to submit written or oral testimony on the above agenda items.

Don A. Farrell, Chairman

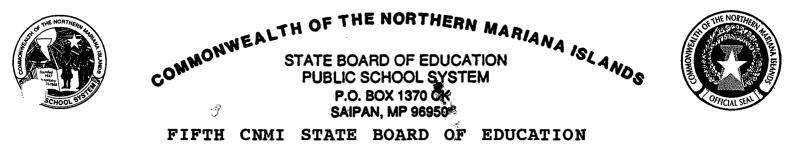
Marja Lee Tartano, Member

Thomas Pangelinan, Member

Esther Fleming, Member

COMMONWEALTH REGISTER VOLUME 20 TEL: (670) 664-3770/3720

NUMBER 01 JANUARY 15, 1998 PAGE FAX: (670) 664-3798/664-3791/664-3792 14805



CHAIRMAN Don A. Farrell

VICE-CHAIRPERSON ESTHER S. FLEMING

MEMBERS THOMAS B. PANGELINAN Daniel O. Quitugua Marja Lee C. Taitano

PUBLIC SCHOOL TEACHER Jovita K. Masiwemai

NON PUBLIC SCH. REP. REV. JOHN A. KINSELLA

STUDENT REP. Patrina SN. Borja

LEGAL COUNSEL SEAN E. FRINK

NOTICE OF MEETING

This is to inform the public that due to inclement weather the Board of Education meeting scheduled for December 17, 1997 is rescheduled to Monday, December 22, 1997 at 9:30 a.m. in the Conference Room of the Nauru Building, Saipan.

Pursuant to Public Law, the CNMI Board of Education, hereby gives notice that the special meeting of the Board of Education will be held on Monday, December 22, 1997 at 9:30 a.m. in the Conference Room of the Nauru Building, Saipan.

The following items are on the agenda for the abovereferenced meeting:

I.

PRELIMINARY MATTERS

- 1. Call to Order
- 2. Roll Call
- 3. Adoption of Agenda (August 28, 1997)

II.

1. Organization

INAUGURAL ACTIVITIES

- 2. Logistics
- 3. Invitation
 - 4. Program Sheet
- III. BUSINESS
 - 1. Review of Performance of Commissioner Torres a. possible grounds for termination
 - b. vote on termination

IV. PUBLIC COMMENTS

V. (EXECUTIVE SESSION) LEGAL COUNSEL'S REPORT

VI. ADJOURNMENT

All interested persons are welcome to attend and to submit written or oral testimony on the above genda items.

Don A. Farrell Chairman, BOE

Marja Lee Jaitano BOE Member

Thomas Pangelinan BOE Member

COMMISSIONER OF EDUCATION WILLIAM S. TORRES

 COMMONWEALTH REGISTER
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 NUMBER 01
 JANUARY 15, 1998
 PAGE 15806

 TEL:
 (670)
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 15806



HOUSING

Froilan C. Tenorio Governor

Jesus C. Boria Lieutenant Governor

BOARD OF DIRECTORS

Juan S. Tenorio Chairman

Oscar P.Q. Quitugua Vice-Chairman

Francisco B. Evangelista Secretary

Jesus D. Sablan Treasurer

Plasido Tagabuel Director

MaryLou S. Ada Corporate Director

NORTHERN MARIANAS HOUSING CORPORATION

P.O. BOX 514, Saipan, MP 96950

Tels: (670) 234-6866 234-9447 234-7689 234-7670 Fax: (670) 234-9021

NOTICE OF PROPOSED AMENDMENTS to the LOAN PROCESSING PROCEDURES

The Board of Directors of the Northern Marianas Housing Corporation (NMHC) hereby notifies the general public that it proposes to adopt the amendments to the Loan Processing Procedures as published in Volume 19, No. 11 dated November 15, 1997 of the Commonwealth Register.

Dated this <u>14th</u> day of January, 1998.

JUAN **5. TENORIO** Chairman of the Board

re A. Da

Corporate Director

5 198

Received by: ACTING FRANCES MANIBUSAN **Special Assistant for Administration** Office of the Governor

SOLEDAD SASAMOTO **Registrar of Corporation**

COMMONWEALTH REGISTER VOLUME 20 NUMBER 01 JANUARY 15, 1998 PAGE 15807 "NMHC is an equal employment and fair housing public agency"

Received by:

Pursuant to Executive Order No. 94-3, Section 407 of Reorganization Plan No. 2 of 1994, Directive No. 138 and the Administrative Procedure Act at 1 CMC 9101, et. seq, the rules and regulations attached hereto have been reviewed and approved by the CNMI Attorney General's Office.

