

**MARIANAS PUBLIC LAND TRUST
RESOLUTION OF THE BOARD OF TRUSTEES
#10-10 -A-2**

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 MPLT 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, as a result of MPLT Resolution No. 10-3 MPLT authorized the Loan Administrator 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. Such assistance has included authorizing assignments or substitution of borrowers where such assignees or substitute borrowers are of sound financial standing equal to or better than the original borrower; meeting and conferring with all borrowers to 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 in lieu of foreclosure proceedings; 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; and after confirming non-response or unwillingness by a delinquent or non-paying borrower to relinquish

the secured property/house, pursue foreclosure through legal proceedings.

WHEREAS, the MPLT Trustees find that the borrowers have been given a full and fair opportunity to maintain and rehabilitate their loan accounts. Unfortunately, several borrowers have defaulted and these accounts have been referred to legal counsel to institute foreclosure proceedings. MPLT has obtained default judgments on several accounts and is pursuing foreclosure on all referred accounts. Within the next few months MPLT will have the right to pursue judicial sale of these properties. While the MPLT Trustees will, by and through this resolution and pursuant to their fiduciary duties, seek to recover the maximum amount of invested funds from an auction, the MPLT Trustees recognize that the current housing market is depressed with little or few bidders and at bids well below the principal owed. With this in mind, the MPLT Trustees, upon recovering properties from foreclosure as a judgment creditor, now wish to be able to provide opportunities for persons of Northern Marianas Descent as first time homeowners to obtain properties foreclosed upon and owned by MPLT to bid and own and rehabilitate these homes as new owners.

THEREFORE, in consideration of the foregoing provisions the MPLT Trustees hereby adopt the following resolution to achieve the stated goals of MPLT RESOLVE AS FOLLOWS.

MPLT FORECLOSED OR RECOVERED PROPERTY POLICY:
“SUPPLEMENTAL HOME INVESTMENT PROGRAM”

BE IT RESOLVED, that MPLT through the Loan Administrator Bank of Saipan and its legal counsel shall pursue foreclosure proceedings on all referred borrowers who have defaulted on their Mortgage and Promissory Note following the exhaustion of all efforts by the Loan Administrator to rehabilitate such loans;

BE IT FURTHER RESOLVED, that MPLT authorizes the following policy and program activities for the MPLT Home Loan Portfolio for its rehabilitation and to afford new or qualified persons of Northern Marianas Descent, to own homes under MPLT’s possession or control pursuant to foreclosure proceedings as new owners on the following policy terms and conditions:

1. Each house/lot foreclosed upon and recovered by MPLT through judicial sale shall be identified and included as MPLT’s asset in its Home Portfolio using the judgment loan amount as the starting valuation.

2. The MPLT Trustees, hereby establish a MPLT Supplemental Home Investment Program with the purpose of setting criteria and requirements for qualified persons to be able to apply for and obtain the foreclosed properties as new owners of foreclosed homes, subject to any redemption rights by the original borrower and without any warranties.
3. The Loan Administrator (Bank of Saipan) shall follow the criteria based on the standards of qualification of Bank of Saipan for financing SHIP applicants.
4. It shall be a prerequisite for qualification for the SHIP that each applicant be a person of Northern Marianas Descent pursuant to Article XII of the Northern Marianas Constitution and a first-time homeowner. However, any person of Northern Marianas Descent may qualify under this program if no first-time homeowner is qualified.
5. An applicant shall:
 - a. provide proof of registration as a person of Northern Marianas Descent issued by the CNMI Board of Elections;
 - b. and, a first-time homeowner shall provide a notarized affidavit that he/she does not have any interest, whether freehold or fee simple, in any CNMI land;
 - c. and a verified name search from a title company (current within 45 days) showing that the applicant does not own title to nor hold any interest in CNMI land as a grantee.
6. MPLT shall publish and distribute in the community a "Notice of the MPLT Supplemental Home Investment Program". The Notice, however, shall specify explicitly that the program is for qualified applicants; for properties foreclosed upon by MPLT; that such properties are offered without warranties "as is" and "where is"; and that all applicants shall be creditworthy.
7. MPLT shall allow a reasonable period to receive applications and to evaluate those applications.
8. Applicants shall submit their bid proposals to the Loan Administrator. The Loan Administrator shall inform each applicant and MPLT of the

maximum amount for which an applicant may be able to obtain a home loan or financing. However, the applicant may not bid nor offer an amount for a property of MPLT beyond the pre-qualified sum.

