

**MARIANAS PUBLIC LAND TRUST
RESOLUTION OF THE BOARD OF TRUSTEES
#10-03**

A RESOLUTION APPROVING FURTHER POLICY CONDITIONS RELATING TO
THE MPLT HOME LOAN PROGRAM AS TO ITS ADMINISTRATION

RECITALS

WHEREAS, on October 4, 1996 Public Law 10-29, the MPLT-NMHC Home Financing Act, took effect which authorized a loan from the Marianas Public Land Trust for the amount of \$10 million dollars to the Northern Marianas Housing Corporation at an interest rate of 6% per annum; and

WHEREAS, subsequent litigation ensued in *NMHC v. MPLT* in which the issue was whether the Home Financing Act violated Article XI of the CNMI Constitution. The Supreme Court ruled that MPLT was only authorized but not required to make a loan to NMHC so there was no issue of the constitutionality of the Act; and

WHEREAS, on March 20, 2001 MPLT and NMHC entered into a Consolidated Loan Agreement wherein MPLT desired to make available to NMHC funds for the purpose of extending home loans to low income residents. The consolidated agreement was an extension of the original loan agreement executed on January 23, 1998. The total amount of the consolidated loan was \$10,000,000 (Ten Million Dollars); and

WHEREAS, NMHC did not have to make payments on the loan as a result of the moratorium imposed pursuant to Public Law 12-27. As a result of the statute, the payments which MPLT would have been paying to the General Fund pursuant to the trust in the Constitution were to be withheld and applied as a credit toward the payments due from NMHC under the loan. This moratorium was ultimately removed with the repeal through Public Law 15-48 in April 2007; and

WHEREAS, as a result of a Settlement Agreement between MPLT and NMHC, NMHC transferred and assigned the NMHC accounts and portfolios funded by MPLT pursuant to the Home Financing Act constituting what is now identified as the "MPLT Home Loan Portfolio"; and

WHEREAS, MPLT has taken over the administration of the MPLT Home Loan Portfolio effective February 1, 2008 with the assistance of its Loan Administrator, the Bank of Saipan and its counsel including the substitution of MPLT as Plaintiff in place of NMHC in all pending foreclosure actions; and

WHEREAS, since February 1, 2008 the MPLT Trustees have been reviewing the MPLT Home Loan Portfolio to survey the mortgaged properties; evaluate the status of compliance of borrowers; assess the various states of foreclosure actions; consider the delinquency rate; and ensure sufficient insurance coverage for the properties; and

WHEREAS, as a result of the file review the MPLT Trustees immediately implemented an across-the-board 2% rate reduction on the annual interest rate effective June, 2008 in order to provide assistance to the borrowers;

WHEREAS, in January 2009 the MPLT Trustees approved MPLT Resolution No. 09-01 affording debt relief assistance to the Borrowers through reduction of the interest to 2% per annum; waiver of accrued interest; modification to loans to allow for restructuring of payments; and working with borrowers to rehabilitate their accounts through May 30, 2009; and

WHEREAS, as a result of Resolution No. 09-01 the MPLT Home Loan Portfolio as of November 30, 2009 per the report of the Loan Administrator is at 50.84% current. However, there remain approximately 39 accounts where approximately 18 accounts are over 120 days delinquent but borrowers are making reduced payments; 14 are in serious delinquency without payments; and 5 appropriate for referral for foreclosure action; and

WHEREAS, the Loan Administrator and Counsel have received specific inquiries from borrowers to allow for certain transactions or actions on the Portfolio in order to see whether the policy goals of the program can be accomplished while protecting MPLT's investment and interest in generating revenue from the investment so that whenever possible, MPLT should consider all proper measures to afford debt relief and assistance to members of the MPLT Home Loan Portfolio subject to the limits of the Trustees' fiduciary duties to recover the investment and avoid any loss of principal; and

THEREFORE, IN CONSIDERATION OF THE FOREGOING RECITALS, THE MPLT TRUSTEES RESOLVE AS FOLLOWS:

