



EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor of Guam

January 5, 2012

Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina'trentai Unu Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

31-11-1228
Office of the Speaker
Judith T. Won Pat, Ed. D.
Date 1/5/12
Time 3:40 PM
Received by [Signature]

Dear Madame Speaker:

Transmitted herewith is Substitute Bill No. 138-31 (LS), "AN ACT TO REPEAL AND RE-ENACT ARTICLE 7, RELATIVE TO THE GUAM HOUSING CORPORATION'S FIRST-TIME HOMEOWNER ASSISTANCE PROGRAM, AND TO ADD A NEW ARTICLE 10, RELATIVE TO THE HOUSING TRUST FUND ACT, ALL OF CHAPTER 4, TITLE 12, GUAM CODE ANNOTATED; AND TO AMEND SECTION 4, SECTION 11(c), AS REPEALED AND RE-ENACTED BY PUBLIC LAW 26-123, AND SECTION 12, ALL OF PUBLIC LAW 20-210", which I signed into law on January 4, 2012 as Public Law 31-166.

Senseramente,


EDDIE BAZA CALVO

Attachment: copy of Bill

31-11-1228

1228

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2011 (FIRST) Regular Session

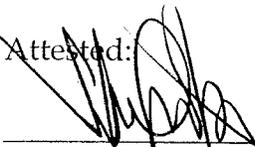
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that Substitute Bill No. 138-31 (LS), "AN ACT TO REPEAL AND RE-ENACT ARTICLE 7, RELATIVE TO THE GUAM HOUSING CORPORATION'S FIRST-TIME HOMEOWNER ASSISTANCE PROGRAM, AND TO ADD A NEW ARTICLE 10, RELATIVE TO THE HOUSING TRUST FUND ACT, ALL OF CHAPTER 4, TITLE 12, GUAM CODE ANNOTATED; AND TO AMEND SECTION 5, SECTION 11(c), AS REPEALED AND RE-ENACTED BY PUBLIC LAW 26-123, AND SECTION 12, ALL OF PUBLIC LAW 20-210", was on the 22nd day of December, 2011, duly and regularly passed.

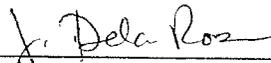


Judith T. Won Pat, Ed.D.
Speaker

Attested:

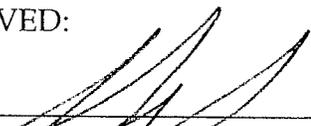

Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'lahaen Guåhan* this 23rd day of Dec., 2011, at 10:35 o'clock A.M.



Assistant Staff Officer
Maga'lahaen's Office

APPROVED:


EDWARD J.B. CALVO
I Maga'lahaen Guåhan

Date:

JAN 04 2012

Public Law No. 31-166

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2011 (FIRST) Regular Session

Bill No. 138-31 (LS)

As substituted by the Committee on Municipal
Affairs, Tourism, Housing and Recreation,
and amended on the Floor.

Introduced by:

v. c. pangelinan
Judith T. Won Pat, Ed.D.
T. R. Muña Barnes
Judith P. Guthertz, DPA
T. C. Ada
V. Anthony Ada
F. F. Blas, Jr.
B. J.F. Cruz
Chris M. Dueñas
Sam Mabini, Ph.D.
Adolpho B. Palacios, Sr.
R. J. Respicio
Dennis G. Rodriguez, Jr.
M. Silva Tajjeron
Aline A. Yamashita, Ph.D.

**AN ACT TO *REPEAL* AND *RE-ENACT* ARTICLE 7,
RELATIVE TO THE GUAM HOUSING
CORPORATION'S FIRST-TIME HOMEOWNER
ASSISTANCE PROGRAM, AND TO *ADD* A NEW
ARTICLE 10, RELATIVE TO THE HOUSING TRUST
FUND ACT, ALL OF CHAPTER 4, TITLE 12, GUAM
CODE ANNOTATED; AND TO *AMEND* SECTION 5,
SECTION 11(c), AS *REPEALED* AND *RE-ENACTED* BY
PUBLIC LAW 26-123, AND SECTION 12, ALL OF
PUBLIC LAW 20-210.**

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

2 **Section 1.** With the impending population boom expected from the
3 military buildup, housing and construction costs are expected to rise, leaving many
4 of our Guam residents unable to afford a home for themselves and their families.

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

11 It is the intent of *I Liheslaturan Guåhan* to provide assistance to qualified
12 applicants who have been unable to benefit from the Program because of outdated
13 guidelines and market conditions, and also to provide a balance as to protect the
14 government of Guam from unnecessary risk related to the Program.

15 It is further the intent of *I Liheslaturan Guåhan* to repeal and re-enact
16 provisions governing the Guam Housing Corporation’s Program, and to amend
17 certain sections of Public Law 20-210. Furthermore, the establishment of a
18 Housing Trust Fund will assist the Guam Housing Corporation in further assisting
19 Guam residents in achieving affordable and accessible housing. First-time
20 homeowners will be well served by these adjustments due to the population
21 increase as a result of the military buildup and its expected affect on the median
22 price of a single family home and construction costs, as well as the decrease in
23 interest rates. There is a need to provide legislative support that will lessen the
24 financial impact these expected events will have on first-time homeowners.

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

1 "ARTICLE 7

2 **FIRST-TIME HOMEOWNER ASSISTANCE PROGRAM ACT**

3 § 4701. **Establishment and Title.**

4 § 4702. **Definitions.**

5 § 4703. **First-time Homeowner Assistance Program.**

6 § 4704. **Application for First-time Homeowner Assistance.**

7 § 4705. **Administration.**

8 § 4706. **Funding.**

9 § 4701. **Establishment and Title.**

10 The Guam Housing Corporation (GHC) *shall* develop, implement,
11 and administer the *First-time Homeowner Assistance Program* (Program)
12 to provide assistance to first-time homeowners toward the purchase or
13 construction of a home in accordance with this Act.

14 § 4702. **Definitions.**

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

19 (a) *Accredited* means as recognized by the Council for
20 Higher Education Administration (CHEA); for vocational schools, an
21 accrediting agency as recognized by the United States Department of
22 Education, such as the Accrediting Commission of Career Schools
23 and Colleges (ACCSC);

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

1 (c) *Commencement date* of an eligible transaction: see
2 §4703(e);

3 (d) *Completed* for completion of an eligible transaction: see
4 §4703(f);

5 (e) *Comprehensive home building contract* means a contract
6 under which a builder undertakes to build a home on land, from the
7 inception of the building work to the point where the home is ready
8 for occupation; and if, for any reason, the work to be carried out
9 under such a contract is not completed, includes any further contract
10 under which the work is to be completed;

11 (f) *Construction cost* means the final and total amount paid,
12 or to be paid, by a homeowner for the construction of a home, and
13 shall include all monies paid for labor and material, contractor's fees,
14 fees of an architect and engineer, survey costs, utility hook-up costs,
15 broker's commissions, and attorney's fees;

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

20 (h) *Eligibility criteria*: see §4703(b);

21 (i) *Eligible transaction*: see §4703(d);

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

24 (k) *First-time Homeowner* means any individual or family
25 who has *not* had any ownership interest in a home within the five (5)

1 years preceding the commencement date of an eligible transaction for
2 which the First-time Homeowner is applying;

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

6 (m) *Full-time basis* means the minimum of twelve (12) or
7 more credit hours per semester or quarter equivalent to twelve (12)
8 semester hours, for degree-seeking undergraduate or graduate studies;
9 for vocational schools, the minimum credits or hours or its equivalent
10 per, semester or quarter or equivalent term, necessary for the school
11 to certify full-time status;

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

17 (o) *Natural Person* means a human being.

18 (p) *Land costs* means costs to purchase land toward the
19 construction of a home;

20 (q) *Off-island institution of higher education* means a United
21 States Department of Education accredited vocational school, or
22 college or university *not* physically located in Guam;

23 (r) *Occupancy requirement* means the requirement that an
24 applicant for First-time Homeowner Assistance must occupy the
25 home to which the application relates as the applicant's principal

1 place of residence within six (6) months after the completion of the
2 eligible transaction;

3 (s) *Owner* means having absolute dominion (as defined in
4 21 GCA, Chapter 1, §1211) over land or a home;

5 (t) *Assistance* means the financial assistance granted to
6 First-time Homeowners established under this Act;

7 (u) *Spouse* is the person who is legally married to the
8 applicant.

9 **§ 4703. First-time Homeowner Assistance Program.**

10 (a) Entitlement to Assistance. Assistance is payable on an
11 application under this Act if:

12 (1) the applicant complies with the eligibility criteria;
13 and

14 (2) the transaction for which the Assistance is sought
15 is an eligible transaction.

16 *Only* one (1) First-time Homeowner Assistance is payable for
17 the same eligible transaction.

18 (b) Eligibility Criteria for Applicants.

19 (1) An applicant for first-time homeowner assistance
20 must be a natural person.

21 (2) Applicant must be a United States citizen or
22 permanent resident alien who is a Resident of Guam. However,
23 unless advised otherwise by the Attorney General of Guam,
24 Guam Housing Corporation shall satisfy demand by U.S.
25 citizens before considering permanent resident aliens who are
26 residents of Guam for the program.

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

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

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

23 (4) Applicant must receive clearance from the
24 Director of Revenue & Taxation that all income tax returns,
25 business privilege tax returns and withholding tax returns
26 which are due from the applicant have been filed (or an

1 extension has been approved or granted thereon by the Director
2 of Revenue & Taxation, which extension has not expired), and
3 that all taxes thereon have been paid or arrangements have been
4 made with the Director for payment thereon and such
5 arrangements are current.

6 (5) Applicant must attend and complete a home
7 ownership education program and/or workshop or other similar
8 program, as approved or provided by the GHC.