1998. Dated this dav of Loren Sutton Attorney General (Acting) By: Elliott tler Assistant Attorney General

NUTISIA PUT I PRINIPONEN AMENDASION SIHA para i KONDISION INAYAO SALAPE

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I Board of Directors i Northern Marianas Housing Corporation (NMHC) ginen este man nana'e' nutisia para i pupbliku henerat na ha propopone para u adapta i amendasion siha para i Kondision Inayao Salape ni mapupblika gi Baluma 19, Numiru 11 ni ma fecha Nobembre 15, 1997 gi halom Rehistran Commonwealth.

Ma fecha gi mina 14th	a dia, gi Ineru, 1998.
Alter	mayber A. Del
JUAN S. TENORIO Chairman i Kuetpo	MARYLOUS ADA Corporate Director
1/15/98	Rinisibi as: Ramana
Fecha	ACTING FRANCES MANIBUSAN Special Assistant for Administration Offisinan Gubetno
1/15/98	Ma File as:

SOLEDAD B. SASAMOTO Rehistradoran Kotporasion

NUTISIA PUT PRINIPONEN AMENDASION PARA KONSISION INATAO SALAPE INERU 14, 1998 Pahina 2

Sigun gi 1 CMC 9101, et. seq., i chechetton siha na areklamento yan regulasion guine esta manma inan maolek yan apreba ni Ofisinan Attorney General.

Ma fecha gi mina' 15 na dia guine na mes Junuary , 1998.

Loren Sutton Attorney General (Acting)

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Ginen ELLICITY & SATTLER

Elliot A. Sattler Assistant

ARONGORONG REEL LLIWELIL AUTOL mille eghil ngáli MWOGHÚTÚL TINGOROL <u>SALAAPI</u> (LOAN PROCESSING PROCEDURES)

Schóól <u>Board of Directors</u> mereel <u>Northern Marianas Housing Corporation</u> (NHMC) rekke arongaar toulap bwe ekke pomwoli bwe ebwele <u>adaptááli</u> lliiwel kka eghil ngáli Mwóghutul Tingórol <u>Salaapi</u> iwe e toowow llól <u>Volume</u> <u>19. No. 11</u> maram ye Aremwoy(<u>Nobembre</u>) 15, 1997 mellól <u>Commonwealth</u> <u>Register</u>.

E fféér llól ráálil ye	Schoow(Enger	<u>o</u>), 1998.
JUANS. TENORIO Chairman il Board		MARYLOUS. ADA Corporate Director
1/15/98 Rål	Bwughiiyal : Acting	FRANCES MANIBUSAN Special Assistant for Administration Bwulasiyool Gubenno
1/15/98 Rål	Isáliiyal:	SOLEDAD B. SASAMOTO Registrar of Corporation

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Arongorong reel Pomwol Liliwel kkaal ngáli <u>NMHC's</u> reel Mwóghútúghútúl Tingórol <u>Salaapi</u> Schoow(<u>lanuary</u>) 14, 1998 Peigh 2

Sángi autol 1 <u>CMC</u> § 9101 <u>et. seq.</u> reel allégh kkasl ikka e appasch nge a takkal amwmir sefáál me aléghéléghéló mereet byulasiyool Sów Allégh(<u>CNMI Attorney General</u>).

Str lioi maramai annan . 1998 Rál ye _

Loren Sutton Attorney General(Acting)

ELLIOTT & SATTLER

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Elliot A. Sattler Assistant Attorney General



NORTHERN MARIANAS HOUSING CORPORATION

P.O. BOX 514, Saipan, MP 96950

NORTHERN MARIANAS HOUSING CORPORATION

MORTGAGE CREDIT PROGRAM

ROUGING OPPORTUNITY

Froilan C. Tenorio Governor

Jesus C. Borja Lieutenant Governor

BOARD OF DIRECTORS

Citation of Statutory Authority:

Juan S. Tenorio Chairman

Pursuant to Executive Order No. 94-3, Section 407 of Reorganization Plan No. 2 of 1994, Directive No. 138 and the Administrative Procedure Act at 1 CMC 9101, et. seq.

To provide mortgage credit programs and other housing and

community development programs to residents of the

Oscar P.Q. Quitugua Vice-Chairman

Short Statement of Goals & Objectives: Francisco B. Evangelista

Jesus D. Sablan Treasurer

Secretary

Plasido Tagabuel Director

MaryLou S. Ada Corporate Director Brief Summary of the Rule:

To amend the Loan Processing Procedures to revise sections with respect to the review and processing of home loan applications and execution of loan documents.

