



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

Office of the Speaker
ANTONIO R. UNPINGCO
Date: 4-17-98
Time: 1445
Rec'd by: [Signature]
Print Name: Charlene D.

APR 17 1998

Refer to
Legislative Secretary

The Honorable Antonio R. Unpingco
Speaker
Twenty-Fourth Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Agana, Guam 96910

OFFICE OF THE LEGISLATIVE SECRETARY
ACKNOWLEDGMENT RECEIPT
Received By [Signature]
Time 4:45pm
Date 4.17.98

Dear Speaker Unpingco:

Enclosed please find a copy of Bill No. 500 (COR), "AN ACT TO ADD §4103(f) AND TO ADD A NEW ARTICLE 7 TO CHAPTER 4 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO ENCOURAGING THE CONSTRUCTION AND PURCHASE OF AFFORDABLE HOMES BY FIRST-TIME HOMEOWNERS", which I have signed into law today as **Public Law No. 24-180**.

This legislation provides a boost to first time homeowners, to assist them in financing their first home. It segregates One Tenth of One Percent (.1%) of the Gross Receipts Tax, to be used by the Guam Housing Corporation to provide grants to assist in the downpayments and closing costs of housing for new homeowners.

The funds are available only to first time homebuyers as certified by the Guam Housing Corporation, who are residents of Guam for at least 5 years, and who are purchasing a home worth up to \$125,000. Should the homeowner transfer the home, sell it, or allow it to be occupied exclusively by someone other than the homeowner or homeowner's children for the first 2 years, the homeowner will have to reimburse the Guam Housing Corporation for this grant as if it were a loan.

Giving a leg up to first time homebuyers is very important to give all of our people a personal economic stake in our island. The Gross Receipts Tax is not necessarily the most reliable way to accomplish this aim, due to the

Speaker/B500/PL24-180
April, 1998 - Page 2

fluctuations in collections and the designation of this source by the Legislature to fund other important functions of the government.

Very truly yours,



Carl T. C. Gutierrez
Governor of Guam

Attachment


00771

cc: The Honorable Joanne M. S. Brown
Legislative Secretary

TWENTY-FOURTH GUAM LEGISLATURE
1998 (SECOND) Regular Session


CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Bill No. 500 (COR), "AN ACT TO ADD §4103(f) AND TO ADD A NEW ARTICLE 7 TO CHAPTER 4 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO ENCOURAGING THE CONSTRUCTION AND PURCHASE OF AFFORDABLE HOMES BY FIRST-TIME HOMEOWNERS," was on the 27TH day of March, 1998, duly and regularly passed.



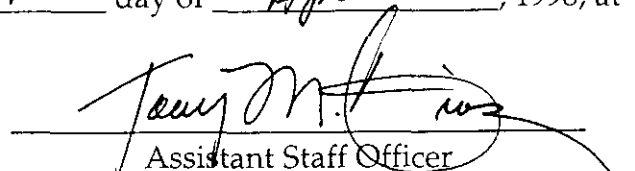
ANTONIO R. UNPINGCO
Speaker

Attested:



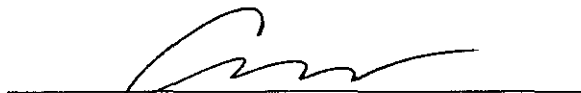
MARK FORBES
Senator and Acting Legislative
Secretary

This Act was received by the Governor this 7th day of April, 1998, at
3:30 o'clock P.M.



Assistant Staff Officer
Governor's Office

APPROVED:



CARL T. C. GUTIERREZ
Governor of Guam

Date: 4-17-98

Public Law No. 24-180

TWENTY-FOURTH GUAM LEGISLATURE
1998 (SECOND) Regular Session

Bill No. 500 (COR)

As amended on the Floor.

