

I MINA' TRENTAI UNU NA LIHESLATURAN GUÅHAN
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Bill No. 138-31 (LS)

Introduced by:

v.c. pangelinan
J.T. Won Pat, Ed.D.
T.R. Muna-Barnes

AN ACT TO REPEAL AND RE-ENACT ARTICLE 7, CHAPTER 4, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE GUAM HOUSING CORPORATION'S FIRST-TIME HOMEOWNERS RELIEF PROGRAM AND TO AMEND SECTION 5 OF PUBLIC LAW 20-210, TO AMEND SECTION 11(c) OF PUBLIC LAW 20-210 AS REPEALED AND RE-ENACTED BY PUBLIC LAW 26-123, AND TO AMEND SECTION 12 OF PUBLIC LAW 20-210.

BE IT ENACTED BY THE PEOPLE OF GUAM:

1 **SECTION 1. Legislative Statement and Intent.**

2 **Legislative Statement and Intent.** With the impending population boom
3 expected from the military buildup, housing and construction costs are expected to
4 rise, leaving many of our Guam residents unable to afford a home for themselves
5 and their families.

6 The median price of a single-family house on Guam has increased and
7 interest rates have decreased since the creation of the Guam Housing Corporation's
8 "First-time Homeowners Relief Program Act", (Program) and the enactment of
9 Public Law 20-210, leaving many potential first-time homeowners unable to
10 receive assistance through certain programs offered by the Guam Housing
11 Corporation toward realizing their dream of owning a home.

12 It is the intent of *I Liheslaturan Guåhan* to provide relief to qualified
13 applicants who have been unable to benefit from the Program because of outdated

1 guidelines and market conditions, and also to provide a balance as to protect the
2 government of Guam from unnecessary risk related to the Program.

3 It is further the intent of *I Liheslaturan Guåhan* to repeal and re-enact
4 provisions governing the Guam Housing Corporation's Program and to amend
5 certain sections of Public Law 20-210. First time homeowners will be well served
6 by these adjustments due to the population increase as a result of the military
7 buildup and its expected affect on the median price of a single family home and
8 construction costs as well as the decrease in interest rates. There is a need to
9 provide legislative support that will lessen the financial impact these expected
10 events will have on first-time homeowners.

11 **SECTION 2.** Article 7, Chapter 4, Title 12 of the Guam Code
12 Annotated is hereby repealed and re-enacted to read:

13 **“ARTICLE 7**
14 **FIRST TIME HOME OWNER RELIEF PROGRAM ACT**

15
16 ~~SOURCE: This article was added by P.L. 24-180:3 as Article 6.~~

- 17 ~~§ 4701. Title.~~
- 18 ~~§ 4702. Definitions.~~
- 19 ~~§ 4703. First Time Homeowner Relief Program.~~
- 20 ~~§ 4704. Qualifications.~~
- 21 ~~§ 4705. Certificate of First Time Homeownership.~~
- 22 ~~§ 4706. Certificate Nontransferable.~~
- 23 ~~§ 4707. Repayment of Relief.~~
- 24 ~~§ 4708. First time Homeowner Relief Fund.~~
- 25 ~~§ 4709. Continuing Appropriations.~~
- 26 ~~§ 4710. Development of rules and Regulations.~~
- 27 ~~§ 4711. List of Participating Financial Institutions.~~
- 28 ~~§ 4712. No Transfer Authority by the Governor.~~

29
30 ~~§ 4701. Title.~~

31 ~~This Article shall be known as the *First-time Homeowners Relief*~~
32 ~~*Program Act,* (= *Program* =).~~

1 **§ 4702. Definitions.**

2 For purposes of this Article, the following terms are defined to mean:

3 ~~(a) *Construction cost* means the final and total amount paid, or to be~~
4 ~~paid, by a homeowner for the construction of a home and shall include~~
5 ~~all monies paid for labor and material, contractor=s fees, fees of an~~
6 ~~architect and engineer, survey costs, utility hook up costs, broker=s~~
7 ~~commissions and attorney fees.~~

8 ~~(b) *Down payment* means the equity requirements of the homeowner~~
9 ~~needed to initiate the mortgage for the purchase or construction of a~~
10 ~~home. It shall include points and fees charged by the financial~~
11 ~~institution.~~