9. MPLT shall not require, as part of the SHIP, any down payment.
10. As to each house/lot, no bid for any property below the appraised value shall be accepted. It shall be a minimum condition or requirement that every bid shall be at least at the appraised value.
11. Loan Administrator shall compile all qualified applications and submit such applications, names omitted, to MPLT Trustees for review, ranking, and approval. Thereafter, the Loan Administrator and the highest ranking selected applicant shall execute the Mortgage; Promissory Note; and other documents to complete the transaction.
12. The interest rate shall be 2% fixed on an amortization schedule with monthly installments, not to exceed 25 years. MPLT shall be the Mortgagee on the agreements and shall maintain its security interest until the loan is fully paid and satisfied.
13. If there are no interested qualified applicants for a particular house/lot under the SHIP, then MPLT may proceed with an open auction format when a SHIP house/lot has been listed and published by MPLT for proposal at least three times. With the public auction format, MPLT shall publish notice of the property up for auction once a week for at least four consecutive weeks. Two conditions of eligibility are established: 1) each offeror may only be a person of Northern Marianas Descent who offers the highest bid price; and 2) the price is not lower than the appraised value. MPLT may impose other standard requirements for auction such as posting 10% of the bid price upon acceptance of the bid and paying the remaining balance within ten days of acceptance or forfeit the 10% deposit. However, a person of non-Northern Marianas Descent may bid for the house/lot. If a person of non-Northern Marianas Descent submits a bid which is accepted, MPLT may only execute a lease for no more than 55 years pursuant to Article 12 and the reversionary fee simple interest shall remain with MPLT. To ensure that a bidder of Northern Marianas Descent is not being used as a front or strawperson for the purchase of such houses by persons of Non-Northern Marianas Descent, each bidder or selected purchaser shall execute an Affidavit under penalty of perjury

affirming that he/she is acting on his own behalf and for no others.

BE IT FURTHER RESOLVED, that as to each and every property within MPLT's inventory under the SHIP, the following conditions shall apply as to every transaction, whether by bid or sale:

- A. All properties are conveyed "as is, where is" without any warranties whatsoever including, but not limited to, warranties of habitability and fitness for purpose; structural conditions; and safety conditions;
- B. All properties conveyed pursuant to this program shall be subject to any existing or valid right of redemption for the defaulting or judgment debtor/borrower for a period of one-year from the date of judgment and that any applicant/bidder/proposer shall take such real properties subject to such statutory requirements without any liability to MPLT for any consequential loss; improvements to the structure; or other expenses;
- C. MPLT provides no warranties as to title;
- D. MPLT makes no representations or assurances as to any defects of title; the existence of any liens; and any dangers or other conditions pre-existing on the real properties conveyed.

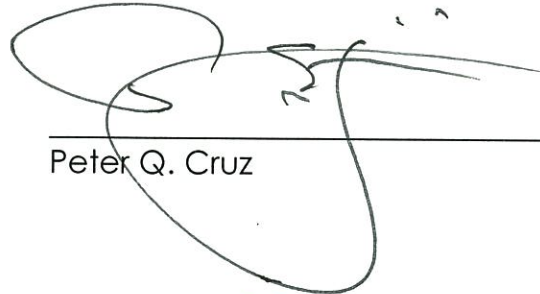
BE IT FURTHER RESOLVED, that the proposer or bidder shall bear the closing costs and administrative costs for the transaction with MPLT including preparation of documents and attorneys' fees for MPLT.

SO AMENDED this 15TH day of April 2015 by unanimous vote of the MPLT Trustees on Saipan, CNMI.

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SIGNATURE PAGE**



Pedro R. Deleon Guerrero



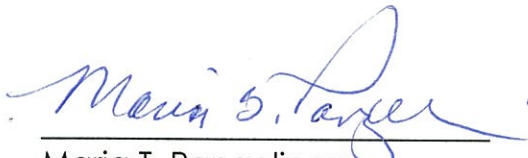
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