9 (6) Applicant or (applicant's spouse) must *not* have
10 received earlier assistance under this Program:

11 (A) Subject to Subsection (B), an applicant is
12 ineligible if:

13 (i) the applicant or the applicant's spouse
14 has been a party to an earlier application
15 under this Act; and

16 (ii) assistance was paid on the
17 application.

18 (B) An applicant is *not* ineligible if the
19 assistance was paid but later paid back to the GHC under
20 the conditions on which the assistance was made, unless
21 payment back to the GHC was due to fraud or other
22 illegal acts.

23 (c) Occupancy Requirement. Applicant must occupy the
24 home to which the application relates as the applicant's principal
25 place of residence within six (6) months after completion of the

1 eligible transaction. Payment of Assistance *shall* be paid pursuant to
2 §4705(c) of this Act.

3 (d) Eligible Transactions. An eligible transaction is:

4 (1) a contract made for the purchase of a home in Guam
5 *not* to exceed Two Hundred Fifty Thousand Dollars
6 (\$250,000), and *shall* include down payment and closing costs;

7 (2) a comprehensive home building contract made by the
8 owner of land in Guam, or a person who will on completion of
9 the contract be the owner of land in Guam, to have a home built
10 on the land *not* to exceed Two Hundred Fifty Thousand Dollars
11 (\$250,000), and *shall* include down payment, land, and closing
12 costs;

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

16 (e) Commencement Date. The commencement date of an
17 eligible transaction is:

18 (1) in the case of an applicant purchasing a home, the
19 date when the contract is signed between the buyer and seller;

20 or

21 (2) in the case of an applicant building a home, the
22 date when the construction contract for which the home is to be
23 built is signed.

24 (f) Eligible Transaction. An eligible transaction is
25 completed when:

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

1 (A) the purchaser becomes entitled to
2 possession of the home under the contract; and

3 (B) if the purchaser is to obtain a registered
4 title to the land on which the home is situated, the
5 necessary steps to obtain registration of the purchaser's
6 title have been taken.

7 (2) in the case of an applicant building a home, the
8 building is ready for occupation as a place of residence as
9 identified by the issuance of a certificate of occupancy by the
10 Guam Department of Public Works, or the execution of the
11 contract for the purchase of a home, whichever occurs first.

12 (g) Eligible Transaction Amount Adjustment. The Board
13 *shall* from time to time, but *not* less than every five (5) years, conduct
14 a study to determine the cost of the median price of housing on
15 Guam, and *shall* by resolution adopted by the Board increase or
16 decrease the amount of the eligible transaction to reflect changes in
17 market price.

18 **§ 4704. Application for First-time Homeowner Assistance.**

19 An application for the First-time Homeowner Assistance is to be made to
20 the GHC. An application must be in a form approved by the GHC, and must
21 contain the following:

22 (a) whether the applicant intends to purchase or construct a
23 home;

24 (b) the legal description of the property intended for the
25 home;

1 (c) if the applicant intends to construct a home, applicant
2 must submit the following:

3 (1) a certificate of title, policy of title insurance,
4 warranty deed or other evidence of fee simple title, or lease to a
5 *Chamorro* Land Trust lot, to the unimproved land intended for
6 construction; and

7 (2) construction plans and specifications certified by a
8 licensed professional engineer or architect authorized to
9 practice on Guam by the Professional Engineers, Architects,
10 and Land Surveyors Board of Guam; and

11 (3) a completed construction contract with
12 construction cost of the home to be built.

13 (d) If the applicant intends to purchase a home, applicant
14 must submit the following:

15 (1) an executed contract for the purchase of a home
16 with selling price; and

17 (2) certificate of title, warranty deed, policy of title
18 insurance or other evidence of ownership by the intended
19 seller.

20 (e) An applicant must provide the GHC with any further
21 information the GHC requires to decide on the application.

22 (f) Information provided by an applicant in or in relation to
23 an application must, if the GHC so requires, be verified and supported
24 by other evidence required by the GHC.

1 (g) An application can only be made on or after the
2 commencement date of the eligible transaction to which the
3 application relates and before the eligible transaction is completed.

4 (h) An applicant may, with the GHC's consent, amend an
5 application.

6 (i) Any applicant who intentionally supplies false
7 information on the application for assistance under this Act *shall*
8 automatically be disqualified from the First-time Homeowner
9 Assistance Program. In the event that funds are disbursed on behalf of
10 such an applicant, the applicant *shall* be assessed a penalty of ten
11 percent (10%), in addition to repaying the amount disbursed by the
12 GHC. The funds that were disbursed on behalf of such an applicant
13 that are repaid *shall* be deposited back into the First-time Homeowner
14 Assistance Fund. The funds from the ten percent (10%) penalty *shall*
15 be deposited into the GHC's bank account(s) for operational uses.

16 (j) In the case where an applicant is denied assistance, the GHC
17 *shall* provide the applicant a written denial notice within thirty (30) days of
18 the submission of the application.

19 (k) Appeal. An applicant may appeal a denial of application
20 within thirty (30) days of receipt of the written denial notice. The applicant
21 *shall* submit to the GHC Board appropriate documentation disputing the
22 basis of the denial. The Board *shall* render a decision within fifteen (15)
23 days after receipt of an appeal, or at the next meeting of the Board following
24 the denial, whichever is sooner. The decision of the Board *shall* be final.

25 **§ 4705. Administration.**

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

11 (b) Amount of Assistance. The amount of the First-time
12 Homeowner Assistance is four percent (4%) of the eligible
13 transaction.

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

24 (d) Payment in Anticipation of Compliance with Occupancy
25 Requirement. The GHC may authorize payment of First-time
26 Homeowner Assistance in anticipation of compliance with the

1 occupancy requirement. If the occupancy requirement is *not* complied
2 with, the applicant must, within fifteen (15) days after the relevant
3 date, give written notice of that fact to the GHC and repay the amount
4 of assistance.

5 The relevant date is the earlier of the following:

6 (1) the end of the period allowed for compliance with the
7 occupancy requirement; or

8 (2) the date on which it first becomes apparent that the
9 occupancy requirement will *not* be complied with during the period
10 allowed for compliance.

11 Where the first-time homeowner fails to comply with the occupancy
12 conditions and does *not* repay the amount of assistance, the GHC may
13 approve, by resolution, a Memorandum of Understanding between the GHC
14 and the Department of Revenue and Taxation to garnish the income tax
15 refunds of recipients of the First-time Homeownership Assistance. The
16 GHC *shall* adopt a policy to govern the referral of such tax refund
17 garnishment requests to the Department of Revenue and Taxation.

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

22 (f) Repayment of Assistance. A first-time homeowner *shall* repay
23 to the First-time Homeowner Assistance Fund an amount equal to the total
24 assistance received by the homeowner with interest at the rate of ten percent
25 (10%) per annum if, within five (5) years after receipt of the assistance, the
26 home is:

- (1) transferred or conveyed;
- (2) sold; or
- (3) occupied exclusively by any individual or individuals other than the homeowner or the homeowner's children.

The funds that were disbursed on behalf of such an applicant that are repaid *shall* be deposited back into the Housing Trust Fund. The funds from the ten percent (10%) penalty *shall* be deposited into the GHC's bank account(s) for operational uses.

§ 4706. Funding. Funding for the First-time Homeowner Assistance Program *shall* be provided through the Housing Trust Fund established pursuant to §41004(a), Article 10, Chapter 4, Title 12 of the Guam Code Annotated.”

Section 3. A new Article 10 of Chapter 4, Title 12 of the Guam Code Annotated is hereby *added* to read:

“HOUSING TRUST FUND ACT

- § 41001. Establishment and Title.**
- § 41002. Purpose.**
- § 41003. Housing Trust Fund Authorized Programs.**
- § 41004. Funding for Authorized Programs.**
- § 41005. Administration.**
- § 41006. Annual Audit.**

§ 41001. Establishment and Title. There is hereby created, separate and apart from any other funds of the government of Guam, and under the administration and control of the GHC, the *Housing Trust Fund* (Fund).

1 **§ 41002. Purpose.** The purpose of the Fund is to support the
2 affordability and accessibility of housing for the residents of Guam, and to
3 finance support services that assist low-income households in obtaining and
4 maintaining affordable housing.

5 **§ 41003. Housing Trust Fund Authorized Programs.** Programs
6 established or planned to be established by the GHC and funded through the
7 Housing Trust Fund *shall* require appropriate legislative action and
8 authorization. Before such legislative action and authorization, the GHC
9 *shall* provide a written report of each program established or planned to be
10 established by the GHC to the Speaker of *I Liheslaturan Guåhan*. Such
11 report *shall* detail the funding mechanism(s) or source(s) to fund each
12 program, the missions, objectives, and goals of each program, the annual
13 amount necessary to fund each program, descriptions of the targeted
14 population such program intends to assist, use or inclusion of any *Chamorro*
15 Land Trust properties in achieving the missions, objectives, and goals of
16 each program, and any other information *I Liheslaturan Guåhan* sees fit in
17 determining the viability, feasibility, and necessity of such programs.

18 (a) Authorized Program #1 - the First-time Homeowner
19 Assistance Program established by Article 7, Chapter 4, Title 12 of
20 the Guam Code Annotated is hereby authorized and approved by *I*
21 *Liheslaturan Guåhan* and funded by the Housing Trust Fund
22 established herein.

23 **§ 41004. Funding for Authorized Programs.** Funding for
24 authorized programs *shall* be identified by the GHC pursuant to §41003 of
25 the Housing Trust Fund Act, and is subject to appropriate legislative
26 authorization and approval. *I Liheslatura* may, from time to time, make

1 appropriations to the Fund to be used for programs authorized by the GHC
2 Board of Directors, and approved by *I Liheslatura* in accordance with this
3 Act. *I Liheslatura* may enact laws specifically designating revenue sources,
4 which *shall* be deposited directly into the Fund.