12 ~~(c) *Family* means two (2) or more persons related by blood, adoption~~
13 ~~or marriage, living together as a household.~~

14 ~~(d) *Financial institution* means any financial institution authorized to~~
15 ~~make mortgage loans on Guam.~~

16 ~~(e) *First-time Homeowner* means any individual who, or family who,~~
17 ~~has not had any ownership interest in a home within the five (5) years~~
18 ~~preceding the date of application, or families and individuals who have~~
19 ~~had an ownership interest in a home within the five (5) year preceding~~
20 ~~the date of application but such interest was terminated by a decree of~~
21 ~~divorce or operation of law.~~

22 ~~(f) *GHC* means the Guam Housing Corporation.~~

23 ~~(g) *Home* means a permanent, single family dwelling, or single~~
24 ~~family condominium or town house, but does not include semi-~~
25 ~~permanent dwellings made of wood and tin, and is to be physically~~
26 ~~occupied by the homeowner on a regular and continuous basis and in~~
27 ~~which the homeowner intends to exclusively reside.~~

28 ~~(h) *Purchase Price* means all of the money paid, or to be paid by, a~~
29 ~~homeowner, or the construction cost, for the home which is subject of~~
30 ~~the provisions of this Act, however, it shall not include the value of the~~
31 ~~land.~~

32 ~~(i) *Relief* means a financial assistance granted to First-time~~
33 ~~Homeowners in their purchase of a home as a part of the Program.~~

34 **§ 4703. First-time Homeowner Relief Program.**

1 ~~The government shall provide relief to First-time Homeowners for the~~
2 ~~purchase or construction of a home, which shall be paid directly to the~~
3 ~~financial institution as part of the down payment and/or closing costs, for the~~
4 ~~purpose of reducing the First-time Homeowner=s financial requirement to~~
5 ~~secure a mortgage loan. The relief shall be available to each family or~~
6 ~~individual in addition to any other grants or loans that the family or~~
7 ~~individual may receive from GHC or other agencies, in accordance with the~~
8 ~~provisions set forth in this Article, and the rules and regulations to be~~
9 ~~adopted by GHC.~~

10 **~~§ 4704. Qualifications.~~**

11 ~~(a) To qualify for the Program set out in this Article, the applicant must~~
12 ~~meet the following requirements:~~

13 ~~(1) Resident of Guam. All applicants must be U.S. citizens or~~
14 ~~permanent resident aliens who have been residents of Guam for a period~~
15 ~~of not less than five (5) years immediately preceding the date of~~
16 ~~application. An applicant who has not been a five (5) year resident for~~
17 ~~the period immediately preceding the date of application may qualify for~~
18 ~~these programs if the applicant=s residency change was due to active~~
19 ~~service in the United States Armed Forces or for attendance on a full-~~
20 ~~time basis at an institution of higher education; provided, that the~~
21 ~~applicant was a five (5) year resident for the period immediately~~
22 ~~preceding the start of such active duty or education;~~

23 ~~(2) certification, under penalty of perjury, that he or she is a First-~~
24 ~~time Homeowner; and~~

25 ~~(3) the Purchase Price of the Home is less than One Hundred~~
26 ~~Twenty five Thousand Dollars (\$125,000.00).~~

27 ~~(b) In addition, the individual or family seeking certificate of eligibility~~
28 ~~shall complete an application with the GHC which includes the following~~
29 ~~information:~~

30 ~~(1) whether the applicant intends to purchase or construct his or her~~
31 ~~home;~~

32 ~~(2) the legal description of the property intended for the home;~~

33 ~~(3) if the applicant intends to construct, or has commenced~~
34 ~~construction, of a home, then:~~

1 ~~(i) a certificate of title, policy of title insurance or other evidence~~
2 ~~of fee simple title, or lease to a Chamorro Land Trust lot, to the~~
3 ~~unimproved land intended for construction;~~

4 ~~(ii) construction plans and specifications certified by a registered~~
5 ~~architect; and~~

6 ~~(iii) a completed construction contract with construction cost of~~
7 ~~the home to be built.~~

8 ~~(4) if the applicant intends to purchase a home, then:~~

9 ~~(i) an executed contract for the purchase of the home with selling~~
10 ~~price; and~~

