

TITLE 4: ECONOMIC RESOURCES
DIVISION 10: COMMONWEALTH ECONOMIC DEVELOPMENT AUTHORITY

§ 10601. MIHA-CEDA Loan Write-off.

The CEDA shall write-off approximately \$6,635,588 of the principal and any and all interest that has accrued and/or will accrue on that portion of the principal on the effective date of this chapter, on that specific loan entered into by and between CEDA and MIHA, in the amount of \$10,000,000, on January 30, 1987. NMHC shall have the duty to repay CEDA approximately \$3,364,412 for the cost of constructing 52 housing units located at Sugar King Part II. NMHC shall have no duty to repay the remaining amount of \$6,635,588 and any interest that has accrued or will accrue on the effective date of this chapter, on said portion of the loan. CEDA shall have no right of action against NMHC or any of its assets, in regards to the \$6,635,588 or any interest that has accrued, or that will accrue on the effective date of this chapter. However, CEDA may take appropriate measures to recover the amount written off (\$6,635,588) and any and all interest that has accrued and/or will accrue on the effective date of this chapter from other parties involved in the CEDA-MIHA loan.

Notwithstanding any other provision of law, the repayment source for the \$3,364,412 owed by NMHC to CEDA shall come from the sale of the 52 units at Sugar King Part II in Garapan. The sale of the 52 units shall be in the following prescribed manner:

(a) NMHC shall sell 42 of the 52 housing units to qualified families of CNMI descent in the following manner:

- (1) 2 BR Units @ \$59,000 each;
- (2) 3 BR Units @ \$64,000 each;
- (3) 4 BR Units @ \$70,000 each;

(b) Ten housing units shall be sold at the existing housing fair market value to qualified CNMI descent.

Source: PL 11-57, § 2, modified; PL 22-1, § 3 (June 7, 2021).

Commission Comment: PL 11-57 took effect on February 3, 1999. PL 11-55 contained findings, severability, and savings clauses as follows:

Section 1. Findings. The Legislature finds that the Commonwealth Development Authority (CDA) entered into a loan agreement with the Marianas Islands Housing Authority (MIHA), whereby CDA provided MIHA with ten million dollars, for the construction of approximately 150 housing units of which only 52 housing units were built that MIHA would lease to individuals of low to moderate income.

As a result of Executive Order 94-3 (E.O. 94-3), MIHA was dissolved, and its assets, duties, and responsibilities were transferred to the CDA. Pursuant to E.O. 94-3, CDA was to create a subdivision within itself to operate the Commonwealth's public housing agency. In response to E.O. 94-3, CDA created a subsidiary corporation known as the Northern Marianas Housing Corporation (NMHC). All of the assets and debts of the former MIHA were transferred to NMHC.

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While NMHC has been ably operated, and has made tremendous strides in paying off the debts of the former MIHA, it is unable to payoff the entire principal balance, with accrued interest, of the MIHA-CDA loan. This is especially true as NMHC is charged with providing housing to the Commonwealth's citizens of low to moderate income, therefore, its ability to generate revenues is severely restricted.

The Legislature further finds that as a result of E.O. 94-3, and the transfers of the MIHA-CDA loan to NMHC, a wholly owned subsidiary of CDA, that the loan is in essence both a liability and asset of CDA. Therefore, in order to maintain the financial integrity of the Commonwealth's Public Housing Corporation and to provide CDA with the ability to better manage its financial resources, the Legislature also finds that it is in the best interest of the Commonwealth to authorize CDA to write off a portion of the principal and interest that has accrued on the MIHA-CDA loan.

...

Section 3. Severability. If any provision of this Act or the application of any such provision to any person or circumstance should be held invalid by a court of competent jurisdiction, the remainder of this Act or the application of its provisions to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

Section 4. Savings Clause. This Act and any repealer contained herein shall not be construed as affecting any existing right acquired under contract or acquired under statutes repealed or under any rule, regulation or order adopted under the statutes. Repealers contained in this Act shall not affect any proceeding instituted under or pursuant to prior law. The enactment of this Act shall not have the effect of terminating, or in any way modifying, any liability, civil or criminal, which shall already, be in existence on the date this Act becomes effective.

The full text of Executive Order 94-3 (effective August 23, 1994), that is referred to in Section 1 of PL 11-57, is set forth in the Commission comment to 1 CMC § 2001.

The subsections in this section which were designated in numbers were changed to lower case alphabets and the subsections in this section which were designated in lower case alphabets were changed to numbers to comply with standard code formatting.