For Further

Information Contact: MaryLou S. Ada, Corporate Director, telephone no. 234-9447/7689, fax no. 234-9021 or e-mail at nmhc@gtepacifica.net.

Citation of Related and/or Affected Statutes Regulations and Orders:

NMHC's Revisions to Loan Processing Procedures, Volume 19, Number 11, Commonwealth Register, November 15, 1997.

Submitted by:

Date

Corporate Director

Commonwealth.

COMMONWEALTH REGISTER VOLUME 20 NUMBER 01 JANUARY 15, 1998 PAGE 15813"NMHC is an equal employment and fair housing public agency"

Tels: (670) 234-6866 234-9447 234-7689 234-7670 Fax: (670) 234-9021

PART I(A)(5) IS REVISED AS FOLLOWS:

. . .

- 5. Preliminary Requirements.
 - n. Statement that loan funds are for primary residence. (Exhibit B),
 - o. For construction loans, a copy of the construction contract on AIA approved format.
 - p. For construction loans, a statement that the construction contract shall not become operative until the requested NMHC loan is approved and funds are ready for disbursement. (Exhibit C).
 - q. For construction loans to be made for the improvement of homestead lots under the provisions of the Village Homesteading Act of 1979. P.L. 1-42. CMC Title 2. Division 4. Chapter 3. Article 3. §§ 4431 4438; a Statement that the construction contract shall not become operative until title to the land has been transferred from DLNR-DPL. or its successor. to NMHC. and NMHC has then transferred the same to the borrower and simultaneously taken a mortgage on the land. (Exhibit D).
 - r. For construction loans, a statement that the Contractor shall be bound by these regulations. (Exhibit E).
 - s. For construction loans, copies of the government approved and stamped project plans, specifications sheet construction budget, construction and disbursement schedules, contractor performance and payment bonds in an amount sufficient to cover the project costs, and contractor's all risk insurance coverage in an amount not less than the contract amount.
 - t. ALTA insurance policy.
 - u. Building permit and other required governmental approvals.
 - v. Flood insurance policy, if applicable.

PART II. IS REVISED AS FOLLOWS:

A. Logging

Secretary shall long in the appropriate log book and stamp "RECEIVED" with the date, all incoming applications which are accompanied with all the required documents and/or information for preliminary determination purposes, which include the preliminary requirements listed in items "a" through "n" in Subsection 3 of Section I (A) (5) above.

B. Content Review

Completed applications and pertinent documents and/or information shall be forwarded to the Loan Documentation Clerk, who shall review the contents as listed in Section I(A)(5), items "a" through "n", as applicable, using the appropriate checklist; (Exhibit $\frac{1}{D}$ F for (GS&LA), Exhibit $\stackrel{e}{\to}$ G for (VA), or Exhibit $\stackrel{e}{\to}$ H for (HOME)), and log each application in the appropriate waiting list.

E. Good Faith Estimate

The Loan Specialist or contracted private loan packager shall prepare the Good Faith Estimate of Settlement Charges (Exhibit \pm I), then contact the applicant(s) to review and sign it within three working days from receipt of application by NMHC.

PART III. IS REVISED AS FOLLOWS:

. . .

III. CREDIT EVALUATION/INTERVIEW/LOAN REPORT

After receipt of the credit report for the applicant(s), the Loan Specialist or contracted private loan packager shall proceed as follows:

F. <u>Review of Construction Contract</u>

The construction contract submitted pursuant to Part I(A)(5)(o) shall be forwarded to NMHC's Legal Counsel for review. Said review shall be for the sole purpose of protecting NMHC and shall be limited to ensuring that the contract contains the minimum clauses they deem necessary to protect NMHC. At a minimum, the

contract shall contain provisions that cover the following areas:

- 1. Commencement and completion date.
- 2. Extensions of time for completion.
- 3. <u>Contractor's duties to safeguard the project, its employees, and</u> third parties.
- 4. Project clean-up.
- 5. Contractor's Warranty.
- 6. Termination of Contractor by the Owner.
- 7. <u>Progressive payment schedule that provides for a retainage of at</u> least ten (10%) percent.
- 8. Withholding of payments by the Owner or NMHC for failure to comply with the construction contract, applicable laws, or in the event of insecurity by NMHC.
- 9. <u>Payment and performance bonds.</u>
- 10. Liens by subcontractors and material suppliers and the Contractor's duty to obtain releases from all subcontractors and material suppliers.
- 11. Payment of Taxes.
- 12. Purchase of insurance to cover the construction project from fire, flood, typhoon, and vandalism, as well as liability insurance. NMHC shall be a named insured.
- 13. Workers compensation insurance.
- 14. Indemnification of the Owner and NMHC by the Contractor for injuries, both personal and economic, attributable to in whole or in part by any negligent act or omission of Contractor, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable
- 15. Default by Contractor.
- 16. Alternative dispute resolution process.
- <u>17.</u> Providing of notices.
- 18. Contract to be governed by, and construed in accordance with, the laws of the Commonwealth of the Northern Mariana Islands (CNMI).