5 (a) Authorized Program #1 - Funding for the First-time
6 Homeowner Assistance Program.

7 (1) The GHC *shall* provide the funding source for the
8 First-time Homeowner Assistance Program within the Fund,
9 pursuant to the Housing Trust Fund Act, from its current
10 operating and/or non-operating revenues and/or income.

11 (2) In the fiscal year of the enactment of the Housing
12 Trust Fund Act, Five Hundred Thousand Dollars (\$500,000) is
13 hereby appropriated from the GHC's annual operating and/or
14 non-operating revenues and/or income to the Fund as seed
15 capital for the Programs authorized in §41003 of the Housing
16 Trust Fund Act.

17 (3) If, in the fiscal year of the enactment of the
18 Housing Trust Fund Act, the GHC's annual operating and/or
19 non-operating revenues and/or income are *not* sufficient to
20 fully fund the seed capital, such seed capital of Five Hundred
21 Thousand Dollars (\$500,000), or the difference between such
22 amount and what is appropriated from the GHC's operating
23 and/or non-operating revenues and/or income, is hereby
24 appropriated from the GHC's fund balance or its equivalent.

25 (4) For the fiscal years thereafter, up to Five Hundred
26 Thousand Dollars (\$500,000) is hereby appropriated from the

1 GHC’s annual operating and/or non-operating revenues as
2 needed to ensure the reserved balance of the Fund required in
3 Subsection (6) is *at least* Five Hundred Thousand Dollars
4 (\$500,000) at the beginning of each fiscal year.

5 (5) If, in the fiscal years thereafter, the GHC’s annual
6 operating and/or non-operating revenues and/or income are *not*
7 sufficient to provide the funding necessary to fulfill the
8 requirements set forth in §41004(a)(4), the difference between
9 what is required and what is appropriated from the GHC’s
10 annual operating and/or non-operating revenues and/or income,
11 is hereby appropriated from the GHC’s fund balance or its
12 equivalent.

13 (6) The funds authorized for the First-time
14 Homeowner Assistance Program *shall* be reserved within the
15 Housing Trust Fund, and *shall only* be authorized for the use of
16 the First-time Homeowner Assistance Program, and for *no*
17 other program.

18 (b) Continuing Appropriation. The appropriations made to
19 the Fund *shall not* lapse and *shall* continue until fully expended for
20 the purposes pursuant to this Act.

21 (c) The funds transferred to the Fund under this Act *shall*
22 *not* be subject to *I Maga 'lahi's* transfer authority.

23 **§ 41005. Administration.** The Fund *shall* be administered by the
24 GHC. The GHC *shall*:

25 (a) Administer the Fund.

1 (b) Develop and implement appropriate rules, procedures,
2 guidelines, and regulations for the proper operation of the Fund,
3 including the necessary internal controls over the Fund.

4 (c) Review requests for funding from the Fund and make program
5 funding recommendations pursuant to §41003 of this Act.

6 (d) Prepare and submit an annual report to *I Maga'låhen Guåhan*
7 and the Speaker of *I Liheslaturan Guåhan* concerning the
8 administration and activities of the Fund.

9 **§ 41006. Annual Audit.** An annual audit *shall* be conducted on
10 the Fund and *shall* be submitted to *I Maga'låhen Guåhan* and the Speaker
11 of *I Liheslaturan Guåhan* within ninety (90) days after the end of each fiscal
12 year. Such annual audits *shall* be conducted or cause to be conducted by the
13 Office of Public Accountability. The funding for each annual audit *shall* be
14 *no more than* Fifteen Thousand Dollars (\$15,000) subject to adjustments
15 made by the Guam Housing Corporation Board of Directors, and *shall* be
16 funded by the GHC.”

17 **Section 4.** Section 5 of Public Law 20-210 is hereby *amended* to read:

18 “**Section 5.** Loans to be made: rate of interest. The fifteen (15) and
19 thirty (30) year loans to be made by the Corporation to its qualified
20 moderate and low income families and individuals *shall* bear interest at the
21 rate of up to two percent (2%) above the average of the annual mortgage
22 interest rates for fifteen (15) and thirty (30) year mortgage loans of the
23 three (3) largest mortgage loan lenders on Guam, but *not* lower than four
24 percent (4%) per annum. Interest revenue that exceeds six percent (6%) per
25 annum *shall* be deposited back into the Fund. All other terms and

1 conditions shall be in accordance with the Corporation's lending programs
2 as authorized in Chapter 4, Title, 12, Guam Code Annotated."

3 **Section 5.** Section 11(c) of Public Law 20-210, as repealed and re-enacted
4 by Public Law 26-123, is hereby *amended* to read:

5 "Section 11. (c) **Loans Made From Fund.** All fifteen (15) and
6 thirty (30) year mortgage loans made from revenues generated from this
7 fund *shall* be made at a rate of up to two percent (2%) above the average of
8 the annual mortgage interest rates for fifteen (15) and thirty (30) year
9 mortgage loans of the three (3) largest mortgage loan lenders on Guam, but
10 *not* lower than four percent (4%) per annum. Interest revenue *not* to exceed
11 four percent (4%) per annum *shall only* be used for debt service. Interest
12 revenue that exceeds six percent (6%) per annum *shall* be deposited back
13 into the Fund."

14 **Section 6.** Section 12 of Public Law 20-210 is hereby *amended* to read:

15 "Section 12. Loans from Fund. *I Maga'lahi* (the Governor) may,
16 from time to time, enter into an agreement with the Corporation for
17 additional loans from the Fund. Such loans *shall* be for the purpose of
18 making loans under the Corporation's lending programs as allowed by
19 Chapter 4, Title 12, Guam Code Annotated. Such loans *shall* bear interest at
20 the rate of four percent (4%) per annum, and *shall* be for periods *not*
21 exceeding thirty (30) years. All principal and interest payments on loans
22 made under this Section *shall* be to the Fund. Fifteen (15) and thirty (30)
23 year loans made by the Corporation to its qualified moderate and low
24 income borrowers from the proceeds of loans made to the Corporation
25 hereunder *shall* bear interest at the rate of up to two percent (2%) above the
26 average of the annual mortgage interest rates for fifteen (15) and thirty (30)

1 year mortgage loans of the three (3) largest mortgage loan lenders on Guam,
2 but *not* lower than four percent (4%) per annum. Interest revenue that
3 exceeds six percent (6%) per annum *shall* be deposited back into the Fund.”

4 **Section 7. Severability.** *If* any provisions of this Law or the application
5 thereof to any person or circumstance is held invalid, such invalidity *shall not*
6 affect any other provision or application of this Law which can be given effect
7 without the invalid provision or application, and to this end the provisions of this
8 Law are severable.

6

I MINA' TRENTAI UNU NA LIHESLATURAN GUÅHAN

2011 (FIRST) Regular Session

Date: 12/22/11

VOTING SHEET

SBill No. 138-31(LS)

Resolution No. _____

Question: _____

<u>NAME</u>	<u>YEAS</u>	<u>NAYS</u>	<u>NOT VOTING/ ABSTAINED</u>	<u>OUT DURING ROLL CALL</u>	<u>ABSENT</u>
ADA, Thomas C.	✓				
ADA, V. Anthony	✓				
BLAS, Frank F., Jr.	✓				
CRUZ, Benjamin J. F.	✓				
DUENAS, Christopher M.	✓				
GUTHERTZ, Judith Paulette	✓				
MABINI, Sam	✓				
MUNA-BARNES, Tina Rose	✓				
PALACIOS, Adolpho Borja, Sr.	✓				
PANGELINAN, vicente (ben) cabrera	✓				
RESPICIO, Rory J.	✓				
RODRIGUEZ, Dennis G., Jr.	✓				
SILVA TAIJERON, Mana	✓				
WON PAT, Judith T.	✓				
YAMASHITA, Aline A.	✓				

TOTAL

15
0
0
0
0

CERTIFIED TRUE AND CORRECT:


Clerk of the Legislature

* 3 Passes = No vote
EA = Excused Absence



I Mina'trentai Unu Na Liheslaturan Guåhan

Office of The Legislative Secretary

Tina Rose Muña Barnes

2011 DEC 19 AM 8:51
MUM

December 16, 2011

The Honorable Judith T. Won Pat, Ed.D.

Speaker

I Mina'trentai Unu Na Liheslaturan Guåhan

155 Hesler Place

Hagåtña, Guam 96910

VIA: The Honorable Rory J. Respicio
Chairperson, Committee on Rules

RE: Committee Report on Bill No. 138-31 (LS) as substituted

Dear Speaker Won Pat:

Transmitted herewith is the Committee Report on Substitute Bill No. 138-31 (LS) – "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 Assistance Program, to add Article 10, Chapter 4, Title 12, Guam Code Annotated relative to the housing trust fund act, 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"

Committee votes are as follows:

- 5 TO DO PASS
- TO NOT PASS
- 4 TO REPORT OUT ONLY
- TO ABSTAIN
- TO PLACE IN INACTIVE FILE

Sincerely,

Tina Rose Muña Barnes
Senator

Chairperson, Committee on Municipal Affairs, Tourism, Housing and Recreation
Vice Chairperson, Committee on Youth, Cultural Affairs, Procurement, General Government Operations and Public Broadcasting



I Mina'Trentai Unu Na Liheslaturan Guåhan
Office of The Legislative Secretary
Tina Rose Muña Barnes

**COMMITTEE
REPORT
ON**

BILL NO. 138-31 (LS) as substituted
(Sponsor: Tina Rose Muña 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 Assistance Program, to add Article 10, Chapter 4, Title 12, Guam Code Annotated relative to the housing trust fund act, 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”

Chairperson, Committee on Municipal Affairs, Tourism, Housing and Recreation
Vice Chairperson, Committee on Youth, Cultural Affairs, Procurement, General Government Operations and Public
Broadcasting

155 Hesler Place Hagatña, Guam 96910 [Tel: 671-472-3455/6 Fax: 671-472-3400] www.tinamunabarnes.com



I Mina'Trentai Unu Na Liheslaturan Guåhan
Office of The Legislative Secretary
Tina Rose Muña Barnes

December 13, 2011

MEMORANDUM

To: All Members
Committee on Municipal Affairs, Tourism, Housing and Recreation.

