



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

Refer to
Legislative Secretary

JUN 20 1997

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:	<u>D. J. F.</u>
Time:	<u>3:35pm</u>
Date:	<u>6-20-97</u>


Dear Speaker Unpingco:

Enclosed please find a copy of Substitute Bill No. 162 (LS), "AN ACT TO AMEND SUBSECTION (C) OF §4103 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE LENDING REQUIREMENTS OF THE GUAM HOUSING CORPORATION.", which I have signed into law today as Public Law No. 24-45.

This legislation reduces the burden on those low income families who apply for a housing loan from the Guam Housing Corporation. Previously, to qualify for a Guam Housing Corporation loan, an individual must have applied for loans from 3 financial institutions and been turned down. Since financial institutions require a charge for processing applications, this essentially required the low income applicant to apply 4 times for 1 loan, and pay the fees charged for all of these applications. Paying these extra fees is a burden on the low income family.

This legislation reduces the requirement to applying to 1 financial institution and being turned down before qualifying to apply for a Guam Housing Corporation loan. This will further the aims of the Guam Housing Corporation in bringing assistance to the low income applicant.

Very truly yours,


Carl T. C. Gutierrez
Governor of Guam

Attachment 00287-

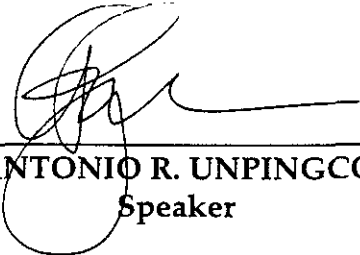
cc: The Honorable Joanne M. S. Brown
Legislative Secretary

Office of the Speaker
ANTONIO R. UNPINGCO
Date: 6.20.97
Time: 2pm
Rec'd by: [Signature]
Print Name: Monique Jette


TWENTY-FOURTH GUAM LEGISLATURE
1997 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

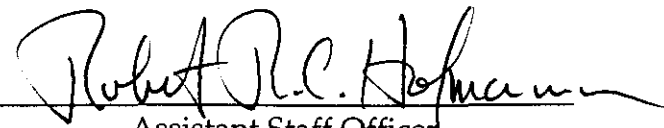
This is to certify that Substitute Bill No. 162 (LS), "AN ACT TO AMEND SUBSECTION (C) OF §4103 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE LENDING REQUIREMENTS OF THE GUAM HOUSING CORPORATION," was on the 7th day of June, 1997, duly and regularly passed.


ANTONIO R. UNPINGCO
Speaker


Attested:


JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by the Governor this 13th day of June, 1997, at
8:10 o'clock A.M.


Assistant Staff Officer,
Governor's Office

APPROVED:


CARL T. C. GUTIERREZ
Governor of Guam

Date: 6-20-97

Public Law No. 24-45

TWENTY-FOURTH GUAM LEGISLATURE
1997 (FIRST) Regular Session

Bill No. 162 (LS)

As substituted by the Committee on
Agriculture, Land, Housing, Community
and Human Resources Development, and
as amended on the Floor.

Introduced by:

A. C. Lamorena, V
Mark Forbes
J. C. Salas
T. C. Ada
F. B. Aguon, Jr.
E. Barrett-Anderson
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
C. A. Leon Guerrero
L. Leon Guerrero
V. C. Pangelinan
A. L.G. Santos
F. E. Santos
A. R. Unpingco
J. Won Pat-Borja

**AN ACT TO AMEND SUBSECTION (C) OF §4103
OF TITLE 12 OF THE GUAM CODE ANNOTATED,
RELATIVE TO THE LENDING REQUIREMENTS
OF THE GUAM HOUSING CORPORATION.**

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

2 **Section 1. Legislative Findings.** The Guam Legislature finds that the
3 requirements imposed by the Guam Housing Corporation pursuant to
4 Subsection (c); Section 4103, Title 12, Guam Code Annotated, requiring
5 applicants for housing loans offered by the Corporation to obtain at least
6 three (3) written loan refusals from commercial lending institutions is
7 economically burdensome to the applicants. In the past, commercial lending
8 institutions provided these letters of refusal as part of their regular banking
9 services to clients. However, at present, applicants are charged fees ranging
10 from Two Hundred Dollars (\$200.00) to Four Hundred Dollars (\$400.00) for
11 each instrument.