11 ~~(ii) certificate of title, policy of title insurance or other evidence~~
12 ~~of ownership by the intended seller.~~

13 ~~(5) such other information as GHC shall reasonably require.~~

14 **~~§ 4705. Certificate of First-time Homeownership.~~**

15 ~~(a) The GHC shall issue a Certificate of First-time Homeownership to an~~
16 ~~individual or a family if he or she is a First-time Homeowner and meets all~~
17 ~~of the requirements set forth in this Article.~~

18 ~~(b) The Certificate shall contain language that four percent (4%) of the~~
19 ~~purchase price of the home of the homeowner applying for a mortgage loan~~
20 ~~shall be paid by GHC to the financial institution authorized to make~~
21 ~~mortgage loans on Guam, and selected and qualified by the homeowner, for~~
22 ~~the purposes of applying it toward the down payment and/or closing costs~~
23 ~~incident to the purchase of the home.~~

24 ~~(c) The GHC shall pay four percent (4%) of the purchase price of the~~
25 ~~home of the qualified applicant to the financial institution authorized to~~
26 ~~make mortgage loans on Guam, and selected and qualified by the~~
27 ~~homeowner for the purposes of applying it toward the down payment:~~

28 ~~(1) in case of a newly-constructed home, within thirty (30) days of~~
29 ~~the issuance of the certificate of occupancy by the Department of Public~~
30 ~~Works, or the execution of the contract for the purchase of the home,~~
31 ~~whichever occurs first; and~~

32 ~~(2) in case of a purchased home, within thirty (30) days of the~~
33 ~~execution of the contract for the purchase.~~

34 ~~(d) Any applicant who intentionally supplies false information on the~~
35 ~~application for relief under the Program established in this Article shall~~

1 automatically be disqualified from the Program. In the event that funds are
2 disbursed on behalf of such an applicant, the applicant shall be assessed a
3 penalty interest of five percent (5%) in addition to the amount disbursed by
4 GHC.

5 **§ 4706. Certificate Nontransferable.**

6 Certificate of First-time Homeownership shall not be transferable, except
7 between joint holders of an original Certificate, and it shall not be
8 transferred to a new and separate home. In case of the death of the original
9 homeowner, the Certificate shall terminate unless the home covered by the
10 Certificate becomes the home of the decedent's heirs, and they acquire title
11 to the property within two (2) years of the death.

12 **§ 4707. Repayment of Relief.**

13 A First-time Homeowner shall repay to the First-time Homeowner Relief
14 Fund an amount equal to the total relief received by the homeowner with
15 interest at the rate of ten percent (10%) per annum, if, within two (2) years
16 after receipt of the grant relief, the home is:

17 (a) transferred or conveyed;

18 (b) sold; or

19 (c) occupied exclusively by individuals other than the Homeowner or
20 his or her children.

21 **§ 4708. First-time Homeowner Relief Fund.**

22 There is hereby created, separate and apart from any other funds of the
23 government of Guam, and under the administration and control of the Guam
24 Housing Corporation, the *First-time Homeowner Relief Fund*.
25 Notwithstanding any other provision of law, one-tenth percent (0.10%) of all
26 Business Privilege Taxes collected shall be deposited in the First-time
27 Homeowner Relief Fund. This Fund shall be used exclusively for granting
28 payments of four percent (4%) of the purchase price of a home to the
29 financial institutions for First-time Homeowners who are residents of Guam.
30 The Department of Administration shall deposit on the last day of each
31 month a sum equal to one-tenth percent (0.10%) of all Business Privilege
32 Taxes collected for the previous month in the First-time Homeowner Relief
33 Fund. All interest earned on the undisbursed proceeds in the First-time
34 Homeowner Relief Fund shall remain in the Fund.