F<u>G</u>. Applicant(s) Interview

Interview the Applicant(s), cross-checking information received through verifications of employment or deposit, credit report, etc.

G<u>H</u>. Preparation of Applicable Forms

Prepare applicable forms with pertinent data such as:

1. Rate Loan Program Disclosure (Exhibit F J).

- 2. Disclosure Statement (Exhibit G K).
- 3. Item Request (Exhibit H L).
- 4. Saipan Review Sheet Mortgage (Exhibit H M).

HI. Loan Report

Prepare Loan Report (Exhibit J N), recommending approval or disapproval of the application, then forward the file to the Manager of the MCD and the Corporate Director for review and action.

PART VII(A)(2) SHALL BE AMENDED AS FOLLOWS:

2. Request for Grant of Public Domain Land

If the applicant is a homestead permittee seeking a loan under the provisions of the Village Homesteading Act of 1979. P.L. 1-42. CMC Title 2. Division 4. Chapter 3. Article 3. §§ 4431 - 4438, the Loan Documentation Clerk shall prepare a request to the Division of Public Lands (DPL) of the Department of Lands and Natural Resources (DLNR), for the issuance of a Grant of Public Domain Land, for the signature of the Manager of MCD. The signed request shall be forwarded to DPL as early as possible. Any Commitment Letter issued by NMHC pursuant to the terms of Part VII(A)(1), above, shall expressly state that a condition of NMHC making a loan and/or extending any credit to the applicant is the issuance by DPL of a Grant of Public Domain Land in favor of NMHC for the relevant real property. Despite the terms of any Commitment Letter and/or action of any NMHC personal. NMHC shall not be obligated to make any loan to any person covered by the terms of this provision, until such time as a Grant of Public Domain Land, in favor of NMHC. for the relevant real property, is issued.

PART VII(B)(1)(a) SHALL BE AMENDED AS FOLLOWS:

a.

The Loan Documentation Clerk shall prepare the Loan Closing Checklist (Exhibit \underbrace{KQ}), and place it in the appropriate section of the file.

Page 4 of 8

PART VIII(A) SHALL BE AMENDED AS FOLLOWS:

A. GS&LA - Closing documents {Disclosure/Settlement Statement (Exhibit <u>L</u> <u>P</u>), Federal Truth-In-Lending Disclosure Statement (Exhibit M), Loan Agreement (Exhibit <u>R</u>), Promissory Note (Exhibit <u>N</u> <u>S</u>), Mortgage (Exhibit O <u>T</u>)} shall be forwarded to <u>NMHC's <u>ILegal</u> <u>c</u>ounsel for review as to form.</u>

4. Document Recordation

...

Properly executed and notarized Loan Agreement (Exhibit R), Promissory Note (Exhibit \mathbb{N} S), and Mortgage (Exhibit Θ T) shall be copied by the Loan Documentation Clerk for recordation at the Commonwealth Recorder's Office.

PART VII(B) SHALL BE AMENDED AS FOLLOWS:

B. VA - The Loan Specialist shall contact the applicant(s) and contractor to schedule execution of four each (original signatures) of the Construction Loan Promissory Note (Exhibit P U), Escrow Agreement (Exhibit Q V) and Real Estate Construction Agreement (Exhibit R W).

PART VII(C) SHALL BE AMENDED AS FOLLOWS:

e.

1. Execution of Documents

Applicant(s) shall execute the following documents:

- a. Equal Opportunity Agreement (Exhibit S X).
- b. Nondiscrimination Certificate (Exhibit $\mp Y$).
- c. Promissory Note (Exhibit $\forall \underline{Z}$).
- d. Real Estate Deed of Trust (Exhibit $\forall \underline{AA}$), which must be notarized and recorded at the Commonwealth Recorder's Office prior to submittal to RECDS.

. . .

Subsidy Repayment Agreement (Exhibit $\frac{W}{BB}$), if a subsidized loan

Page 5 of 8

2. Loan Specialist's Signatures

Loan Specialist shall sign the following documents:

- a. Settlement Statement (Exhibit X <u>CC).</u>
- b. Loan Closing Statement (Exhibit Υ <u>DD</u>).