Introduced by:

V. C. Pangelinan
J. Won Pat-Borja
Mark Forbes
T. C. Ada
F. B. Aguon, Jr.
A. C. Blaz
J. M.S. Brown
Felix P. Camacho
Francisco P. Camacho
M. C. Charfauros
E. J. Cruz
W. B.S.M. Flores
L. F. Kasperbauer
A. C. Lamorena, V
C. A. Leon Guerrero
L. Leon Guerrero
J. C. Salas
A. L.G. Santos
F. E. Santos
A. R. Unpingco

**AN ACT TO ADD §4103(f) AND TO ADD A NEW
ARTICLE 7 TO CHAPTER 4 OF TITLE 12 OF THE
GUAM CODE ANNOTATED, RELATIVE TO
ENCOURAGING THE CONSTRUCTION AND
PURCHASE OF AFFORDABLE HOMES BY FIRST-
TIME HOMEOWNERS.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Statement.** The Guam Legislature finds that, of
3 the thousands of homes recently either destroyed or damaged by the fury of
4 Super Typhoon Paka, semi-permanent structures of wood and tin
5 predominate the list of houses with major damages and total distructions.

6 The Guam Legislature further finds that realizing the dream for many
7 hopeful, prospective, first-time homeowners, including the recipients of the
8 Chamorro Land Trust lots, of building safe and typhoon-resistant homes
9 remain doubtful due to the lack of financial resources to immediately begin
10 construction. Although there exist a number of commendable government
11 programs and ongoing efforts to grant tax abatements and rebates to
12 developers and contractors, they have not always translated into real direct
13 savings for the consumers.

14 It is the intent of the Guam Legislature to create direct incentives for
15 first-time homeowners to build typhoon-resistant homes, to enhance the
16 general welfare of our residents, and at the same time, to give a much-needed
17 boost to a major local industry, the construction sector. Financial assistance
18 provided to first-time homeowners also partially alleviates the potential
19 financial problems confronting the beneficiaries of the Chamorro Land Trust
20 Act. The provision of such additional incentives to build is declared a public
21 priority and is in the best interest of our community to encourage the
22 construction of sturdy concrete houses vis-à-vis tin and wooden structures.

23 **Section 2.** Section 4103(f) is hereby added to Article 1, Chapter 4 of
24 Title 12 of the Guam Code Annotated to read as follows:

1 “(f) To encourage and promote the purchase or construction of
2 affordable, typhoon-resistant, permanent homes by the residents of
3 Guam who have not previously been homeowners, by utilizing a special
4 fund to provide financial grants.”

5 **Section 3.** A new Article 7 is hereby added to Chapter 4 of Title 12 of
6 the Guam Code Annotated to read as follows:

7 “ARTICLE 7.

8 **FIRST-TIME HOMEOWNER RELIEF PROGRAM ACT.**

9 **Section 4601. Title.**

10 **Section 4602. Definitions.**

11 **Section 4603. First-time Homeowner Relief Program.**

12 **Section 4604. Qualifications.**

13 **Section 4605. Certificate of First-time Homeownership.**

14 **Section 4606. Certificate Nontransferable.**

15 **Section 4607. Repayment of Relief.**

16 **Section 4608. First-time Homeowner Relief Fund.**

17 **Section 4609. Continuing Appropriations.**

18 **Section 4610. Development of Rules and Regulations.**

19 **Section 4611. List of Participating Financial Institutions.**

20 **Section 4612. No Transfer Authority by the Governor.**

21 **Section 4601. Title.** This Article shall be known as the *‘First-*
22 *time Homeowners Relief Program Act,*’ (‘Program’).

23 **Section 4602. Definitions.** For purposes of this Article, the
24 following terms are defined to mean:

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

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

10 (c) *'Family'* means two (2) or more persons related by blood,
11 adoption or marriage, living together as a household.

12 (d) *'Financial institution'* means any financial institution
13 authorized to make mortgage loans on Guam.

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

20 (f) *'GHC'* means the Guam Housing Corporation.

