

MPLT RESOLUTION NO. 08-01

A RESOLUTION TO CONSIDER AND APPROVE THE REDUCTION OF THE INTEREST RATE OF THE LOAN PORTFOLIO OF THE MARIANAS PUBLIC LAND TRUST

WHEREAS, previously 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, by virtue of an Assignment of Mortgage Agreement with NMHC on December 31, 2007 NMHC assigned to MPLT the "Portfolio" of loan accounts comprising accounts and loans funded by MPLT funds, among other conditions; and

WHEREAS, on February 1, 2008, MPLT engaged the Bank of Saipan as its Loan Administrator to service the Portfolio including engaging in its review; organizing the accounts; and receiving payments and remitting the collections to MPLT; and

WHEREAS, as part of its services the Loan Administrator Bank of Saipan has been tasked to undertake a review and to make recommendations regarding the terms of the Portfolio as to interest rate, delinquency rate, and possible options for rehabilitation; and

WHEREAS, in its February and March 2008 meetings with the Loan Administrator the Trustees assigned to the Loan Administrator, its counsel, and to its Financial Consultant the duties to undertake the review collectively and to make recommendations; and

WHEREAS, on April 30, 2008 the Loan Administrator reported that while its review remains ongoing given the substantial challenges as to each account, it was able engage the assigned working group to address the current rates of

interest for the Portfolio accounts which range from 8-9.5% interest per annum; and

WHEREAS, the Loan Administrator recommends a reduction in the interest rate for the Portfolio to a range between a high-end rate of 7% to a low-end rate of 4.5% based on the following considerations:

a) The rate of 7%, even though a reduction from the existing rates, constitutes the approximate prevailing market rates on the mainland extended by financing and mortgage lenders not including any additional points.

b) The rate of 7% presumes a profit margin index by such lenders or financing institutions with a rate of return on loans extended to borrowers on the market.

c) The lower rate of 4.5% is based on consideration of the no-risk rate for Treasury-listed bills or bonds backed by the Federal government. Such rates are at the minimal range and are at low risk due to the backing of the government.

d) The maximum cost of administration under MPLT's existing agreement with the Loan Administrator is 2%.

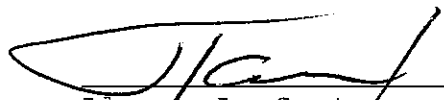
e) The funds from which NMHC extended loans constituting the Portfolio were based on the MPLT Trustees' determination that the investment was an economically targeted investment where the maximum rate of return on interest is turned in favor of the benefits of social investing, in this case to afford homeowners the benefits of first-time home ownership in the CNMI.

f) Allowing a reduction to the low rate would allow for accelerated payments and application of payments to principal which would result in the satisfaction of the loan amount on an earlier schedule.

BE IT RESOLVED, THEREFORE, in consideration of the foregoing recitals, the MPLT Board of Trustees finds that its prudent investment still generates interest income for disbursement to the General Fund but the maximum return is outweighed by the social investing and assisting the borrowers in this difficult economy.

BE IT FURTHER RESOLVED, THEREFORE, that the Trustees hereby do approve and establish to lower the prevailing interest rates for the Portfolio as to all accounts by a rate of 2%. This lower rate shall take effect on June 1, 2008 and the Loan Administrator is directed to implement this rate schedule on that date forthwith. MPLT shall issue a letter to the Borrowers for the Loan Administrator's inclusion in the June 2008 statement reflecting the Trustees' sentiments in affording some relief while hoping for each borrower's success in satisfying the terms of each account with MPLT.

ADOPTED this 1st day of May, 2008 by the MPLT Board of Trustees at a Special Meeting on Saipan.



Alvaro A. Santos
Chairman, Board of Trustees