From: Senator Tina Rose Muña Barnes 
Committee Chairperson

Subject: Committee Report on Bill No. 138-31 (LS) as substituted

Transmitted herewith for your consideration is the Committee Report on Substitute Bill No. 138-31 (LS) – “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 Assistance Program, to add Article 10, Chapter 4, Title 12, Guam Code Annotated relative to the housing trust fund act, 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 20-210, and to amend Section 12 of Public Law 20-210”

This report includes the following:

- Committee Vote Sheet
- Committee Report Digest
- Copy of Substitute Bill No. 138-31 (LS)
- Copy of Bill No. 138-31 (LS)
- Public Hearing Sign-in Sheet
- Copies of Submitted Testimony on Bill No. 138-31 (LS)
- Copy of COR Referral of Bill No. 138-31 (LS)
- Fiscal Note for Bill No. 138-31 (LS)
- Notices of Public Hearing
- Copy of the Public Hearing Agenda

Please take the appropriate action on the attached vote sheet. Your attention to this matter is greatly appreciated. Should you have any questions or concerns, please do not hesitate to contact me.

Si Yu'os ma'åse'!

Chairperson, Committee on Municipal Affairs, Tourism, Housing and Recreation
Vice Chairperson, Committee on Youth, Cultural Affairs, Procurement, General Government Operations and Public Broadcasting
155 Hesler Place Hagatña, Guam 96910 [Tel: 671-472-3455/6 Fax: 671-472-3400] www.tinamunabarnes.com



I Mina'Trentai Unu Na Liheslaturan Guåhan
Office of The Legislative Secretary
Tina Rose Muña Barnes

COMMITTEE VOTING SHEET

Substitute Bill No. 138-31 (LS) – “An act to repeal re-enact Article 7, Chapter 4, Title 12, Guam Code Annotated, relative to the Guam Housing Corporation’s First-time Homeowners Assistance Program, to add Article 10, Chapter 4, Title 12, Guam Code Annotated relative to the housing trust fund act, 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”

	SIGNATURE	TO PASS	TO NOT PASS	TO REPORT OUT ONLY	TO ABSTAIN DUE TO CONFLICT OF INTEREST	TO PLACE IN INACTIVE FILE
LEGISLATIVE SECRETARY TINA ROSE MUÑA BARNES Chairperson		✓				
SPEAKER JUDITH T. WON PAT, Ed.D. Vice-Chairperson						
VICE SPEAKER BENJAMIN J.F. CRUZ Member		✓ 12/14/11				
SENATOR RORY J. RESPICIO Member						
SENATOR THOMAS C. ADA Member				12/13/11 		
SENATOR DENNIS G. RODRIGUEZ, JR. Member				✓ 12/14/11		
SENATOR JUDITH P. GUTHERTZ, DPA Member						
SENATOR ADOLPHO B. PALACIOS Member		11/15/11 ✓				
SENATOR VICENTE C. PANGELINAN Member		✓				
SENATOR FRANK F. BLAS, JR. Minority Member				12/13/11		
SENATOR ALINE YAMASHITA Minority Member						
SENATOR V. ANTHONY ADA Minority Member						
SENATOR MANA SILVA TAIJERON Minority Member						
SENATOR CHRISTOPHER M. DUEÑAS Minority Member		12/13/11 ✓				



I Mina'Trentai Unu Na Liheslaturan Guåhan

Office of The Legislative Secretary

Tina Rose Muña Barnes

COMMITTEE REPORT DIGEST

I. OVERVIEW

The Committee on Municipal Affairs, Aviation, Housing and Recreation convened a public hearing on Wednesday, May 11, 2011 at 9:00 AM in *I Liheslaturan's* Public Hearing Room. Among the items on the agenda was the consideration of Bill No. 138(LS) – “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,” sponsored by Senator Vicente “ben” Pangelinan.

Public Notice Requirements

Notices were disseminated via e-mail to all senators and all main media broadcasting outlets on May 03, 2011 (5-Day Notice), and again on May 06, 2011 (48-Hour Notice).

Senators Present

Senator Tina Rose Muña Barnes, Chairperson
Senator v.c. Pangelinan, Committee Member
Senator Aline Yamashita, Committee Member

The public hearing was Called-to-Order at 9:03 AM.

II. SUMMARY OF TESTIMONY & DISCUSSION

Senator Muna Barnes called bill 138-31 (LS) and called Executive Director of GHC Martin Benavente and GHC Manger Mary Guerrero. She then yielded to Senator Pangelinan as the sponsor of the bill.

Senator Pangelinan thanked her and stated that Bill 138 is an update of an existing program that is available to first time home owners on Guam that was introduced by him in an earlier legislation. The change to the program being proposed would be that the purchase price of the home from not including the land to now including the land itself, the original had 125K just for the structure not including purchase of land this now includes purchase of land, it raises the home owner purchase price eligible for relief from \$125,000 to \$250,000 and includes new eligibility requirements were added to include that the application must be an actual person not a corporation or that type of organizational structure would not qualify, the applicant must get a tax clearance from Rev and Tax, attend home ownership education program or workshop to ensure success in home ownership or make chances better, the applicant must not have received earlier relief under the act, the applicant must occupy the home as a principal resident within 6 months of completion of purchase or construction. The construction plans and specification would change from being certified by a registered architect to one being certified by a licensed professional engineer or architect authorized to practice on Guam

5% annually to 10%. The funding source changed from .10 % of the Business Privilege Tax to 250k of GHC annual operating and non operating revenue or fund balance or its equivalent. It also authorizes GHC to adjust the eligible transaction amount every 5 years to determine the median price of the home so rather than coming to the legislature to raise the cap of 250k, GHC through its process would be allowed to do that. It adds an appeals process for applicants who are turned down. It authorizes GHC to enter into an MOU with Rev and Tax to garnish income tax refunds if the homeowner does not meet the occupancy requirements upon completion of the eligible transaction and refuses to pay the grant money. The continuing appropriation language was updated to include funds not lapsing until its fully expended for the purposes of this act it reorganizes this act to include tighter application requirements and a comprehensive list of definitions to support the reorganization. It identifies when an applicant can actually apply for the program which is upon the commencement date of the eligible transaction, both being defined. The other update is the change in the 6% law program, the strictly 6% load programs currently offered by GHC is changed to up to 2% above the average of the annual mortgage interest rate for the 15 year and 30 year mortgage loans for of the three largest mortgage lenders on Guam but not lower than 4% and any interest above 6% shall be deposited back into the fund. The 6% loan program basically limits the flexibility of GHC to issue new loans when market conditions drops drastically and this would allow flexibility in making those adjustments. Those are the major changes to revitalize the first time home owner program. We know that when first introduced, individuals were to avail themselves of the program, but when the fund was exhausted it was not replenished by subsequent administrations so we decided to update that and the funding source. Thank you madam chair for allowing me to give the synopsis.

Mr. Benavente, Executive director of GHC, we appreciate the opportunity to testify in favor of this bill, with one or two recommendations. I want to thank you for your vote of confidence in my confirmation hearing. With me is Ms. Mary Guerrero, the loan administrator and Mr. Clyde Beaver is our quality assurance person.

Ms. Guerrero read written testimony which is attached to this committee report.

Mr. Benavente: The last three points we made there is changing it from a grant to an interest free loan is what we're recommending, I've discussed that with you senator ben, the fact that the funding source reverts back to tapping the GHC fund. I think a lot of us were under the impression that GHC is loaded with cash and we were trying to go after the unused source of funding for other government purposes. Since then I've found out that our mandate has been fulfilled by giving out up to or a little bit past 8 million worth of loans just last year, 2010. The \$500k initial cost to us is what we're concerned about. Because we do have since 2005 our income has continually declined a lot of that is due to payoffs and the interest rate changing but our expenses have gone up. Just 3 months since walking into this office our rent went from \$6000 to \$10,000. Rent was one and of course we have other debts to federal home loan banks and funding it ourselves might

jeopardize our standing with the federal home loan banks and the bonds covenant the payment of the retirees medical, dental, life insurance, supplemental and cola and other obligations. We have a lot of things and GHC doesn't seek funding from the general fund and for the past several years we have made great strides with reducing its cost to operate. We started out 8 years ago with 70 some employees and now we're down to 24 and it's not that we're saying don't take it out of our funds now but we've come to a point where we've managed to be at that level where we can still survive even with the fact that we have 6% money but local banks have interest loans at 4 point some percent and 6% money is not good money anymore and we're looking at staying alive. And this funding approach that you're recommending senator only shakes the financial position of GHC and we want to make sure we have reserves and that reserves stays to provide for the operations and we are increasing income from our rental units I have some new things I've started there and instead of staying at the level we're at we're trying to increase to GHURA rates for their rental units. Some of these changes I'm already implementing to get us new monies. I ask that we reconsider the source of funding so we can continue to stabilize the finances of GHC. WE love this idea of improving the program as it is now of course it needs that because if we continue where we are we would be unable to help people under the 6% loan the first time home ownership.