21 (g) *'Home'* means a permanent, single family dwelling, or single
22 family condominium or town house, but does not include semi-
23 permanent dwellings made of wood and tin, and is to be physically

1 occupied by the homeowner on a regular and continuous basis and in
2 which the homeowner intends to exclusively reside.

3 (h) *'Purchase Price'* means all of the money paid, or to be paid
4 by, a homeowner, or the construction cost, for the home which is subject
5 of the provisions of this Act, however, it shall not include the value of
6 the land.

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

9 **Section 4603. First-time Homeowner Relief Program.** The
10 government shall provide relief to First-time Homeowners for the
11 purchase or construction of a home, which shall be paid directly to the
12 financial institution as part of the down payment and/or closing costs,
13 for the purpose of reducing the First-time Homeowner's financial
14 requirement to secure a mortgage loan. The relief shall be available to
15 each family or individual in addition to any other grants or loans that
16 the family or individual may receive from GHC or other agencies, in
17 accordance with the provisions set forth in this Article, and the rules
18 and regulations to be adopted by GHC.

19 **Section 4604. Qualifications.** (a) To qualify for the
20 Program set out in this Article, the applicant must meet the following
21 requirements:

22 (1) **Resident of Guam.** All applicants must be U.S.
23 citizens or permanent resident aliens who have been residents of
24 Guam for a period of not less than five (5) years immediately

1 preceding the date of application. An applicant who has not been
2 a five (5) year resident for the period immediately preceding the
3 date of application may qualify for these programs if the
4 applicant's residency change was due to active service in the
5 United States Armed Forces or for attendance on a full-time basis
6 at an institution of higher education; provided, that the applicant
7 was a five (5) year resident for the period immediately preceding
8 the start of such active duty or education;

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

11 (3) the Purchase Price of the Home is less than One
12 Hundred Twenty-five Thousand Dollars (\$125,000.00).

13 (b) In addition, the individual or family seeking certificate of
14 eligibility shall complete an application with the GHC which includes
15 the following information:

16 (1) whether the applicant intends to purchase or construct
17 his or her home;

18 (2) the legal description of the property intended for the
19 home;

20 (3) if the applicant intends to construct, or has
21 commenced construction, of a home, then:

22 (i) a certificate of title, policy of title insurance or
23 other evidence of fee simple title, or lease to a Chamorro

1 Land Trust lot, to the unimproved land intended for
2 construction;

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

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

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

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

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

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

14 **Section 4605. Certificate of First-time Homeownership.**

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

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

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

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

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

12 (d) Any applicant who intentionally supplies false information
13 on the application for relief under the Program established in this
14 Article shall automatically be disqualified from the Program. In the
15 event that funds are disbursed on behalf of such an applicant, the
16 applicant shall be assessed a penalty interest of five percent (5%) in
17 addition to the amount disbursed by GHC.

18 **Section 4606. Certificate Nontransferable.** Certificate of First-
19 time Homeownership shall not be transferable, except between joint
20 holders of an original Certificate, and it shall not be transferred to a new
21 and separate home. In case of the death of the original homeowner, the
22 Certificate shall terminate unless the home covered by the Certificate
23 becomes the home of the decedent's heirs, and they acquire title to the
24 property within two (2) years of the death.

1 **Section 4607. Repayment of Relief.** A First-time Homeowner
2 shall repay to the First-time Homeowner Relief Fund an amount equal
3 to the total relief received by the homeowner with interest at the rate of
4 ten percent (10%) per annum, if, within two (2) years after receipt of the
5 grant relief, the home is:

6 (a) transferred or conveyed;

7 (b) sold; or

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

10 **Section 4608. First-time Homeowner Relief Fund.** There is
11 hereby created, separate and apart from any other funds of the
12 government of Guam, and under the administration and control of the
13 Guam Housing Corporation, the *First-time Homeowner Relief Fund*.
14 Notwithstanding any other provision of law, one-tenth percent (0.10%)
15 of all Gross Receipts Taxes collected shall be deposited in the First-time
16 Homeowner Relief Fund. This Fund shall be used exclusively for
17 granting payments of four percent (4%) of the purchase price of a home
18 to the financial institutions for First-time Homeowners who are
19 residents of Guam. The Department of Administration shall deposit on
20 the last day of each month a sum equal to one-tenth percent (0.10%) of
21 all Gross Receipts Taxes collected for the previous month in the First-
22 time Homeowner Relief Fund. All interest earned on the undisbursed
23 proceeds in the First-time Homeowner Relief Fund shall remain in the
24 Fund.