Loan Administration Policy Changes

- A. **RESOLVED**, that in the situation where a borrower on an account has requested an assignment of the account or release of one or both borrowers on an account, the request shall only be granted on a case-by-case basis by the Trustees subject to the following conditions:
 1. The proposed substitute or assignee is a person of Northern Marianas descent or a United States citizen currently residing in the Commonwealth.
 2. The proposed substitute or assignee meets the financial requirements for eligibility as to income, assets, good credit standing, and other resources in order to service the debt as evaluated by the Loan Administrator.
 3. The proposed substitute or assignee shall secure life insurance for the value of the policy and maintain such policy in effect until the full satisfaction of the mortgage with MPLT as the sole beneficiary of the policy, and shall agree and authorize MPLT and/or the Loan Administrator to force-place any such policy, payable to MPLT, should the substitute borrower or assignee fail to secure such coverage and/or such policy shall expire.

XX APPROVED _____ DENIED

- B. **RESOLVED**, that the Loan Administrator shall meet and confer with all borrowers in the "seriously delinquent non-paying" category to confirm, given their inability to service their accounts, whether each borrower would agree that in lieu of foreclosure and pursuit of additional deficiency judgment to waive challenge and relinquish all interest and title to the real property and residence to MPLT without further proceedings in the form of a Quitclaim Deed and/or settlement agreement as required by the Administrator and MPLT Legal Counsel.

XX APPROVED _____ DISAPPROVED

C. **RESOLVED**, that with respect to those "seriously-delinquent but paying reduced amounts" borrowers the Loan Administrator shall continue best efforts to encourage compliance and updated payments striving whenever possible to be flexible with loan payments but subject to the requirements of Resolution No. 09-01. Specifically, the Loan Administrator may, whenever possible, modify a loan agreement after legal review and approval by the Trustees to modify or reduce loan payments within a new amortization schedule. The Loan Administrator may make recommendations to the Trustees for any further consideration of forbearance or relief requests by borrowers on a case-by-case basis. For purposes of this Resolution, "seriously delinquent but paying reduced amounts" borrowers are those accounts identified by the Loan Administrator on December 18, 2009 whom are over 120 days delinquent on the total monthly payments due. This definition shall not include borrowers below 120 days delinquent nor does it include those borrowers whom have failed to make any payments and are in default on their accounts ("seriously delinquent but non-paying") so that the Loan Administrator has deemed them appropriate for referral for foreclosure proceedings.

APPROVED DISAPPROVED


D. **RESOLVED**, that the Loan Administrator, after confirming non-response or unwillingness by a delinquent or non-paying borrower to relinquish the secured property/house, shall refer the account to MPLT Legal Counsel for foreclosure through legal proceedings no later than March 1, 2010;

APPROVED DISAPPROVED

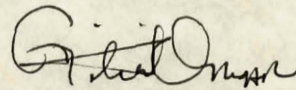
E. **RESOLVED**, that this Resolution shall be strictly construed and limited to the borrowers within the MPLT Home Loan Program Portfolio.

APPROVED DISAPPROVED

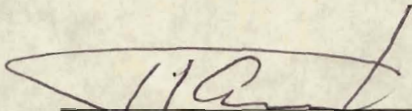
SO ADOPTED this 22nd day of December, 2009 by unanimous vote of the MPLT Board of Trustees on Saipan, CNMI.



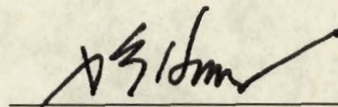
Phillip Mendiola-Long



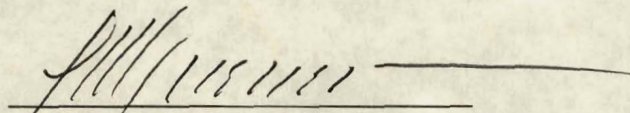
Gregoria Fitial-Omar



Alvaro A. Santos



Wanney B. Hocog



Pedro R. Deleon Guerrero