12 The Guam Legislature further finds that the submission of these
13 instruments to the Guam Housing Corporation does not guarantee the
14 approval of the loan application.

15 **Section 2. Legislative Intent.** It is the intent of the Guam Legislature to
16 relieve housing loan applicants with the economically burdensome
17 requirements imposed upon them pursuant to the provisions of existing law.

18 **Section 3.** Subsection (c) of §4103 of Title 12 of the Guam Code
19 Annotated is amended to read:

20 **"Section 4103(c).** To encourage and engage in low and moderate
21 income housing activities, including development of residential
22 subdivisions, construction of housing for rental or resale, and to make
23 loans to any person for the purchase, construction, improvement or
24 repair of a home. All loans so made shall be of such sound value or so
25 secured as reasonably necessary to assure repayment, taking into

1 consideration the policy of the Guam Legislature that the lending
2 powers to the Guam Housing Corporation (the 'Corporation') shall be
3 administered as a means of accomplishing the purposes stated in §4101
4 of this Chapter, and shall bear interest at a rate to be determined by the
5 Board of Directors of the Corporation, but not exceeding the Federal
6 Housing Administration rate.

7 Loans should be made to the residents of Guam to enable them to
8 purchase or construct permanent homes which are insurable under
9 standard Guam Home Owner's insurance policy to include, but not be
10 limited to, the perils of tropical cyclones, earthquakes and fire. All
11 loans for the purchase, construction, or purchase of land and
12 construction of such home shall not exceed the Federal Housing
13 Administration loan limit established by the U.S. Department of
14 Housing and Urban Development for Guam. No loan may be used
15 exclusively for the purchase of land. Loans shall be given only to
16 residents who have been unable to obtain conventional financing from
17 commercial lending institutions, including but not limited to banks and
18 savings and loan associations. Upon pre-qualification by the Guam
19 Housing Corporation, the applicant shall obtain one (1) written loan
20 refusal from a commercial lending institution, which shall be made a
21 part of the applicant's loan application. The processing of any loan shall
22 not continue until such time that the Guam Housing Corporation
23 receives an official letter of refusal." —



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

SENATOR JOHN CAMACHO SALAS
CHAIRMAN

May 27, 1997

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

Dear Mr. Speaker:

The Committee of Agriculture, Land, Housing, Community and Human Resource Development, to which was referred Bill 162 "An Act to amend Subsection (c) of §4103, Title 12, Guam Code Annotated, relative to the lending requirements of the Guam Housing Corporation," held a public hearing on May 20, 1997 to receive testimonies on said bill.

Following a markup meeting, the Committee hereby wishes to report out same with a recommendation TO DO PASS.

The Committee votes are as follows:

To Do Pass	4
Not To Pass	0
Abstain	0
Other (Off-Island)	0

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

Sincerely,

John T. M...
Senator John Camacho Salas

Attachments



SENATOR JOHN CAMACHO SALAS

CHAIRMAN

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

VOTING SHEET

Bill Number 162

Title An Act to amend Subsection (c) of §4103, Title 12, Guam Code Annotated, relative to the lending requirements of the Guam Housing Corporation.

	TO PASS	NOT TO PASS	ABSTAIN	INACTIVE FILE
 John Camacho Salas, Chairman	✓			
 Edwardo J. Cruz, M.D., Vice-Chairman	✓			
Elizabeth Barrett-Anderson, Member				
 Larry F. Kasperbauer, Member	X			
 Carlotta M. Leon Guerrero, Member	✓			
Thomas C. Ada, Member				
William B.S.M. Flores, Member				
Antonio R. Unpingco, Ex-Officio Member				



24th GUAM
LEGISLATURE

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

SENATOR JOHN CAMACHO SALAS
CHAIRMAN

COMMITTEE REPORT

Bill 162 - An Act to amend subsection (c) of §4103, Title 12, Guam Code Annotated relative to the lending requirements of the Guam Housing Corporation.