1 ~~SOURCE: Amended by P.L. 29-002:VI:28 (May 18, 2007) the name,~~
2 ~~Gross Receipts Tax, changed to Business Privilege Tax, effective July~~
3 ~~17, 2007.~~

4 ~~§ 4709. Continuing Appropriations.~~

5 ~~In addition to the one-tenth percent (0.10%) of all Business Privilege~~
6 ~~Taxes collected, there are hereby appropriated from time to time, funds from~~
7 ~~the General Fund for deposit in the First-time Homeowners Relief Fund as~~
8 ~~necessary to render the payments required by this Act. Such funds, when~~
9 ~~appropriated, shall be paid directly to the First-time Homeowners Relief~~
10 ~~Fund.~~

11 ~~SOURCE: Amended by P.L. 29-002:VI:28 (May 18, 2007) the name,~~
12 ~~Gross Receipts Tax, changed to Business Privilege Tax, effective July~~
13 ~~17, 2007.~~

14 ~~§ 4710. Development of Rules and Regulations.~~

15 ~~Within ninety (90) days after enactment, GHC shall adopt such rules and~~
16 ~~regulations as may be necessary to implement the provisions of this Article~~
17 ~~and Subsection (f) of § 4103.~~

18 ~~§ 4711. List of Participating Financial Institutions.~~

19 ~~The GHC shall develop and maintain on a semi-annual basis, a list of~~
20 ~~financial institutions participating in this Program. It shall be made readily~~
21 ~~accessible to the public.~~

22 ~~§ 4712. No Transfer Authority by the Governor.~~

23 ~~Any funds transferred to the First-time Homeowners Relief Fund under~~
24 ~~this Act shall *not* be subject to the Governor=s transfer authority.~~

25 **ARTICLE 7**

26 **FIRST-TIME HOMEOWNER RELIEF PROGRAM ACT**

27 **§4701. Establishment and Title.**

28 **§4702. Definitions.**

29 **§4703. First-time Homeowner Relief Program.**

30 **§4704. Application for First-time Homeowner Relief.**

31 **§4705. Administration.**

32 **§4706. First-time Homeowner Relief Fund.**

1 **§4701. Establishment and Title.**

2 The Guam Housing Corporation ('GHC') shall develop, implement, and
3 administer the *First-time Homeowners Relief Program Act*, ('Program') to provide
4 relief to first time homeowners toward the purchase or construction of a home in
5 accordance with this Act.

6 **§4702. Definitions.**

7 For purposes of this Act, except as otherwise specifically provided, the
8 following words and phrases, together with all of the common derivatives thereof
9 (i.e. verbs, plurals, gender, etc.) shall have the meaning ascribed to them in this
10 Section.

11 (a) *Accredited* means as recognized by the Council for Higher Education
12 Administration (CHEA); for vocational schools, an accrediting agency as
13 recognized by the United States Department of Education such as the
14 Accrediting Commission of Career Schools and Colleges (ACCSC);

15 (b) *Applicant* means any individual or family who is applying for First-time
16 Homeowner Relief;

17 (c) *Commencement date* of an eligible transaction: see §4703(5);

18 (d) *Completed* for completion of an eligible transaction, see §4703(6);

19 (e) *Comprehensive home building contract* means a contract under which a
20 builder undertakes to build a home on land from the inception of the
21 building work to the point where the home is ready for occupation and if,
22 for any reason, the work to be carried out under such a contract is not
23 completed, includes any further contract under which the work is to be
24 completed;

25 (f) *Construction cost* means the final and total amount paid, or to be paid, by
26 a homeowner for the construction of a home and shall include all monies

1 paid for labor and material, contractor's fees, fees of an architect and
2 engineer, survey costs, utility hook-up costs, broker's commissions and
3 attorney's fees;

4 (g) *Down payment* means the equity requirements of the homeowner needed
5 to initiate the mortgage for the purchase or construction of a home. It
6 shall include points and fees charged by the financial institution;

7 (h) *Eligibility criteria*: see §4703(2);

8 (i) *Eligible transaction*: see §4703(4);

9 (j) *Family* means two (2) or more persons related by blood, adoption, or
10 marriage, living together in a household;

11 (k) *First-time Homeowner* means any individual or family who has not had
12 any ownership interest in a home within the five (5) years preceding the
13 commencement date of an eligible transaction for which the First-time
14 Homeowner is applying;

15 (l) *Financial institution* means any financial institution authorized to make
16 mortgage loans on Guam, as approved by the GHC;

