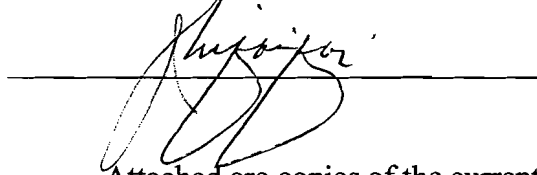


July 21, 1995

Memorandum for the Delegates

From: The Committee on Land and Personal Rights

Re: Article 12



Attached are copies of the current Article 12 and the draft Article 12 that the Committee has prepared incorporating proposed changes.

The copy of the current Article 12 is marked in yellow to show portions deleted. The copy of the proposed Article 12 is marked in pink to show the portions added.

The Committee would like to explain its proposed changes in the Committee of the Whole today and have the Delegates ask any questions that may be raised by the Committee's draft.

ARTICLE XII: RESTRICTIONS ON ALIENATION OF LAND

Section 1: Alienation of Land.

The acquisition of permanent and long-term interests in real property within the Commonwealth shall be restricted to persons of Northern Marianas descent.

Section 2: Acquisition.

The term acquisition used in Section 1 includes acquisition by sale, lease, gift, inheritance or other means. A transfer to a spouse by inheritance is not an acquisition under this section if the owner dies without issue or with issue not eligible to own land in the Northern Mariana Islands. A transfer to a mortgagee by means of a foreclosure on a mortgage is not an acquisition under this section if the mortgagee is a full service bank, federal agency or governmental entity of the Commonwealth and does not hold the permanent or long-term interest in real property for more than ten years beyond the term of the mortgage.

[Note: 1985 Constitutional Convention Amendment 34 amended Article XII, Section 2, by adding and substituting the underlined language. Former exemption applied if the mortgagee did not hold the permanent or long-term interest in real property for more than five years.]

Section 3: Permanent and Long-Term Interest in Real Property.

The term permanent and long-term interests in real property used in Section 1 includes freehold interests and leasehold interests of more than fifty-five years including renewal rights, except an interest acquired above the first floor of a condominium building. Any interests acquired above the first floor of a condominium building is restricted to private lands. Any land transaction in violation of this provision shall be void. This amendment does not apply to existing leasehold agreements.

[Note: 1985 Constitutional Convention Amendment 35 amended Article XII, Section 3, by adding the

underlined language. Formerly was forty years with no provision for condominiums.]

Section 4: Persons of Northern Marianas Descent.

A person of Northern Marianas descent is a person who is a citizen or national of the United States and who is of at least one-quarter Northern Marianas Chamorro or Northern Marianas Carolinian blood or a combination thereof or an adopted child of a person of Northern Marianas descent if adopted while under the age of eighteen years. For purposes of determining Northern Marianas descent, a person shall be considered to be a full-blooded Northern Marianas Chamorro or Northern Marianas Carolinian if that person was born or domiciled in the Northern Mariana Islands by 1950 and was a citizen of the Trust Territory of the Pacific Islands before the termination of the Trusteeship with respect to the Commonwealth.

Section 5: Corporations.

A corporation shall be considered to be a person of Northern Marianas descent so long as it is incorporated in the Commonwealth, has its principal place of business in the Commonwealth, has directors one hundred percent of whom are persons of Northern Marianas descent and has voting shares (i.e. common or preferred) one hundred percent of which are actually owned by persons of Northern Marianas descent as defined by Section 4. Minors, as defined by applicable laws of the Commonwealth, may not be eligible to become directors of a corporation. No trusts or voting by proxy by persons not of Northern Marianas descent may be permitted. Beneficial title shall not be severed from legal title.

[Note: 1985 Constitutional Convention Amendment 36 amended Article XII, Section 5, by substituting and adding the underlined language. Formerly was fifty-one percent.]

Section 6: Enforcement.

Any transaction made in violation of Section 1 shall be void ab initio. Whenever a corporation ceases to be qualified under Section 5, a permanent or long-term interest in land in the Commonwealth acquired by the corporation after the effective date of this amendment shall be immediately forfeited without right of

redemption to the government of the Commonwealth of the Northern Mariana Islands. The Registrar of Corporations shall issue regulations to ensure compliance, and the legislature may enact enforcement laws and procedures.

[Note: 1985 Constitutional Convention Amendment 36 amended Article XII, Section 6, by adding the underlined language.]

DRAFT

7/21/95

ARTICLE XII: RESTRICTIONS ON ALIENATION OF LAND

Section 1: Alienation of Land

The acquisition of permanent and long-term interests in real property within the Commonwealth shall be restricted to persons of Northern Marianas descent ~~and shall require disclosure sufficient to ensure fairness and timely enforcement under this article.~~

Section 2: Acquisition

The term acquisition used in Section 1 includes acquisition by sale, lease, gift, or other means ~~except a transfer by inheritance to a child or grandchild, a transfer by inheritance of a life interest to a person who is not of Northern Marianas descent and who is a spouse or child who was adopted before six years of age, and a transfer to a mortgagee by means of foreclosure if the mortgagee is a full service bank, federal agency or governmental entity of the Commonwealth and does not hold the permanent or long-term interest in real property for more than ten years after foreclosure.~~

Section 3: Permanent and Long-Term Interest in Real Property

The term permanent and long-term interests in real property used in Section 1 includes freehold interests and leasehold interests of more than fifty-five years including renewal rights ~~and related obligations.~~

Section 4: Persons of Northern Marianas Descent

A person of Northern Marianas descent is a person who is a citizen or national of the United States and who is of at least one-quarter Northern Marianas Chamorro or Northern Marianas Carolinian blood or a combination thereof. For purposes of determining Northern Marianas descent, a person shall be considered to be a full-blooded Northern Marianas Chamorro or Northern Marianas Carolinian if that person was born or domiciled in the Northern Mariana Islands by ~~1960~~ and was a citizen of the Trust Territory of the Pacific Islands before the termination of the Trusteeship with respect to the Commonwealth.

Section 5: Corporations

A corporation shall be considered to be a person of Northern Marianas descent so long as it is incorporated in the Commonwealth, has its principal place of business in the Commonwealth, has directors ~~at least fifty one~~ percent of whom are persons of Northern Marianas descent ~~over the age of 21 years who actually, completely, and directly govern the affairs of the corporation,~~ and has voting shares ~~at least fifty one~~ percent of which are actually, completely, and directly owned and voted by persons of Northern Marianas descent.

Section 6: Enforcement

Any transaction made in violation of Section 1 shall be voidable. ~~The attorney general shall establish an office to assist landowners, to monitor land transfers, and to assist in enforcing this article. Any action challenging a transaction shall be filed within six years of the transaction.~~