

**MARIANAS PUBLIC LAND TRUST
RESOLUTION OF THE BOARD OF TRUSTEES
#10-12**

A RESOLUTION APPROVING LAST RECOURSE MEASURES FOR DELINQUENT
BORROWERS 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

WHEREAS, the MPLT Trustees are informed that there are now delinquent borrowers whose accounts have been deemed appropriate for referral for

foreclosure proceedings due to non-payment or default so that in this Resolution the Trustees establish a final opportunity of recourse for borrowers to become current and avoid foreclosure as the last opportunity before instituting foreclosure proceedings.

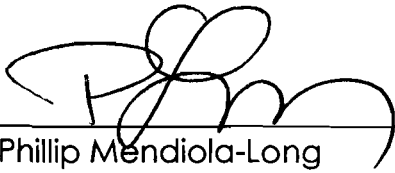
THEREFORE, IN CONSIDERATION OF THE FOREGOING RECITALS, THE MPLT TRUSTEES RESOLVE AS FOLLOWS:

Resolution for Final Loan Recourse for Delinquent Accounts

RESOLVED, that MPLT hereby establishes last recourse measures for delinquent borrowers so that the Bank of Saipan, as the MPLT Loan Administrator, is authorized and may enter into negotiations with delinquent borrowers at over 120 days delinquent, whose accounts have been identified as appropriate for referral for foreclosure proceedings, in order to modify the loan agreement and payment terms on the following conditions:

1. The Bank shall re-assess the Borrower's income status and ability to continue to service the loan at a minimal amount deemed appropriate by the Bank of Saipan.
2. The Bank may adjust and fashion a new amortization schedule not to exceed thirty (30) years. Any modification of the loan agreement shall be in writing, signed by the Borrower and notarized. The Borrower shall execute a new Promissory Note if so deemed appropriate or necessary.
3. The interest rate on the new amortization schedule shall remain at 2%.
4. The Borrower, however, shall be given specific and written notice that if the Borrower again becomes delinquent for ninety (90) days on this modified and re-negotiated amortization schedule or any other condition of the loan agreement, that the Bank of Saipan shall refer the Borrower for legal action for foreclosure proceedings.

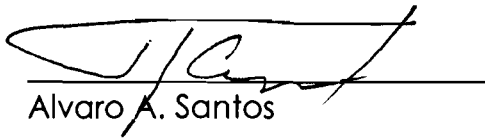
SO ADOPTED this 17 day of December, 2010 by unanimous vote of the MPLT Board of Trustees on Saipan, CNMI.



Phillip Mendiola-Long



Gregoria Fitial-Omar



Alvaro A. Santos



Melchor J. Mendiola



Pedro R. Deleon Guerrero