1 **Section 4609. Continuing Appropriations.** In addition to the
2 one-tenth percent (0.10%) of all Gross Receipts Taxes collected, there are
3 hereby appropriated from time to time, funds from the General Fund for
4 deposit in the First-time Homeowners Relief Fund as necessary to
5 render the payments required by this Act. Such funds, when
6 appropriated, shall be paid directly to the First-time Homeowners Relief
7 Fund.

8 **Section 4610. Development of Rules and Regulations.** Within
9 ninety (90) days after enactment, GHC shall adopt such rules and
10 regulations as may be necessary to implement the provisions of this
11 Article and Subsection (f) of §4103.

12 **Section 4611. List of Participating Financial Institutions.**

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

16 **Section 4612. No Transfer Authority by the Governor.** Any
17 funds transferred to the First-time Homeowners Relief Fund under this
18 Act shall *not* be subject to the Governor's transfer authority."

24-180



✓ ✓

COMMITTEE ON
 AGRICULTURE, LAND, HOUSING,
 COMMUNITY & HUMAN RESOURCES DEVELOPMENT

SENATOR JOHN CAMACHO SALAS
CHAIRMAN

March 17, 1998

The Honorable Antonio R. Unpingco
 Speaker
 Twenty-Fourth Guam Legislature
 155 Hesler Street
 Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Agricultural, Land, Housing, Community & Human Resources Development to which was referred Bill 500 (*An act to add a new Subsection (f) to §4103 and to add a new Article 6 to Chapter 4 of Title 12, Guam Code Annotated, relative to encouraging the construction and purchase of affordable homes by first-time homeowners*) has had the same under consideration and now wishes to report back the same, with the recommendation **TO DO PASS**.

The Committee votes are as follows:

To Do Pass	<u>7</u>
Not To Pass	<u>—</u>
Abstain	<u>—</u>
Other (Off-Island)	<u>—</u>

A copy of the Committee's report and other pertinent documents are enclosed for your reference and information.

Sincerely,

John C. Salas
 Senator John Camacho Salas
 Chairman

Attachments



24th GUAM LEGISLATURE

SENATOR JOHN CAMACHO SALAS CHAIRMAN

COMMITTEE ON AGRICULTURE, LAND, HOUSING, COMMUNITY AND HUMAN RESOURCES DEVELOPMENT

VOTING SHEET

BILL NUMBER 500

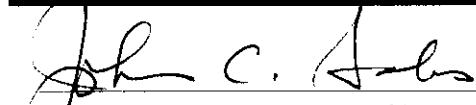
TITLE An Act to add a new subsection (f) to §4103 and to add a new Article 6 to Chapter 4 of Title 12, Guam Code Annotated, relative to encouraging the construction and purchase of affordable homes by first-time homeowners.

TO
DO PASS


NOT TO
PASS

ABSTAIN

INACTIV
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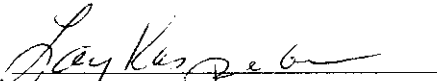