Senator John Camacho Salas, Chairman for the Committee, conducted a public hearing on May 20, 1997 at the Legislative Public Hearing Room, Agana, Guam, to receive testimonies on the this bill. A Committee mark-up meeting was held on Saturday, May 24, 1997 at 3:00 p.m.

Committee members present included:

Senator John Camacho Salas, Chairman
Senator Edwardo J. Cruz, M.D., Vice-Chairman
Senator Larry F. Kasperbauer, Member
Senator Thomas C. Ada, Member

Non-member senators present included:

Senator Ben C. Pangelinan
Senator Lou A. Leon Guerrero
Senator Frank B. Aguon, Jr.
Senator Alberto C. Lamorena, V.
Senator Angel L.G. Santos
Senator Francisco P. Camacho

Committee Mark-up Meeting Attendance:

Senator John Camacho Salas, Chairman
Senator Edwardo J. Cruz, M.D., Vice-Chairman
Senator Larry F. Kasperbauer, Member
Senator Carlotta Leon Guerrero

I. HEARING SUMMARY.

Mr. James G. Sablan, President of the Guam Housing Corporation, was the only person who appeared before the Committee to present testimony. The records show that the Committee had sent out notification letters to the major lending institutes within the Territory about the hearing, and had invited the banks to appear and present testimonies. None showed up.

Mr. James G. Sablan, in a written testimony which he read, testified in support of Bill 162. He stated that "the original intent [of the three bank rejection] is to ensure that GHC does not compete with the financial institutions by providing mortgage loans to individuals who may qualify for a conventional loan. This requirement creates a financial burden to potential

GHC applicants because of the fee charged by most financial institutions. It also discourages and frustrates applicants in applying because they are in effect required to complete four different loan application forms..... [Also) a twenty percent (20%) down payment as well as closing fees are required in order to obtain a mortgage loan. Should Bill 162 pass into law, this will allow the applicant to use the amount charged by the banks for the three rejection letters to cover such costs associated with the loan closing. The removal of such requirement will enhance our loan programs and encourage more families to achieve their dream of owning their own home."

Mr. Sablan also requested that the same subsection be further amended to expand GHC's loan purpose to include debt consolidation.

II. COMMITTEE FINDINGS

While it is indeed a hardship for potential home buyers to go through the 3 rejection process, without any point of reference established through a private lending institution (in the form of a rejection), the Committee finds that Guam Housing Corporation cannot ensure that all applicants meet the criteria for assistance. Also, the Guam Housing Corporation may inadvertently compete with the private sector since all applicants can go directly to GHC without attempting to secure a loan through at least one private institution.

III. COMMITTEE RECOMMENDATIONS

The Committee recommends **TO DO PASS Bill 162, as substituted by committee.** The substitute bill will show that one (1) rejection notice is required for applicants to Guam Housing Corporation.



SENATOR JOHN CAMACHO SALAS CHAIRMAN

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

TESTIMONY SIGN IN SHEET

Tuesday, May 20, 1997

Bill Number 162

Title An Act to amend Subsection (c) of §4103, Title 12, Guam Code Annotated, relative to the lending requirements of the Guam Housing Corporation.

NAME <i>James J. ...</i>	ORGANIZATION <i>Guam Housing Corp</i>	TESTIMONY	
CONTACT # <i>475-4906</i>	MAILING ADDRESS <i>Bx 3457 Agaña</i>	<input checked="" type="checkbox"/> FOR	<input checked="" type="checkbox"/> WRITTEN
		<input type="checkbox"/> AGAINST	<input checked="" type="checkbox"/> ORAL
NAME	ORGANIZATION	TESTIMONY	
CONTACT #	MAILING ADDRESS	<input type="checkbox"/> FOR	<input type="checkbox"/> WRITTEN
		<input type="checkbox"/> AGAINST	<input type="checkbox"/> ORAL
NAME	ORGANIZATION	TESTIMONY	
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NAME	ORGANIZATION	TESTIMONY	
CONTACT #	MAILING ADDRESS	<input type="checkbox"/> FOR	<input type="checkbox"/> WRITTEN
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NAME	ORGANIZATION	TESTIMONY	
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NAME	ORGANIZATION	TESTIMONY	
CONTACT #	MAILING ADDRESS	<input type="checkbox"/> FOR	<input type="checkbox"/> WRITTEN
		<input type="checkbox"/> AGAINST	<input type="checkbox"/> ORAL