17 (m) *Full-time basis* means the minimum of twelve (12) or more credit hours
18 per semester or quarter equivalent to twelve (12) semester hours, for
19 degree-seeking undergraduate or graduate studies; for vocational schools,
20 the minimum credits or hours or its equivalent per, semester or quarter or
21 equivalent term, necessary for the school to certify full-time status;

22 (n) *Home* means a permanent, single family dwelling, or single family
23 condominium or town house, but does not include semi-permanent
24 dwellings made of wood and tin, and is to be physically occupied by the
25 homeowner on a regular and continuous basis and in which the
26 homeowner intends to exclusively reside;

1 (o) *Land costs* means costs to purchase land toward the construction of a
2 home;

3 (p) *Off-island institution of higher education* means a United States
4 Department of Education accredited vocational school, or college or
5 university not physically located in Guam;

6 (q) *Occupancy requirement* means the requirement that an applicant for
7 First-time Homeowner Relief must occupy the home to which the
8 application relates as the applicant's principal place of residence within
9 six (6) months after the completion of the eligible transaction;

10 (r) *Owner* means having absolute dominion (as defined in 21 GCA Chapter
11 1 §1211) over land or a home;

12 (s) *Relief* means the financial assistance granted to First-time Homeowners
13 established under this Act;

14 (t) *Spouse* is the person who is legally married to the applicant.

15 **§4703. First-time Homeowner Relief Program.**

16 (1) Entitlement to relief. Relief is payable on an application under this Act
17 if:

18 (a) the applicant complies with the eligibility criteria; and

19 (b) the transaction for which the Relief is sought is an eligible
20 transaction.

21 Only one (1) First-time Homeowner relief is payable for the same eligible
22 transaction.

23 (2) Eligibility Criteria for Applicants.

24 (a) An applicant for first-time homeowner relief must be a natural
25 person.

1 (b) Applicant must be a United States citizen or permanent resident
2 alien who is a Resident of Guam:

3 (i) Subject to subsection (ii), an applicant for first-time
4 homeowner relief must be a United States citizen or permanent
5 resident alien who has been a resident of Guam for a period of not
6 less than five (5) years immediately preceding the commencement
7 date of the eligible transaction for which the applicant is applying;

8 (ii) An applicant who has not been a five (5) year resident for the
9 period immediately preceding the commencement date of the
10 eligible transaction for which the applicant is applying, may
11 qualify for these programs if the applicant's residency change was
12 due to active service in the United States Armed Forces *or* for
13 attendance, on a full-time basis, at an off-island institution of
14 higher education; provided that the applicant was a five (5) year
15 resident for the period immediately preceding the start of such
16 active duty or education.

17 (c) Applicant must certify, under penalty of perjury, of being a First-
18 time Homeowner in accordance with §4702 of this Act and must
19 receive a Certificate of First-time Homeownership.

20 (d) Applicant must receive clearance from the Director of Revenue &
21 Taxation that all income tax returns, business privilege tax returns and
22 withholding tax returns which are due from the applicant have been
23 filed (or an extension has been approved or granted thereon by the
24 Director of Revenue & Taxation, which extension has not expired),
25 and that all taxes thereon have been paid or arrangements have been

1 made with the Director for payment thereon and such arrangements
2 are current.

3 (e) Applicant must attend and complete a home ownership education
4 program and/or workshop or other similar program as approved or
5 provided by the GHC.

6 (f) Applicant or (applicant's spouse) must not have received earlier
7 relief under this program:

8 (i) Subject to subsection (ii), an applicant is ineligible if:

- 9 a. the applicant or the applicant's spouse has been a
10 party to an earlier application under this Act; and
11 b. relief was paid on the application.

12 (ii) An applicant is not ineligible if the relief was paid but later
13 paid back to the GHC under the conditions on which the relief was
14 made, unless payment back to the GHC was due to fraud or other
15 illegal acts.

16 (3) Occupancy Requirement. Applicant must occupy the home to which the
17 application relates as the applicant's principal place of residence within six (6)
18 months after completion of the eligible transaction. Payment of Relief shall be
19 paid pursuant to §4705(3) of this Act.

20 (4) Eligible transactions. An eligible transaction is:

21 (a) a contract made for the purchase of a home in Guam not to exceed
22 Two Hundred Fifty Thousand Dollars (\$250,000) and shall include down
23 payment and closing costs.