John Camacho Salas, Chairman

✓

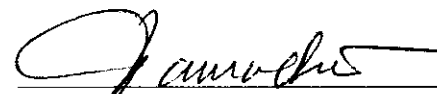

Edwardo J. Cruz, M.D., Vice-Chairman

✓

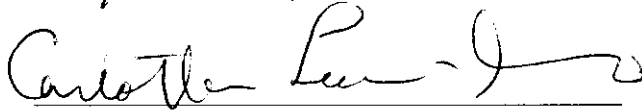
Elizabeth Barrett-Anderson, Member


Larry F. Kasperbauer, Member

X

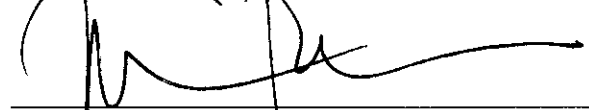

Felix P. Camacho, Member

X

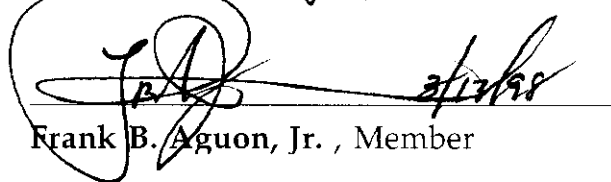

Carlotta A. Leon Guerrero, Member

✓

Thomas C. Ada, Member


William B.S.M. Flores, Member

✓


Frank B. Aguon, Jr., Member

✓

**Committee on Agriculture, Land, Housing,
Community & Human Resource Development**

**Committee Report
Bill 500**

Bill 500 - An Act to add a new subsection (f) to §4103 and to add a new Article 6 to Chapter 4 of Title 12, Guam Code Annotated, relative to encouraging the construction and purchase of affordable homes by first-time homeowners. (A.C. Pangelinan, J. Won Pat-Borja)

I. SYNOPSIS.

Bill 500 purposes to offer incentives to first time homeowners through the "First-time Homeowner Relief Program Act". This act provides government assistance for the down payment and/or closing costs on first-time homeownership, including those with leases for Chamorro Land Trust properties. Applicants must be U.S. citizens or permanent alien residents who have lived on Guam for not less than 5 years. The purchase price of a home must be less than \$125,000. The Guam Housing Corporation provides 4% of the total purchase price to lower the down payment and/or closing costs. Further, Bill 500 creates a fund from 0.10% of the GRT collected for the purpose of providing the 4% payment by GHC. This bill is introduced by Senator Vicente C. Pangelinan and Senator Judith Won Pat-Borja.

II. PUBLIC HEARING SUMMARY.

A public hearing was held for Bill 500 on March 12, 1998, at the Legislative Public Hearing Room in Agana.

III. ATTENDANCE.

- Senator John C. Salas, Chairman
- Senator Edwardo J. Cruz, M.D., Vice-Chairman
- Senator Tom C. Ada, Member
- Senator Francisco P. Camacho, Guest
- Senator Vicente C. Pangelinan, Guest
- Senator Lou A. Leon Guerrero, Guest
- Senator Angel L.G. Santos, Guest

IV. PUBLIC HEARING TESTIMONIES.

The Chairman called on Senator Pangelinan, the principal sponsor of the measure to give an overview of the bill.

Senator Ben Pangelinan explained that his bill is for first-time homeowners, including recipients of CLTC leased properties. The bill will create a First-time Homeowners Relief Program which will make loans available to qualified applicants. A Homeowner Relief Fund will be created which will tap 10% of all GRTs. Guam Housing Corporation, which will administer and control this fund, will pay up to 4% of the cost of the home (not to exceed \$125,000) as a rebate. This fund shall not be subject to the Governor's transfer authority.

Mr. Cylde Beaver, Quality Assurance Manager for GHC, read the written testimony of **James Sablan**, President of Guam Housing Corporation. Mr. Sablan's testimony stated that the Guam Housing Corporation strongly supports the enactment of the bill provided some recommended changes be made:

- (1) He suggests that the 4% rebate or grant be changed to an unsecured interest-free loan with payments deferred until such time as the homeowner's financial status improves and has the ability to repay. He states that "the establishment of a grant program at this time would further deplete Guam's financial resources".
- (2) He suggests that the release of the 4% grant or loan be made within 2 weeks prior to loan closing date.