Mary Guerrero: This program was well received by the public. We received more applications than we did money. Time is of the essence when you're dealing with mortgages when it's ready to close the money has to be available and that's very frustrating for applicants waiting for assistance. Whenever we address as a source of funding has to be something that we can depend on in a timely basis in order to make this thing happen in terms of closing the loan. We welcome the fact that this will stimulate more individuals in pursuing their dreams for home ownership. We do know that in the banking industry there is always that the applicant must put their personal source of funds in such transaction. It's a way of showing their commitment to this long term transaction. WE did have about 80 individuals we couldn't assist because the source of funding was depleted. I believe it was in 2001 when we stopped receiving. WE could not assist them by allowing them to get the grant because the money was not there. They went through the process and then we couldn't give them money in the end. That is the worst we can do to these individuals. We bring to the table recommendations at some point or for some individual grant might be the answer, but an interest free unsecured loan might be their way of showing their commitment as well. Letting it run and letting it be amortized at 5 or 10 years, but what is critical with this by making it a revolving loan fund it shows the continuity of the program. This interest free loan allows that continuity. We at a \$10k if we were to amortize at 5 years we're looking at 180 I believe. It could go as low as \$60 and that's doable. It's not a secured loan. There will be conditions that they continue to occupy and cause they're going to be repaying that is a condition that is a commitment as well. It doesn't raise flags as long as they stay in the repayment ability. GHC wants to pursue other source of funding for such programs so when depleted we can count on other source of grants.

I do want to mention on the bill page 20 section 5 I believe this section has been changed by PL 26-123 that allows GHC to be custodian of the funds and use the principal as a revolving loan and the interest to use for its debt service. I believe this section has been deleted in its entirety. For the 6%, there's no loan that we're getting it's where GHC is the custodian of the funds. It has been removed and replaced by PL 26-123.

Senator Pangelinan: We are very cognizant of the fact that there needs to be a continuous source of funding and you're probably going to like the bill even less when I tell you that the continued source of funding is reserving 250 from net income of GHC. We looked at how can we ensure that funding exists and we looked at same issues we looked at with what has this government, the general fund, done in supporting these dept and agencies in their time of need and then having them contribute to a policy directive of this government to support it an GHC has been the recipient of some generous support from the general fund. You were there Mary when we were under threat of federal home loan bank and basically forgave the debt or transferred the equity of \$13 million to GHC to help GHC meet its obligations and capital requirements with federal home loan banks. We know that it's the homeowners and clients who benefit. So that's one history of how we've stepped forward. So we're asking GHC when it's able to revitalize its operations and improve its financial position that we take some of that and help more people. We looked at the issue and looked at some financial statements based on audits of GHC and we looked at the net income that GHC has been able to generate over the last few years. You reduced expenses and I think that's admirable. In addition you're going to increase additional revenue to GHC with some of the policy initiatives you're making. So when we look at that and whatever we do we don't want to harm the financial stability of GHC, but how can we maximize the resources and redirect a little bit to help the client. Based on the statement of revenues and expenditures and changes in net assets for years ended Sept 30 2010 and 2009 GHC earned a net income of \$2.457 million and \$2.51 million respectively and had expenses of 2.041 and 1.872 respectively, the increase of net assets over those years was about 415, 873 and 579,000 respectively. Further, based on the statement of revenues and expenses and changes in net assets for the years restated for years ended 9/30/2005-2010 GHC average increase in net asset is approximately \$778, 000 with a total aggregate increase between those years \$4.671 million. In FY2010 GHC improved its loan portfolio by closing 62 new loans totaling \$8.6 million although this increase in GHC portfolio decreased its unrestricted cash and cash equivalents from \$11.2 million in FY2009 to 4.5 million in FY2010 according to GHC combining statement of net assets the expected increase in GHC interest income should allow GHC to self sufficiently fund the program from the potential and expanded increase in net assets. And again, this is from our perspective and we certainly appreciate the suggestions you've offered. We can work on some of these initiatives to try and ensure as you mentioned that a homeowner who relies on the program, goes through the process, that the money is there to service them.

Martin Benavente: I just want to say whatever money we are making is just put back in to issuing new loans and operations and things like that, once it's covered the rest of the money is used for new loans. If you want it to get back to where it was in 2010 they were just not giving out new loans but if you go back to your purpose for existence then that's where most of that money goes. GHC is not like other banks, other banks make money.

Mary Guerrero: the reason that when we look at our financial position, because of the need for affordable housing an lower interest rates and those that may not be able to meet the guidelines for conventional loans, we expect that our origination activity will increase. We've identified other issues and barriers to affordable homes, in lending and development aspect we are trying to position ourselves to get lending capital at the lowest cost possible so we can transfer that low rate to the consumers so they can avail themselves of this financial benefit. I wanted to ask it is \$250,000 from the original \$500,000 that was stipulated in the bill.

Senator Pangelinan: No I think it's 500,000 and it replenishes by 250 every year.

Mary Guerrero: So the initial seed is \$500,000

Senator Muna Barnes: invites a new person to join at the table and asks them to state their name for the record.

Senator Pangelinan: Just for the record we received email testimony from Mr. Godwin.

Calvin Hernandez: My name is Calvin Hernandez and I am the Assistant Vice President and General Loan Center Manager with Bank of Hawaii. I am testifying in support of this bill and Bank of Hawaii will be submitting testimony in support of this bill. My colleague Nette Camacho is President of the Bankers Association and will also be submitting testimony in support of the bill. Any Bank of Hawaii will always support any first time home buyer program. And thanks to your foresight and noble gesture to help new first time home buyers with either a grant or loan we will support that. BOH has taken a role in the community and we are very active in the community reinvestment and we do have pathways to home ownership seminars that we offer free to the public which supports the criteria to your bill.

Senator Muna Barnes: We would like to receive that within 10 days. I call this hearing publicly heard. Anyone wishing to submit testimony can do so by sending it to 155 Hesler Place Hagatna, GU 96910 or email to tinamunabarnes@gmail.com.

II. FINDINGS & RECOMMENDATIONS

Substitute Bill No. 138-31 (LS)

The following revisions to Bill 138-31 (LS) are contained in Substitute Bill No. 138-31(LS):

Regarding the First-time Homeowner Assistance Program

1. Renames the “First-time Homeowner Relief Program” to the “First-time Homeowner Assistance Program.”
2. Specifies a timeline in which an application can be made to GHC for first-time homeowner assistance. Before, the application could be made “upon the commencement date of the eligible transaction.” The application for assistance was changed to read that “an application can only be made on or after the commencement date of the eligible transaction...and before the eligible transaction is completed.”

Regarding the Newly Formed Housing Trust Fund

3. Adds Article 10, Chapter 4, Title 12 to the Guam Code Annotated which creates the Housing Trust Fund Act.
4. The Housing Trust Fund is established.
5. Instead of the First-time Homeowner Assistance Fund being created, the First-time Homeowner Assistance Program will be funded through the Housing Trust Fund as an authorized and approved program with the same funding mechanism in the original bill.
6. The Housing Trust Fund authorized programs are to be approved by the Guam Legislature with an identified funding source, prior to its implementation and funding through the Housing Trust Fund. These programs are intended to be developed by the Guam Housing Corporation through providing a written report to the Guam Legislature detailing the program and the proposed funding.

The Committee on Municipal Affairs, Aviation, Housing and Recreation hereby reports out Bill No. 138-31 (LS), as Substituted by the Committee, with the recommendation _____ to pass.

I MINA' TRENTAI UNU NA LIHESLATURAN GUÅHAN
2011 (FIRST) REGULAR SESSION

2011 APR -4 PM 3:35
EPM

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:

SECTION 1. Legislative Statement and Intent.

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

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

It is the intent of *I Liheslaturan Guåhan* to provide relief to qualified 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 **§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~~loans 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.

**I MINA' TRENTAI UNU NA LIHESLATURAN GUÅHAN
2011 (FIRST) REGULAR SESSION**

Bill No. 138-31 (LS)

**Introduced by:
Substituted by the Committee on Municipal
Affairs, Tourism, Housing and Recreation**

**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 ASSISTANCE PROGRAM, TO ADD ARTICLE 10, CHAPTER 4, TITLE 12, GUAM CODE ANNOTATED RELATIVE TO THE HOUSING TRUST FUND ACT, 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:

SECTION 1. Legislative Statement and Intent.

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

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

1 It is the intent of *I Liheslaturan Guåhan* to provide assistance to qualified
2 applicants who have been unable to benefit from the Program because of outdated
3 guidelines and market conditions, and also to provide a balance as to protect the
4 government of Guam from unnecessary risk related to the Program.

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

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

17 **~~“ARTICLE 7~~**
18 **~~FIRST TIME HOME OWNER RELIEF PROGRAM ACT~~**

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

21 ~~§ 4701. Title.~~

22 ~~§ 4702. Definitions.~~

23 ~~§ 4703. First Time Homeowner Relief Program.~~

24 ~~§ 4704. Qualifications.~~

25 ~~§ 4705. Certificate of First Time Homeownership.~~

26 ~~§ 4706. Certificate Nontransferable.~~

27 ~~§ 4707. Repayment of Relief.~~

28 ~~§ 4708. First-time Homeowner Relief Fund.~~

29 ~~§ 4709. Continuing Appropriations.~~

30 ~~§ 4710. Development of rules and Regulations.~~

31 ~~§ 4711. List of Participating Financial Institutions.~~

1 ~~§ 4712. No Transfer Authority by the Governor.~~

2
3 **§ 4701. Title.**

4 This Article shall be known as the ~~>First time Homeowners Relief~~
5 ~~Program Act, (= >Program=).~~

6 **§ 4702. Definitions.**

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

8 (a) ~~Construction cost~~ means the final and total amount paid, or to be
9 paid, by a homeowner for the construction of a home and shall include
10 all monies paid for labor and material, contractor=s fees, fees of an
11 architect and engineer, survey costs, utility hook-up costs, broker=s
12 commissions and attorney fees.

13 (b) ~~Down payment~~ means the equity requirements of the homeowner
14 needed to initiate the mortgage for the purchase or construction of a
15 home. It shall include points and fees charged by the financial
16 institution.

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

19 (d) ~~Financial institution~~ means any financial institution authorized to
20 make mortgage loans on Guam.

