

§ 25-10-701**Construction Requirements.**

In addition to all other submission requirements, a Loan Applicant seeking to construct a building with Loan proceeds is required to submit the following documents:

- (a) Complete plans and specifications of the building or improvements to be constructed approved by a certified professional engineer;
- (b) A schematic drawing of the building and its proposed location;
- (c) A certification from the Commonwealth Utility Corporation that adequate water service and electricity are available on the premise where the project will be situated;
- (d) A certification from other appropriate government agencies that the proposed project will not have a negative impact to the existing community and environment including the effect of any applicable zoning laws;
- (e) A signed copy of the construction contract between the builder and the owner showing, among other things, that DCD is not subject to any liability before, during or after construction is completed;
- (f) An original copy of the performance and payment bond covering the total amount contracted;
- (g) An original copy of the workmen's compensation insurance policy;
- (h) A signed copy of the construction management contract between the construction manager and the owner. The manager must be licensed to do business in the Commonwealth and must possess a thorough knowledge in construction management. A provision in the construction management contract should provide that the manager must ensure that the project is thoroughly inspected by qualified inspectors and conforms to approved plans and specifications. In addition, the contract shall contain a provision imposing personal liability on the manager for non-performance under the management contract;
- (i) Cost breakdown for description of materials; and
- (j) Builder's Risk Insurance should be obtained with CDA as loss payee; and
- (k) The DCD Board may waive any of the above requirements with adequate justification of a borrower's resources and experience, sufficient collateral to support the loan request, and with controlled disbursements, based on percentage of project completion. Most especially since the Northern Mariana Islands has smaller communities and limited access and higher costs associated with those type of services and professionals on their respective islands, which are sometimes exacerbated by extenuating circumstances beyond control.

§ 25-10-705**Construction Loan Disbursement**

Disbursements will be done based on stages of construction completion pursuant to a request for payment, certified by the contractor, borrower and the bonding company, with a certification letter from the construction manager as to the status of project. Of the amount requested, ten percent (10%) will be retained until completion of the project and expiration of any mechanic's lien period. Upon completion of the project, borrower shall submit: a completion certification, a release of mechanic's lien, an affidavit that all liens have been paid, a contractor's warranty, a certificate of occupancy, an insurance policy on building with CDA as loss payee, and proper government agency approval of any septic tank, if applicable.