24 (b) a comprehensive home building contract made by the owner of
25 land in Guam, or a person who will on completion of the contract, be the
26 owner of land in Guam, to have a home built on the land not to exceed Two

1 Hundred Fifty Thousand Dollars (\$250,000) and shall include down
2 payment, land, and closing costs.

3 (c) an eligible transaction shall include all the money paid, or to be
4 paid, by a homeowner or the construction cost inclusive of the land value,
5 for the home.

6 (5) Commencement date. The commencement date of an eligible transaction
7 is:

8 (a) in the case of an applicant purchasing a home—the date when the
9 contract is signed between the buyer and seller; or

10 (b) in the case of an applicant building a home—the date when the
11 construction contract for which the home is to be built is signed.

12 (6) Eligible transaction. An eligible transaction is **completed** when:

13 (a) in the case of an applicant purchasing a home:

14 (i) the purchaser becomes entitled to possession of the home under
15 the contract; and

16 (ii) if the purchaser is to obtain a registered title to the land on
17 which the home is situated—the necessary steps to obtain
18 registration of the purchaser's title have been taken.

19 (b) in the case of an applicant building a home, the building is ready
20 for occupation as a place of residence as identified by the issuance of a
21 certificate of occupancy by the Guam Department of Public Works, or
22 the execution of the contract for the purchase of a home, whichever
23 occurs first.

24 (7) Eligible Transaction Amount Adjustment. The Board shall from time to
25 time, but no less than every 5 years conduct a study to determine the cost of the

1 median price of housing on Guam and shall by resolution adopted by the Board
2 increase or decrease the amount of the eligible transaction to reflect changes in
3 market price.

4 **§4704. Application for First-time Homeowner Relief.** An application for
5 the First-time Homeowner Relief is to be made to the GHC. An application must
6 be in a form approved by the GHC and must contain the following:

7 (1) Whether the applicant intends to purchase or construct a home;

8 (2) The legal description of the property intended for the home;

9 (3) If the applicant intends to construct a home, applicant must submit the
10 following:

11 (a) a certificate of title, policy of title insurance, warranty deed or
12 other evidence of fee simple title, or lease to a Chamorro Land Trust lot, to
13 the unimproved land intended for construction; and

14 (b) construction plans and specifications certified by a licensed
15 professional engineer or architect authorized to practice on Guam by the
16 Professional Engineers, Architects, and Land Surveyors Board of the
17 territory of Guam; and

18 (c) a completed construction contract with construction cost of the
19 home to be built.

20 (4) If the applicant intends to purchase a home, applicant must submit the
21 following:

22 (a) an executed contract for the purchase of a home with selling price;

23 and

1 (b) certificate of title, warranty deed, policy of title insurance or other
2 evidence of ownership by the intended seller;

3 (5) An applicant must provide the GHC with any further information the
4 GHC requires to decide the application.

5 (6) Information provided by an applicant in or in relation to an application
6 must, if the GHC so requires, be verified and supported by other evidence required
7 by the GHC.

8 (7) An application can only be made upon the commencement date of the
9 eligible transaction to which the application relates.

10 (8) An applicant may, with the GHCs consent, amend an application.

11 (9) Any applicant who intentionally supplies false information on the
12 application for relief under this Act shall automatically be disqualified from the
13 First-time Homeownership Program. In the event that funds are disbursed on
14 behalf of such an applicant, the applicant shall be assessed a penalty of ten percent
15 (10%) in addition to repaying the amount disbursed by the GHC. The funds that
16 were disbursed on behalf of such an applicant that are repaid, shall be deposited
17 back into the First-time Homeowners Relief Fund. The funds from the ten percent
18 (10%) penalty shall be deposited into the GHCs bank account(s) for operational
19 uses.

20 (10) In the case where an applicant is denied relief, the GHC shall provide
21 the applicant a written denial notice within thirty (30) days of the submission of the
22 application.

23 (11) Appeal. An applicant may appeal a denial of application within thirty
24 (30) days of receipt of the written denial notice. The applicant shall submit to the
25 GHC Board appropriate documentation disputing the basis of the denial. The

1 Board shall render a decision within fifteen (15) days after receipt of an appeal or
2 at the next meeting of the Board following the denial, which ever is sooner. The
3 decision of the Board shall be final.