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

27 (f) ~~GHC~~ means the Guam Housing Corporation.

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

33 (h) ~~Purchase Price~~ means all of the money paid, or to be paid by, a
34 homeowner, or the construction cost, for the home which is subject of

1 the provisions of this Act, however, it shall not include the value of the
2 land.

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

5 **§ 4703. First-time Homeowner Relief Program.**

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

15 **§ 4704. Qualifications.**

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

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

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

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

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

35 (1) whether the applicant intends to purchase or construct his or her
36 home;

- 1 ~~(2) the legal description of the property intended for the home;~~
- 2 ~~(3) if the applicant intends to construct, or has commenced~~
- 3 ~~construction, of a home, then:~~
 - 4 ~~(i) a certificate of title, policy of title insurance or other evidence~~
 - 5 ~~of fee simple title, or lease to a Chamorro Land Trust lot, to the~~
 - 6 ~~unimproved land intended for construction;~~
 - 7 ~~(ii) construction plans and specifications certified by a registered~~
 - 8 ~~architect; and~~
 - 9 ~~(iii) a completed construction contract with construction cost of~~
 - 10 ~~the home to be built.~~
- 11 ~~(4) if the applicant intends to purchase a home, then:~~
 - 12 ~~(i) an executed contract for the purchase of the home with selling~~
 - 13 ~~price; and~~
 - 14 ~~(ii) certificate of title, policy of title insurance or other evidence~~
 - 15 ~~of ownership by the intended seller.~~
- 16 ~~(5) such other information as GHC shall reasonably require.~~

17 **~~§ 4705. Certificate of First-time Homeownership.~~**

18 ~~(a) The GHC shall issue a Certificate of First-time Homeownership to an~~

19 ~~individual or a family if he or she is a First-time Homeowner and meets all~~

20 ~~of the requirements set forth in this Article.~~

21 ~~(b) The Certificate shall contain language that four percent (4%) of the~~

22 ~~purchase price of the home of the homeowner applying for a mortgage loan~~

23 ~~shall be paid by GHC to the financial institution authorized to make~~

24 ~~mortgage loans on Guam, and selected and qualified by the homeowner, for~~

25 ~~the purposes of applying it toward the down payment and/or closing costs~~

26 ~~incident to the purchase of the home.~~

27 ~~(c) The GHC shall pay four percent (4%) of the purchase price of the~~

28 ~~home of the qualified applicant to the financial institution authorized to~~

29 ~~make mortgage loans on Guam, and selected and qualified by the~~

30 ~~homeowner for the purposes of applying it toward the down payment:~~

31 ~~(1) in case of a newly constructed home, within thirty (30) days of~~

32 ~~the issuance of the certificate of occupancy by the Department of Public~~

33 ~~Works, or the execution of the contract for the purchase of the home,~~

34 ~~whichever occurs first; and~~

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

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

9 ~~**§ 4706. Certificate Nontransferable.**~~

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

16 ~~**§ 4707. Repayment of Relief.**~~

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

21 ~~(a) transferred or conveyed;~~

22 ~~(b) sold; or~~

23 ~~(c) occupied exclusively by individuals other than the Homeowner or~~
24 ~~his or her children.~~

25 ~~**§ 4708. First-time Homeowner Relief Fund.**~~

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

1 ~~Fund. All interest earned on the undisbursed proceeds in the First-time~~
2 ~~Homeowner Relief Fund shall remain in the Fund.~~

3 ~~**SOURCE:** Amended by P.L. 29-002:VI:28 (May 18, 2007) the name,~~
4 ~~Gross Receipts Tax, changed to Business Privilege Tax, effective July~~
5 ~~17, 2007.~~

6 ~~**§ 4709. Continuing Appropriations.**~~

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

13 ~~**SOURCE:** Amended by P.L. 29-002:VI:28 (May 18, 2007) the name,~~
14 ~~Gross Receipts Tax, changed to Business Privilege Tax, effective July~~
15 ~~17, 2007.~~

16 ~~**§ 4710. Development of Rules and Regulations.**~~

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

20 ~~**§ 4711. List of Participating Financial Institutions.**~~

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

24 ~~**§ 4712. No Transfer Authority by the Governor.**~~

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

27 **ARTICLE 7**

28 **FIRST-TIME HOMEOWNER ASSISTANCE PROGRAM ACT**

29 **§4701. Establishment and Title.**

30 **§4702. Definitions.**

31 **§4703. First-time Homeowner Assistance Program.**

1 **§4704. Application for First-time Homeowner Assistance.**

2 **§4705. Administration.**

3 **§4706. Funding**

4 **§4701. Establishment and Title.**

5 The Guam Housing Corporation (‘GHC’) shall develop, implement, and
6 administer the *First-time Homeowners Assistance Program Act*, (‘Program’) to
7 provide assistance to first time homeowners toward the purchase or construction of
8 a home in accordance with this Act.

9 **§4702. Definitions.**

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

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

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

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

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

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

1 completed, includes any further contract under which the work is to be
2 completed;

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

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

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

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

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

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

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

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

26 (n) *Home* means a permanent, single family dwelling, or single family
27 condominium or town house, but does not include semi-permanent

1 dwellings made of wood and tin, and is to be physically occupied by the
2 homeowner on a regular and continuous basis and in which the
3 homeowner intends to exclusively reside;

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

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

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

13 (r) *Owner* means having absolute dominion (as defined in 21 GCA Chapter
14 1 §1211) over land or a home;

15 (s) *Assistance* means the financial assistance granted to First-time
16 Homeowners established under this Act;

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

18 **§4703. First-time Homeowner Assistance Program.**

19 (1) Entitlement to assistance. Assistance is payable on an application under
20 this Act if:

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

22 (b) the transaction for which the Assistance is sought is an eligible
23 transaction.

24 Only one (1) First-time Homeowner assistance is payable for the same
25 eligible transaction.

1 (2) Eligibility Criteria for Applicants.

2 (a) An applicant for first-time homeowner assistance must be a natural
3 person.

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

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

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

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

24 (d) Applicant must receive clearance from the Director of Revenue &
25 Taxation that all income tax returns, business privilege tax returns and

1 withholding tax returns which are due from the applicant have been
2 filed (or an extension has been approved or granted thereon by the
3 Director of Revenue & Taxation, which extension has not expired),
4 and that all taxes thereon have been paid or arrangements have been
5 made with the Director for payment thereon and such arrangements
6 are current.

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

10 (f) Applicant or (applicant's spouse) must not have received earlier
11 assistance under this program:

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

- 13 a. the applicant or the applicant's spouse has been a
14 party to an earlier application under this Act; and
- 15 b. assistance was paid on the application.

16 (ii) An applicant is not ineligible if the assistance was paid but later
17 paid back to the GHC under the conditions on which the assistance
18 was made, unless payment back to the GHC was due to fraud or
19 other illegal acts.

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

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

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

4 (b) a comprehensive home building contract made by the owner of
5 land in Guam, or a person who will on completion of the contract, be the
6 owner of land in Guam, to have a home built on the land not to exceed Two
7 Hundred Fifty Thousand Dollars (\$250,000) and shall include down
8 payment, land, and closing costs.

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

12 (5) Commencement date. The commencement date of an eligible transaction
13 is:

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

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

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

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

20 (i) the purchaser becomes entitled to possession of the home under
21 the contract; and

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

25 (b) in the case of an applicant building a home, the building is ready
26 for occupation as a place of residence as identified by the issuance of a

1 certificate of occupancy by the Guam Department of Public Works, or
2 the execution of the contract for the purchase of a home, whichever
3 occurs first.

4 (7) Eligible Transaction Amount Adjustment. The Board shall from time to
5 time, but not less than every 5 years conduct a study to determine the cost of the
6 median price of housing on Guam and shall by resolution adopted by the Board
7 increase or decrease the amount of the eligible transaction to reflect changes in
8 market price.

9 **§4704. Application for First-time Homeowner Assistance.** An
10 application for the First-time Homeowner Assistance is to be made to the GHC.
11 An application must be in a form approved by the GHC and must contain the
12 following:

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

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

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

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

20 (b) construction plans and specifications certified by a licensed
21 professional engineer or architect authorized to practice on Guam by the
22 Professional Engineers, Architects, and Land Surveyors Board of the
23 territory of Guam; and

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

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

3 (a) an executed contract for the purchase of a home with selling price;
4 and

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

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

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

12 (7) An application can only be made on or after the commencement date of
13 the eligible transaction to which the application relates and before the eligible
14 transaction is completed.

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

16 (9) Any applicant who intentionally supplies false information on the
17 application for assistance under this Act shall automatically be disqualified from
18 the First-time Homeownership Program. In the event that funds are disbursed on
19 behalf of such an applicant, the applicant shall be assessed a penalty of ten percent
20 (10%) in addition to repaying the amount disbursed by the GHC. The funds that
21 were disbursed on behalf of such an applicant that are repaid, shall be deposited
22 back into the First-time Homeowners Assistance Fund. The funds from the ten
23 percent (10%) penalty shall be deposited into the GHCs bank account(s) for
24 operational uses.

1 (10) In the case where an applicant is denied assistance, the GHC shall
2 provide the applicant a written denial notice within thirty (30) days of the
3 submission of the application.

4 (11) Appeal. An applicant may appeal a denial of application within thirty
5 (30) days of receipt of the written denial notice. The applicant shall submit to the
6 GHC Board appropriate documentation disputing the basis of the denial. The
7 Board shall render a decision within fifteen (15) days after receipt of an appeal or
8 at the next meeting of the Board following the denial, which ever is sooner. The
9 decision of the Board shall be final.

10 **§4705. Administration.**

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

19 (2) Amount of Assistance. The amount of the First-time Homeowner
20 Assistance is four percent (4%) of the eligible transaction.

