

YSC, Title 20. Planning & Economic Development

Chapter 21. Yap Small Business Loan Security

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§2101. Short title.

This chapter shall be known and may be cited as the "Yap Small Business Loan Security Act".

Source: YSL 4-91 §1, modified.

§2102. Purpose.

The purpose of this chapter is to establish a loan security program for starting or expanding feasible, small-scale businesses in the State in support of the State public sector reform program. The public sector reform program requires a shift in economic emphasis away from the public sector to the private sector and a loan security program should stimulate the expansion of existing small businesses and the establishment of new businesses that have the potential of growth.

Source: YSL 4-91 §2.

§2103. Definitions.

As used in this chapter, unless the context clearly requires otherwise, the term:

- (a) "ADB" means the Asian Development Bank.
- (b) "Borrower" means a State citizen applying for a loan which is to be secured under this Program.
- (c) "FSM" means the [National Government of the Federated States of Micronesia](#).
- (d) "PIDB" means the [Pacific Islands Development Bank](#).
- (e) "Program" means the loan security program established by this chapter.
- (f) "Small business loan security" means a business loan security in an amount not exceeding \$50,000.00 provided by the Program for a small-scale business in Yap State by a State citizen or by a State citizen in joint venture with a foreign investor and determined by YIT as consistent with the State public sector reform program.
- (g) "State" means the [State of Yap](#).
- (h) "State citizen" means any resident of Yap State who is a [citizen of the Federated States of Micronesia](#).

Micronesia.

(i) "YIT" means the Yap Investment Trust established by Yap State Law No. 3-84.

Source: YSL 4-91 §3, modified.

Cross-reference: The provisions of YSL 3-84 on the Yap Investment Trust are found [chapter 20 of this title](#).

§2104. Program administration.

YIT shall, in a manner consistent with this chapter and any other requirements applicable to YIT, administer the Program for the State.

Source: YSL 4-91 §4, modified.

§2105. Eligibility, sources and authorization of funds in the Program.

Three distinct categories of borrowers may apply for loan security in the Program as follows:

- (a) Borrowers retiring under the [Yap State early retirement program](#).
- (b) Borrowers wanting to apply to PIDB for small business loans.
- (c) Any other borrowers wanting to apply to any other banks for small business loans and needing loan security.
- (d) The Governor is authorized to receive funds from any source for the Program. When necessary the Governor may designate a portion of the funds in the Program as a matching for other funds which may be available to the Program on a matching basis.

Source: YSL 4-91 §5, modified.

§2106. Review and approval of applications for loan security.

In addition to any procedures or requirements YIT may issue to implement this chapter, the following procedures and requirements shall govern any application for loan security in the Program:

- (a) Prior to submitting an application to PIDB or any other bank for a business loan, a borrower shall submit his or her loan application with a business plan to YIT for YIT's review and approval.
- (b) If requested by YIT, the borrower shall provide to YIT any other information relating to the application or business plan for YIT's review and approval.
- (c) Prior to approval by YIT of any loan security to any borrower, the borrower and YIT shall execute a written agreement identifying their respective rights and obligations with respect to the loan security provided by YIT.

Source: YSL 4-91 §6, modified.

§2107. Real property as security for loans.

In addition to other loan security YIT may require from a borrower requesting loan security from YIT, YIT may, as a condition of the loan security YIT provides, require and accept title to real property on behalf and in the name of the State as security for the borrower's loan security from the Program. YIT may decide when security in real property is necessary, provided that YIT shall comply with the requirements of YIT's enabling legislation, the provisions of the [Yap State Deed of Trust Act](#), and this chapter with respect to processing and disposing of real property used as loan security in the Program.

Source: YSL 4-91 §7.

Cross-reference: The statutory provisions on the Yap State Deed of Trust Act are found in [chapter 2 of Title 29 of this Code](#).

§2108. Annual report.

No later than the first Monday of May of each year, YIT shall submit a report to the Governor and the Legislature regarding the condition of the Program, actual expenditures therefrom for the last completed fiscal year, estimated expenditures thereof for the fiscal year in progress, a full accounting of funds from the State, FSM or other sources for the Program.

Source: YSL 4-91 § 8.

§2109. Funds received.

YIT shall deposit all funds received by it for the Program from any source in an enterprise fund in the manner authorized by the [State Financial Management Act of 1983](#), as amended. All such funds shall remain in the enterprise fund for the Program and no balance thereof shall revert to the [General Fund of the State of Yap](#).

Source: YSL 4-91 § 9.

Cross-reference: The provisions on State Financial Management Act are found in [chapter 12 of Title 13 of this Code](#).

The statutory provisions on the General Fund and other special funds are found in subchapter II of [chapter 12 of Title 13 of this Code](#).

§2110. Severability.

If any provision of this chapter, or amendments thereto, or application thereof to any person, thing or circumstance is held invalid, the invalidity does not affect other provisions or application of the chapter or amendments thereto that can be given effect without the invalid provision or application, and to this end the provisions of this chapter, or the amendments thereto, are severable.

Source: YSL 4-91 § 10, modified.