4 **§4705. Administration.**

5 (1) Certificate of First-time Ownership. GHC shall issue a Certificate of
6 First-time Homeownership ('Certificate') to an applicant if the applicant meets all
7 the eligibility requirements set forth in this Article. This Certificate shall not be
8 transferable, except between joint holders of an original Certificate, and it shall not
9 be transferred to a new and separate home. In case of the death of the holder of an
10 original Certificate, the Certificate shall terminate unless the home covered by the
11 Certificate becomes the home of the decedent's heirs, and they acquire the title to
12 the property within two (2) years of the death.

13 (2) Amount of Relief. The amount of the First-time Homeowner Relief is
14 four percent (4%) of the eligible transaction.

15 (3) Payment of Relief. First-time Homeowner Relief is to be paid by
16 electronic funds transfer, by check, or in any other way the GHC finds appropriate.
17 First-time Homeowner Relief and is to be paid to the financial institution
18 authorized by the GHC and selected by the applicant to which a mortgage loan or
19 construction loan, or both, has been approved for the applicant toward his or her
20 eligible transaction. The GHC shall develop and maintain on a semi-annual basis, a
21 list of authorized financial institutions as identified in this Section and shall be
22 made readily accessible to the public.

23 (4) Payment in anticipation of compliance with occupancy requirement. The
24 GHC shall authorize payment of First-time Homeowner relief in anticipation of
25 compliance with the occupancy requirement. If the occupancy requirement is not

1 complied with, the applicant must within fifteen (15) days after the relevant date
2 give written notice of that fact to the GHC and repay the amount of relief.

3 The relevant date is the earlier of the following:

4 (a) the end of the period allowed for compliance with the occupancy
5 requirement;

6 (b) the date on which it first becomes apparent that the occupancy
7 requirement will not be complied with during the period allowed for
8 compliance.

9 Where the first-time homeowner who fails to comply with the condition
10 prescribed by subsection (2) and does not repay the amount of relief, the GHC
11 may approve by resolution, a Memorandum of Understanding between the GHC
12 and the Department of Revenue and Taxation, to garnish the income tax refunds
13 of recipients of the First-time Homeownership Relief. The GHC shall adopt a
14 policy to govern the referral of such tax refund garnishment requests to the
15 Department of Revenue and Taxation.

16 (5) Development of Rules and Regulations. Within ninety (90) days after
17 enactment of this Act, the GHC shall adopt such rules and regulations as may be
18 necessary to implement the provisions of this Act and Subsection (f) of § 4103.

19 (6) Repayment of relief. A First-time Homeowner shall repay to the First-
20 time Homeowner Relief Fund an amount equal to the total relief received by the
21 homeowner with interest at the rate of ten percent (10%) per annum, if within five
22 (5) years after receipt of the relief, the home is:

23 (a) Transferred or conveyed;

24 (b) Sold; or

1 (c) Occupied exclusively by and individual or individuals other than
2 the homeowner or the homeowner's children.

3 The funds that were disbursed on behalf of such an applicant that are repaid,
4 shall be deposited back into the First-time Homeowners Relief Fund. The funds
5 from the ten percent (10%) penalty shall be deposited into the GHCs bank
6 account(s) for operational uses.

7 **§4706. First-time Homeowner Relief Fund.**

8 (1) There is hereby created, separate and apart from any other funds of the
9 government of Guam, and under the administration and control of the GHC, the
10 *First-time Homeowner Relief Fund* ('Fund').

11 (2) The GHC shall provide the funding source for the Fund pursuant to this
12 Act, from its current operating and/or non-operating revenues and/or income.

13 (3) In the fiscal year of enactment of this Act, Five Hundred Thousand
14 Dollars (\$500,000) is hereby appropriated from the GHCs annual operating and/or
15 non-operating revenues and/or income to the Fund as seed capital for the Program.

16 (4) If in the fiscal year of enactment of this Act, the GHCs annual operating
17 and/or non-operating revenues and/or income are not sufficient to fully fund the
18 seed capital, such seed capital of Five Hundred Thousand Dollars (\$500,000), or
19 the difference between such amount and what is appropriated from the GHCs
20 operating and/or non-operating revenues and/or income, is hereby appropriated
21 from the GHCs fund balance or its equivalent.