21 (3) Payment of Assistance. First-time Homeowner Assistance shall be paid
22 by electronic funds transfer, by check, or in any other way the GHC finds
23 appropriate. First-time Homeowner Assistance shall be paid to the financial
24 institution authorized by the GHC and selected by the applicant to which a
25 mortgage loan or construction loan, or both, has been approved for the applicant

1 toward his or her eligible transaction. The GHC shall develop and maintain on a
2 semi-annual basis, a list of authorized financial institutions as identified in this
3 Section and shall be made readily accessible to the public.

4 (4) Payment in anticipation of compliance with occupancy requirement. The
5 GHC may authorize payment of First-time Homeowner assistance in anticipation
6 of compliance with the occupancy requirement. If the occupancy requirement is
7 not complied with, the applicant must within fifteen (15) days after the relevant
8 date give written notice of that fact to the GHC and repay the amount of assistance.

9 The relevant date is the earlier of the following:

10 (a) the end of the period allowed for compliance with the occupancy
11 requirement;

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

15 Where the first-time homeowner who fails to comply with the occupancy
16 conditions and does not repay the amount of assistance, the GHC may approve by
17 resolution, a Memorandum of Understanding between the GHC and the
18 Department of Revenue and Taxation, to garnish the income tax refunds of
19 recipients of the First-time Homeownership Assistance. The GHC shall adopt a
20 policy to govern the referral of such tax refund garnishment requests to the
21 Department of Revenue and Taxation.

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

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

5 (a) Transferred or conveyed;

6 (b) Sold; or

7 (c) Occupied exclusively by and individual or individuals other than
8 the homeowner or the homeowner’s children.

9 The funds that were disbursed on behalf of such an applicant that are repaid,
10 shall be deposited back into the Housing Trust Fund. The funds from the ten
11 percent (10%) penalty shall be deposited into the GHCs bank account(s) for
12 operational uses.

13 **§4706. Funding.** Funding for the First-time Homeowners Assistance
14 Program *shall* be provided through the Housing Trust Fund established pursuant to
15 §41004(a), Article 10, Chapter 4, Title 12 of the Guam Code Annotated.”

16 **SECTION 3.** Article 10, Chapter 4, Title 12 of the Guam Code Annotated
17 is hereby added to read:

18 **“HOUSING TRUST FUND ACT**

19 **§41001. Establishment and Title.**

20 **§41002. Purpose.**

21 **§41003. Housing Trust Fund Authorized Programs.**

22 **§41004. Funding for Authorized Programs.**

23 **§41005. Administration.**

1 **§41006. Annual Audit.**

2 **§41001. Establishment and Title.** There is hereby created, separate and
3 apart from any other funds of the government of Guam, and under the
4 administration and control of the GHC, the *Housing Trust Fund* ('Fund').

5 **§41002. Purpose.** The purpose of the Fund is to support the affordability
6 and accessibility of housing for the residents of Guam and to finance support
7 services that assist low-income households in obtaining and maintaining affordable
8 housing.

9 **§41003. Housing Trust Fund Authorized Programs.** Programs established
10 or planned to be established by the GHC and funded through the Housing Trust
11 Fund *shall* require appropriate legislative action and authorization. Before such
12 legislative action and authorization, the GHC *shall* provide a written report of each
13 program established or planned to be established by the GHC to the Speaker of *I*
14 *Liheslaturan Guåhan*. Such report *shall* detail the funding mechanism(s) or
15 source(s) to fund each program, the missions, objectives, and goals of each
16 program, the annual amount necessary to fund each program, descriptions of the
17 targeted population such program intends to assist, use or inclusion of any
18 Chamorro Land Trust properties in achieving the missions, objectives, and goals of
19 each program, and any other information *I Liheslaturan Guåhan* sees fit in
20 determining the viability, feasibility, and necessity of such programs.

21 (a) Authorized Program #1 - First-time Homeowners Assistance Program
22 established by Article 7, Chapter 4, Title 12 of the Guam Code Annotated is
23 hereby authorized and approved by *I Liheslaturan Guåhan* and funded by the
24 Housing Trust Fund established herein.

1 **§41004. Funding for Authorized Programs.** Funding for authorized
2 programs *shall* be identified by the GHC pursuant to §41003 of the Housing Trust
3 Fund Act and are subject to appropriate legislative authorization and approval. The
4 Legislature may, from time to time, make appropriations to the Fund to be used for
5 programs authorized by the GHC Board of Directors and approved by the
6 Legislature in accordance with this Act. The Legislature may enact laws
7 specifically designating revenue sources which shall be deposited directly into the
8 Fund.

9 (a) Authorized Program #1 - Funding for the First-time Homeowners
10 Assistance Program.

11 (1) The GHC shall provide the funding source for the First-time
12 Homeowners Assistance Program within the Fund pursuant to the Housing
13 Trust Fund Act, from its current operating and/or non-operating revenues
14 and/or income.

15 (2) In the fiscal year of enactment of the Housing Trust Fund Act,
16 Five Hundred Thousand Dollars (\$500,000) is hereby appropriated from the
17 GHC's annual operating and/or non-operating revenues and/or income to
18 the Fund as seed capital for the Programs authorized in §41003 of the
19 Housing Trust Fund Act.

20 (3) If in the fiscal year of enactment of the Housing Trust Fund Act,
21 the GHC's annual operating and/or non-operating revenues and/or income
22 are not sufficient to fully fund the seed capital, such seed capital of Five
23 Hundred Thousand Dollars (\$500,000), or the difference between such
24 amount and what is appropriated from the GHC's operating and/or non-
25 operating revenues and/or income, is hereby appropriated from the GHCs
26 fund balance or its equivalent.

1 (4) For fiscal years thereafter, up to Five Hundred Thousand
2 Dollars (\$500,000) is hereby appropriated from the GHC’s annual operating
3 and/or non-operating revenues as needed to ensure the reserved balance of
4 the Fund required in Subsection (6) is at least Five Hundred Thousand
5 Dollars (\$500,000) at the beginning of each fiscal year.

6 (5) If in fiscal years thereafter, the GHCs annual operating and/or
7 non-operating revenues and/or income are not sufficient to provide the
8 funding necessary to fulfill the requirements set forth in §41004(a)(4), the
9 difference between what is required and what is appropriated from the
10 GHC’s annual operating and/or non-operating revenues and/or income, is
11 hereby appropriated from the GHC’s fund balance or its equivalent.

12 (6) The funds authorized for the First-time Homeowners Assistance
13 Program *shall* be reserved within the Housing Trust Fund and *shall* only be
14 authorized for the use of the First-time Homeowners Assistance Program
15 and for no other program.

16 (b) Continuing appropriation. The appropriations made to the Fund shall
17 not lapse and shall continue until fully expended for the purposes
18 pursuant to this Act.

19 (c) The funds transferred to the Fund under this Act shall not be subject to
20 the Governor’s transfer authority.”

21 **§41005. Administration.** The Fund *shall* be administered by the GHC. The
22 GHC *shall*:

23 1. Administer the Fund.

- 1 2. Develop and implement appropriate rules, procedures, guidelines, and
2 regulations for the proper operation of the Fund, including the necessary
3 internal controls over the fund.
- 4 3. Review requests for funding from the Fund and make program funding
5 recommendations pursuant to §41003 of this Act.
- 6 4. Prepare and submit an annual report to *I Maga'låhen Guåhan* and the
7 Speaker of *I Liheslaturan Guåhan* concerning the administration and
8 activities of the Fund.

9 **§41006. Annual Audit.** An annual audit *shall* be conducted on the Fund and
10 *shall* be submitted to *I Maga'låhen Guåhan* and the Speaker of *I Liheslaturan*
11 *Guåhan* within ninety (90) days after the end of each fiscal year. Such annual
12 audits *shall* be conducted or cause to be conducted by the Office of Public
13 Accountability. The funding for each annual audit *shall* be no more than fifteen
14 thousand dollars (\$15,000) subject to adjustments made by the Guam Housing
15 Corporation Board of Directors and *shall* be funded by the GHC.”

16 **SECTION 4.** Section 5 of Public Law 20-210 is hereby *amended* to read:

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

1 **SECTION 5.** Section 11(c) of Public Law 20-210 as *repealed* and *re-*
2 *enacted* by Public Law 26-123 is hereby *amended* to read:

3 **“Section 11.**

4 **(c) Loans Made From Fund.** All fifteen (15) and thirty (30) year
5 mortgage loans made from revenues generated from this fund shall be made at a
6 rate of up to two percent (2%) above the average of the annual mortgage interest
7 rates for fifteen (15) and thirty (30) year mortgage loans of the three largest
8 mortgage loan lenders on Guam but not lower than four percent (4%) ~~six percent~~
9 (6%) per annum. Interest revenue *not* to exceed four percent (4%) per annum shall
10 *only be* used for debt service. Interest revenue that exceeds six percent (6%) per
11 annum *shall* be deposited back into the Fund.”

12 **SECTION 6.** Section 12 of Public Law 20-210 is hereby *amended* to read:

13 **“Section 12. Loans from Fund.** The Governor may, from time to time, enter
14 into an agreement with the Corporation for additional loans from the Fund. Such
15 loans shall be for the purpose of making loans under the Corporation’s lending
16 programs as allowed by Chapter 4, Title 12, Guam Code Annotated. Such loans
17 shall bear interest at the rate of four percent (4%) per annum and shall be for
18 periods not exceeding thirty (30) ~~twenty (20)~~ years. All principal and interest
19 payments on loans made under this section shall be to the Fund. Fifteen (15) and
20 thirty (30) year Loans made by the Corporation to its qualified moderate and low
21 income borrowers from the proceeds of loans made to the Corporation hereunder
22 shall bear interest at the rate of up to two percent (2%) above the average of the
23 annual mortgage interest rates for fifteen (15) and thirty (30) year mortgage loans
24 of the three largest mortgage loan lenders on Guam but not lower than four percent
25 (4%) ~~six percent (6%)~~ per annum. Interest revenue that exceeds six percent (6%)
26 per annum *shall* be deposited back into the Fund.”