- (3) Should the Relief Fund be classified as a loan and not a grant, then §4607 should be amended to provide that the Relief Fund should be repaid in accordance with the loan agreement.
- (4) A new Article 7 be added to Chapter 4, Title 12, GCA, since Article 6 (proposed by Bill 500) is already set forth in PL 24-81.

Mr. Cylde Beaver then gave his own personal views on the bill. He suggested that the definition of "first-time homeowner" be changed from an individual or family who has not had owned a home "for the past 5 years" to "for the past 3 years" - which is pretty much the standards set by FHA and VA. He concurs with providing grants or loans to applicants as providing a source of subsidy to working people who barely make enough income to qualify. He said this is similar to such programs as Mortgage Credit Certificates and tax rebates.

Mr. Beaver stated that the cost for infrastructure in Guam is exorbitantly high - \$20K per home. It's outrageous. In most other places an average of \$10K would put in all the necessary infrastructure - power, water, sidewalks, etc. Mr. Beaver stated that he has no problem with the 4% grant. He feels this bill will certainly reach out to the working class.

Senator Pangelinan. Agreed with the assessment of Mr. Beaver, that this bill targets the working class. He noted that there is a lot of CLTC recipients who are indeed part of that working class. That is the target we are looking at

Senator Lou Leon Guerrero. Questioned GHC's suggestion that the 4% be a loan instead of a grant, and said that that would only be applied to GHC loans. She feels it should be extended to banks as well.

Mr Beaver agreed that the program should be made available to all financial institutions since we are targeting the home buyers. The funds are coming out of the Department of Administration anyway, so it will not be costing anybody any money even if it is extended to all financial institutions. He suggests the bill be amended to include all financial institutions since "we don't want to compete with the local banks". Also, we want to give the home buyers the opportunity to choose where they would want to get their loans from, not just from Guam Housing.

Mr. Beaver doesn't see any problem with giving a 4% subsidy to qualified applicants. He doesn't see anything immoral or incorrect in helping people to get off their feet to get started. It will be more paper work and cumbersome to have an interest loan program set up. Mr. Beaver also noted that he is generally opposed to giving people grants, but in this case he agrees the government should. This grant is a one time shot, and it is going to help people who can afford a \$96K loan but cannot afford the closing costs.

There being no further witnesses, nor questions from the panel of senators, the Chairman adjourned the public hearing on Bill 500.

V. COMMITTEE FINDINGS.

The Committee finds that Bill 500 will assist first-time homeowners in their ability to secure loans for home mortgaging. Despite the wishes of the Guam Housing Corporation to amend Bill 500's language to provide for a loan on the 4% down payment rather than a grant, the Committee finds this will not assist those families that are on the borderline of qualification. Therefore, the Committee has decided to maintain the bill's integrity and provide a grant for the down payment and closing costs.

VI. COMMITTEE RECOMMENDATIONS.

The Committee therefore recommends **TO DO PASS** Bill 500.



SENATOR JOHN CAMACHO SALAS CHAIRMAN

COMMITTEE ON AGRICULTURE, LAND, HOUSING, COMMUNITY AND HUMAN RESOURCES DEVELOPMENT

TESTIMONY SIGN IN SHEET

Thursday, March 12, 1998

Bill Number 500

Title An Act to add a new subsection (f) to §4103 and to add a new Article 6 to Chapter 4 of Title 12, Guam Code Annotated, relative to encouraging the construction and purchase of affordable homes by first-time homeowners.