22 (5) For fiscal years thereafter, up to Two Hundred Fifty Thousand Dollars
23 (\$250,000) is hereby appropriated from the GHCs annual operating and/or non-
24 operating revenues as needed to ensure the balance of the Fund is above Two

1 Hundred Fifty Thousand Dollars (\$250,000) and no more than Five Hundred
2 Thousand Dollars (\$500,000) at the beginning of each quarter.

3 (6) If in fiscal years thereafter, the GHCs annual operating and/or non-
4 operating revenues and/or income are not sufficient to provide the funding
5 necessary to fulfill the requirements set forth in §4706(b)(2), the difference
6 between what is required and what is appropriated from the GHCs annual
7 operating and/or non-operating revenues and/or income, is hereby appropriated
8 from the GHCs fund balance or its equivalent.

9 (7) Continuing appropriation. The appropriations made to the Fund shall not
10 lapse and shall continue until fully expended for the purposes pursuant to this Act.

11 (8) The funds transferred to the Fund under this Act shall not be subject to
12 the Governor's transfer authority."

13 **SECTION 3.** Section 5 of Public Law 20-210 is hereby *amended* to read:

14 "Section 5. Loans to be made: rate of interest. The fifteen (15) and thirty
15 (30) year loans to be made by the Corporation to its qualified moderate and low
16 income families and individuals shall bear interest at the rate of up to two percent
17 (2%) above the average of the annual mortgage interest rates for fifteen (15) and
18 thirty (30) year mortgage loans of the three largest mortgage loan lenders on Guam
19 but not lower than four percent (4%) ~~six percent (6%)~~ per annum. Interest revenue
20 that exceeds six percent (6%) per annum shall be deposited back into the Fund. All
21 other terms and conditions shall be accordance with the Corporation's lending
22 programs as authorized in Chapter 4, Title, 12, Guam Code Annotated."

23 **SECTION 4.** Section 11(c) of Public Law 20-210 as *repealed* and *re-*
24 *enacted* by Public Law 26-123 is hereby *amended* to read:

25 "Section 11.

1 **(c) Loans Made From Fund.** All fifteen (15) and thirty (30) year
2 mortgage loans made from revenues generated from this fund shall be made at a
3 rate of up to two percent (2%) above the average of the annual mortgage interest
4 rates for fifteen (15) and thirty (30) year mortgage loans of the three largest
5 mortgage loan lenders on Guam but not lower than four percent (4%) ~~six percent~~
6 (6%) per annum. Interest revenue *not* to exceed four percent (4%) per annum shall
7 *only* be used for debt service. Interest revenue that exceeds six percent (6%) per
8 annum *shall* be deposited back into the Fund.”

9 **SECTION 5.** Section 12 of Public Law 20-210 is hereby *amended* to read:

10 “Section 12. Loans from Fund. The Governor may, from time to time, enter
11 into an agreement with the Corporation for additional loans from the Fund. Such
12 loans shall be for the purpose of making loans under the Corporation’s lending
13 programs as allowed by Chapter 4, Title 12, Guam Code Annotated. Such loans
14 shall bear interest at the rate of four percent (4%) per annum and shall be for
15 periods not exceeding thirty (30) ~~twenty (20)~~ years. All principal and interest
16 payments on loans made under this section shall be to the Fund. ~~Fifteen (15) and~~
17 ~~thirty (30) year~~ ~~L~~oans made by the Corporation to its qualified moderate and low
18 income borrowers from the proceeds of loans made to the Corporation hereunder
19 shall bear interest at the rate of up to two percent (2%) above the average of the
20 annual mortgage interest rates for fifteen (15) and thirty (30) year mortgage loans
21 of the three largest mortgage loan lenders on Guam but not lower than four percent
22 (4%) ~~six percent (6%)~~ per annum. Interest revenue that exceeds six percent (6%)
23 per annum *shall* be deposited back into the Fund.”

24 **SECTION 6. Severability.** If any provisions of this Law or the application
25 thereof to any person or circumstance is held invalid, such invalidity shall not
26 affect any other provision or application of this Law which can be given effect

- 1 without the invalid provision or application, and to this end the provisions of this
- 2 Law are severable.