Guam Housing Corporation

Kotporasion Ginima' Guåhan

P.O. Box 3457 Agaña, Guam 96932

TESTIMONY ON BILL NO. 162

JAMES G. SABLAN

PRESIDENT, GUAM HOUSING CORPORATION

Carl T.C. Gutierrez
Governor

Madeleine Z. Bordallo
Lieutenant Governor

James G. Sablan
President

Mr. Chairman and members of the Committee on Agriculture, Land, Housing, Community and Human Resources Development. My name is James G. Sablan and I would like to submit a written testimony in support of Bill No. 162 introduced by Senator Alberto C. Lamorena V for the purpose of amending subsection (c) of 4103, Title 12 relative to the requirements of Guam Housing Corporation (GHC).

Jose R. Duenas
Chairman

The original intent of this requirement is to ensure that GHC does not compete with the financial institutions by providing mortgage loans to individuals who may qualify for a conventional loan. This requirement creates a financial burden to potential GHC applicants because of the fees charged by most financial institutions. It also discourages and frustrates applicants in applying because they are in effect required to complete four different loan application forms.

Vicente Q. Finona
Vice-Chairman

Lorraine S. Okada
Member

GHC continues to provide affordable financing loan programs to assist the low and moderate income families in becoming first time homeowners. One source that GHC is not providing, that will service this income group is the FHA loan program. By eliminating this rejection requirement GHC can participate in the FHA program as a direct endorsement lender.

Nita C. Baldovino
Member

Jessie S. Pendon
Member

As you are aware, a twenty percent (20%) down payment as well as closing fees are required in order to obtain a mortgage loan. Should this Bill 162 pass into law this will allow the applicant to use the amount charged by the banks for the three rejection letters to cover such costs associated with the loan closing.

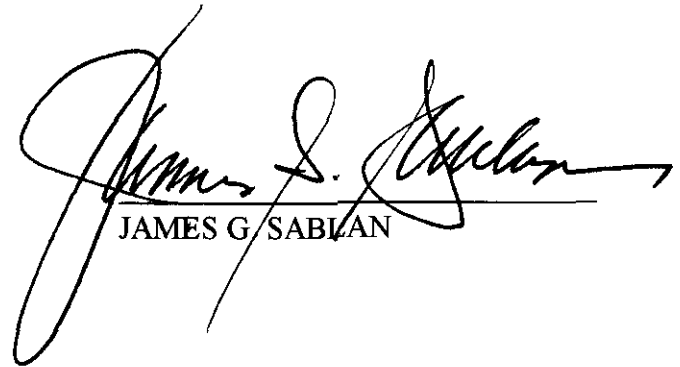
Jose M. Guzman
Member

The removal of such requirement and will enhance our loan programs and encourage more families to achieve their dream of owning their own home.

Jesus M. Siguenza
Member

It is also requested that the same subsection be further amended to expand GHC's loan purpose to include debt consolidation. This action will assist individuals who are in need of restructuring of their financial position in order to show repayment ability of the loan required to meet their housing needs. This purpose will only be authorized if the applicant can demonstrate repayment ability and the loan to value ratio does not exceed 80%.

In closing, I would like to thank the committee for allowing submittal of this testimony and I urge the committee to act favorably on this legislation. This action will certainly assist GHC in meeting its goals and objectives to provide affordable housing and loan programs to the low and moderate income families.



JAMES G. SABLÁN