will submit 2-19-98

NAME	ORGANIZATION	TESTIMONY	
JAMES G. SABLAN	Pres. Guam Housing Corp	<input checked="" type="checkbox"/> FOR	<input checked="" type="checkbox"/> WRITTEN
CONTACT: 475-4906	MAILING ADDRESS: P.O. Box 3457 Ag. Gu.	<input type="checkbox"/> AGAINST	<input type="checkbox"/> ORAL
BRIZO W. SCHAEFER		<input checked="" type="checkbox"/> FOR	<input checked="" type="checkbox"/> WRITTEN
CONTACT: 477-6738	MAILING ADDRESS: P.O. Box 24753 GMF	<input type="checkbox"/> AGAINST	<input type="checkbox"/> ORAL
JOHN CAMACHO	P.O. Box 79658 GMF	<input checked="" type="checkbox"/> FOR	<input type="checkbox"/> WRITTEN
CONTACT:	MAILING ADDRESS:	<input type="checkbox"/> AGAINST	<input type="checkbox"/> ORAL
		<input type="checkbox"/> FOR	<input type="checkbox"/> WRITTEN
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Guam Housing Corporation

Korporasion Gi'nan' Guahan

P.O. Box 3457 Agana, Guam 96932

March 11, 1998

*The Honorable John Salas
Chairman, Committee on Agriculture, Land, Housing,
Community, Planning and Human Resources Development
Thirty-Fourth Guam Legislature
155 Hesler Place
Agana, Guam 96932*

Re: Bill 500

Dear Chairman Salas:

Hafa Adai!

Thank you for the opportunity to present testimony on Bill 500 - "An act to encourage the construction and purchase of affordable homes by first-time homeowners."

As I all know, the global economic condition and the Asian market crisis have greatly affected Guam's economy and it is Guam Housing Corporation's position that establishment of a grant program at this time would further deplete Guam's financial resources.

Section 4605 provides for qualified individual or family to receive a grant in an amount equivalent to four percent (4%) of the purchase price of the homes to be used as a downpayment and/or closing cost incident to the acquisition. Guam Housing Corporation recommends that in lieu of a grant, this section be revised to provide for an unsecured interest-free loan with deferred payment to qualified individual or family first-time homeowner until such time as the homeowner's financial status improves and has the ability to repay said loan. All payments received under this arrangement would be deposited in a Revolving Relief Fund to provide assistance to other qualified homeowners.

It is also our position that whether the four percent (4%) relief is a grant or a deferred loan, Guam Housing recommends that Section 4605(c) be amended to provide that said amount shall be made payable within two (2) weeks prior to loan closing date. The release of this fund immediately after the execution of a purchase agreement or the issuance of a certificate of occupancy would result in further loss of interest income to the government. Should the Relief Fund be classified as a loan and not a grant, then Section 4607 should be amended to provide that the Relief Fund should be repaid in accordance with the terms of the deferred loan agreement as proposed hereinabove.

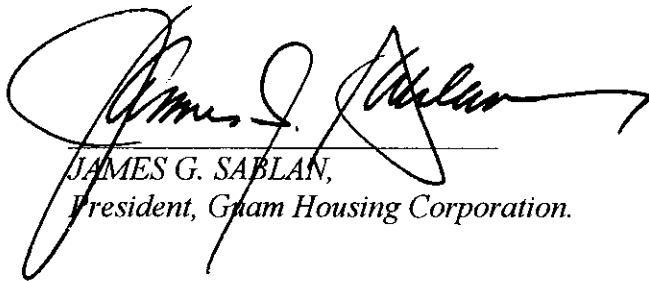
*The Honorable John Salas
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Section 3 of the bill provides that a new Article 6 is added to Chapter 4 of Title 12, Guam Code Annotated. This section should be amended to read that a new Article 7 is added to Chapter 4, Title 12, Guam Code Annotated, since Article 6 of Chapter 4, Title 12, is set forth in Public Law 24-81, THE HOME FINANCING ACT for the Mortgage Revenue Bond.

In closing, Guam Housing Corporation strongly supports the enactment of this bill with the recommended revisions as set forth above. I believe that the intent of this bill would allow us to continue to fulfill our mission in providing affordable homes to the residents of Guam.

Once again, Mr. Chairman, I extend our appreciation for this opportunity to testify in favor of Bill 500.

Respectfully submitted,



*JAMES G. SABLAN,
President, Guam Housing Corporation.*