PART IX SHALL BE AMENDED AS FOLLOWS:

A. Request For Disbursement

Each request for disbursement that has been concurred by the borrower(s) shall be logged by the Secretary in the in-coming logbook and then forwarded to the Manager of the MCD who shall have the Loan Documentation Clerk process the Order to Pay Funds (Exhibit ΞEE)after verifying the billing accuracy with the increment schedule specified in the project's contract. ...

C. Change Orders

Prior to a Change Order becoming effective, it must be approved by both the borrower/owner, their private inspector, if applicable, and the contractor. In addition, the Change Order shall not become effective until a copy of the Change Order, with all of the signatures noted above, is served on NMHC, the bonding company that issued the Performance and Payment Bonds, and any insurance company who has issued property insurance on the land on which the home is to be constructed.

If a Change Order will increase the total project cost, then it shall not become effective until the bonding company and insurance company that issued the property insurance, provides NMHC with written notice that the bonding and insurance company will cover the additional costs associated with the Change Order in the Performance and Payment Bonds and insurance policy, or until the dollar amount of the Performance and Payment Bonds and insurance policy is increased.

If a Change Order will increase the project cost such that the amount borrowed must be increased, then in addition to any provision above, the Change Order shall

Page 6 of 8

not become effective until the total loan figure is increased to cover the additional costs associated with the Change Order and any and all documents that NMHC deems necessary to protect its investment are executed by the borrower/owner and contractor. unless the borrower/owner intends to fund the additional cost themselves and signs a certification of the same and provides a copy of the certification to NMHC.

If the Contractor performs the work called for in a Change Order prior to its becoming effective, pursuant to the provisions of this section, then the Contractor shall not seek payment from NMHC or from the proceeds of the loan made by NMHC under the provisions of these regulations. The Contractor shall further complete the construction project as originally set forth in the parties construction contract, as modified by any Change Orders that are deemed effective by the provisions of this section. Further, the Contractor shall take no action which shall in any way impair NMHC's security interest in the property.

If NMHC makes payment for work performed on a Change Order that has not become effective under the provisions of this section, then it shall request an immediate refund from the Contractor. The Contractor shall immediately refund said payment. However, NMHC may, in its sole discretion, deduct any of said monies from future payments to be made under the construction contract rather than requesting a refund.

<u>**C**</u><u>D</u>. Final Billing</u>

The final billing shall include:

- 1. The Builder's Warranty.
- 2. Termite Treatment Warranty.
- 3. Contractor's Affidavit That All Liens' Have Been Paid and Certificates from all subcontractors and material suppliers that all bills/invoices relating to the project have been paid by the Contractor
- 4. Certificate of Occupancy from the Building Safety Office.
- 5. Certification for Use of Septic System, if applicable.

The Fiscal Division may process the disbursement if all requirements are met.

PART XI SHALL BE AMENDED AS FOLLOWS:

Loans for completed projects which are to be sold shall be further processed, including:

Page 7 of 8

- A. Assignment of Promissory Note and Mortgage (Exhibit A-1 FF).
- B. Notice of Assignment, Sale, or Transfer of Servicing Rights (Exhibit A-2 GG).

PART XIII SHALL BE AMENDED AS FOLLOWS:

The head of the Fiscal Division shall provide copies of all delinquency notices to the Manager of the MCD, who shall assign follow up of the notices with the respective account officer of each problem loan or any other Loan Specialist. The attached Problem Loan Write-up Sheet (Exhibit A-3 <u>HH</u>) shall be completed and filed in the particular loan file.

A NEW PART, TO BE ENTITLED "PART XX. APPLICABILITY," SHALL BE ADDED AS FOLLOWS:

XX. Applicability

These regulations shall apply to any person who obtains a loan under the provisions of these rules and regulations. These regulations shall also apply to any Contractor utilized by any person who borrows money under these provisions.

A NEW PART, TO BE ENTITLED "PART XXI. APPLICABILITY OF OTHER LAWS, REGULATIONS, AND RULES," SHALL BE ADDED AS FOLLOWS:

XXI. Applicability of other laws, regulations and rules

In addition to these regulations, loans issued by NMHC may be controlled and/or effected by the general laws of the CNMI and/or the United States. Further, the rules of agencies of said governments may also effect and/or govern loans made by NMHC, specifically the rules and regulations of the United States Department of Housing and Urban Affairs (HUD) or Veteran Affairs (VA). To the extent that there is a conflict between these rules and the provision of any applicable law, or federal regulation, said law or federal regulation shall control.

Page 8 of 8