1 **SECTION 7. Severability.** If any provisions of this Law or the application
2 thereof to any person or circumstance is held invalid, such invalidity shall not
3 affect any other provision or application of this Law which can be given effect
4 without the invalid provision or application, and to this end the provisions of this
5 Law are severable.



GUAM HOUSING CORPORATION

Kotporasion Ginima' Guåhan

P.O. Box 3457 Hagåtña, Guam 96932

May 11, 2011

Honorable Tina Rose Muna Barnes
31st Guam Legislature
155 Hesler Place
Hagatna GU 96910

RE: Bill 138-31

Dear Senator Tina,

Thanks for allowing us the opportunity to provide our thoughts into this initiative, we most certainly appreciate any action that levels the playing field for those who may be financially less fortunate or swallowed up by big business.

Public Law 20-210 has made for a very popular program, the demand has been constant since it was initiated, but it does need to be updated to be more in line with the lending industry today.

We have long been advocates for the changes reflected in sections (3) through (6) of this bill with respect to setting the rate of interest in this program to follow those of the local lenders, this would be more fair in supporting those with whom we serve.

The other Law (Public Law 24-180) addressed in this bill is likewise important, the funding however was not there which, unfortunately will most likely be the case with this new proposal.

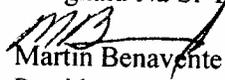
Given the circumstances of the general fund, slowdown in tourism along with the delay in the military growth we are going to be in a financial dilemma for quite sometime so we do expect there will be no relief here.

We also think that program would serve the borrower better while making them more financially responsible and to extend the life of the program by making this an interest free loan instead of an outright grant.

Secondly, if this program is treated as a loan rather than a grant, we think it would be fair, as there are recapture provisions within this proposal, to remove the residency requirements.

We do need to readdress the source of funding.

Dangkalu Na Si Yu'us Ma'ase,


Martin Benavente
President

Guam Housing Corporation

*590 S. Marine Corps Drive, Ste. 514 ITC Building, Tamuning, Guam 96931
Telephone Number (671) 647-4143/46 • Fax Number (671) 649-4144*



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Guam is our home... we would love to make it yours!™

Senator Vicente (ben) Cabrera Pangelinan
Chairman
Committee on Appropriations, Taxation, Public Debt
Banking, Insurance, Retirement and Land

May 10, 2011

and

Senator Tina Muna Barnes
Chairperson
Committee on Municipal Affairs, Tourism,
Housing and Recreation

I Mina'trentai Unu Na Libeslaturan Guahan
324 W Soledad Avenue Suite 100
Hagatna, Guam 96910

Hafa Adai Senators Pangelinan and Barnes.

Thank you for your introduction of Bill No. 138-31(COR), "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 Homeowner's 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".

On behalf of the 35 members of our staff and real estate agents and brokers with Today's Realty, we are in full support of the intent of bill 138-31(COR) and look forward to enactment of this bill into law with a few suggestions as follows:

- 1) As to section 4703. First-time Homeowner Relief Program, paragraph number (4), item (a) and (b). We believe the amount stated, \$250,000.00, may be too low. We would suggest \$350,000.00.
- 2) Although there is some relief to the determination of the eligible transaction amount stated in paragraph (7) of Section 4703, we believe five (5) years to be too long of a time to determine the medium price of housing on Guam. Perhaps the committee could also include input from the Guam Association of REALTORS® on a more periodic basis, in cooperation with the Guam Housing Corporation, to provide this determination.
- 3) We would suggest a further modification to the definition of home to include "condominium and single family homes" since oftentimes condominium units are more affordable and open the doors sooner for home ownership opportunities.

We believe enactment this bill, incorporating the above suggestions, will create more opportunities for home ownership on Guam.

Thank you for the opportunity to comment.

Kind regards,


Anthony R. Godwin
Principal Broker, REALTOR®, e-PRO®, CRS®, ABR®

**Bureau of Budget & Management Research
Fiscal Note of Bill No. 138-31 (LS)**

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.

Department/Agency Appropriation Information	
Dept./Agency Affected: Guam Housing Corporation	Dept./Agency Head: Martin C. Benavente
Department's General Fund (GF) appropriation(s) to date:	
Department's Other Fund (Specify) appropriation(s) to date:	
	\$0

Fund Source Information of Proposed Appropriation			
	General Fund:	Guam Housing Corporation (First-Time Homeowner Relief Fund) 1/	Total:
FY 2010 Unreserved Fund Balance		\$0	\$0
FY 2011 Adopted Revenues	\$0	\$0	\$0
FY 2011 Appro. (P.L. 30-196)	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	\$0	\$0	\$0
Total:	\$0	\$0	\$0

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of FY 2011 (if applicable)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Guam Housing Corporation (First-Time Homeowner Relief Fund) 1/	\$500,000	\$0	\$250,000	\$250,000	\$250,000	\$250,000
Total	\$500,000	\$0	\$250,000	\$250,000	\$250,000	\$250,000

- Does the bill contain "revenue generating" provisions?
If Yes, see attachment // Yes /X/ No
- Is amount appropriated adequate to fund the intent of the appropriation?
If no, what is the additional amount required? \$ _____ // N/A // Yes // No
- Does the Bill establish a new program/agency?
If yes, will the program duplicate existing programs/agencies? // Yes /X/ No
Is there a federal mandate to establish the program/agency? // N/A // Yes /X/ No
- Will the enactment of this Bill require new physical facilities? // Yes /X/ No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: // Yes /X/ No
// Requested agency comments not received by due date /X/ Yes // No
// Other: _____

Analyst: Angela Flores Date: 6/10/11 Director: Beffa A. Manglona Date: 6/16/11
 Angela Flores, BMA IV Beffa A. Manglona

Footnotes:
 1/ The Guam Housing Corporation's (GHC) Fund under the Increase in Net Asset of \$415,873 is based on Audited FY 2010 Financial Statements; and which appears insufficient to support the intent of the proposed legislation. The bill entails \$500,000 in appropriation from the GHC annual operating and/or non-operating revenues and/or income, identifying also the GHC fund balance or its equivalent as a fund source. The \$500,000 appropriation, on the first year represents seed capital to the *First-time Homeowner Relief Fund*. Thereafter, up to \$250,000 shall be appropriated, to ensure that the balance of the *First-time Homeowner Relief Fund* is above \$250,000 and no more than \$500,000 at the beginning of each quarter.



COMMITTEE ON RULES

I Mina'trentai Unu na Liheslaturan Guahan • The 31st Guam Legislature
155 Hesler Place, Hagatna, Guam 96910 • www.guamlegislature.com
E-mail: roryforguam@gmail.com • Tel: (671)472-7679 • Fax: (671)472-3547

APR 5 2011
PM 5:04

Senator
Rory J. Respicio
CHAIRPERSON
MAJORITY LEADER

Senator
Judith P. Guthertz
VICE CHAIRPERSON
ASST. MAJORITY LEADER

MAJORITY MEMBERS:

Speaker
Judith T. Won Pat

Vice Speaker
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Tina Rose Muña Barnes
LEGISLATIVE SECRETARY
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Dennis G. Rodriguez, Jr.
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Senator
vicente c. pangelinan

MINORITY MEMBERS:

Senator
Aline A. Yamashita
ASST. MINORITY LEADER

Senator
Christopher M. Duenas

April 5, 2011

MEMORANDUM

To: Pat Santos
Clerk of the Legislature

Attorney Therese M. Terlaje
Legislative Legal Counsel

From: Senator Rory J. Respicio
Chairperson, Committee on Rules

Subject: Referral of Bill Nos. 132-31 (LS) through 138-31 (LS)

As Chairperson of the Committee on Rules, I am forwarding my referral of Bill Nos. 132-31 (LS) through 138-31 (LS).

Please ensure that the subject bills are referred, in my name, to the respective committee, as shown on the attachment. I also request that the same be forwarded to all Senators of *I Mina'trentai Unu na Liheslaturan Guahan*.

Should you have any questions, please feel free to contact our office at 472-7679.

Si Yu'os ma'åse!

(7) Attachments

I Mina'Trentai Unu Na Liheslaturan Guåhan

Bill Log Sheet

April 04 2011

Page 1 of 1

Bill No.	Sponsor(s)	Title	Date Introduced	Date Referred	120 Day Deadline	Committee Referred	Public Hearing Date	Date Committee Report Filed	Status (Date) Passed? Failed? Vetoed? Overridden? Public Law?
138-31 (LS)	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.	04/04/11 3:35 p.m.	4/5/11		Committee on Municipal Affairs, Tourism, Housing and Recreation			

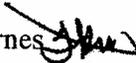


I Mina'Trentai Unu Na Liheslaturan Guåhan
Office of The Legislative Secretary
Tina Rose Muña Barnes

May 3, 2011

Memorandum

TO: All Members/All Senators

FROM: Senator Tina Rose Muña Barnes 
Chairperson

SUBJECT: **First Notice of Public Hearing**
Wednesday, May 11, 2011

Hafa Adai!

Please be advised that the Committee on Municipal Affairs, Tourism, Housing and Recreation will be conducting a public hearing on Wednesday, May 11, 2011, beginning at 9:00a.m. in the Legislature's Public Hearing Room. This hearing is scheduled to receive public testimony on the following:

- The executive appointment of **Jon J. Rojas** to serve as a member of the Hagåtña Restoration & Redevelopment Authority, Board of Commissioners
- The executive appointment of **Vanessa Lee Borja Ji** to serve as a member of the Hagåtña Restoration & Redevelopment Authority, Board of Commissioners
- The executive appointment of **Elizabeth Gayle** to serve as a member of the Parks & Recreation Commission
- **Bill No. 118-31 (COR)- D.G. Rodriguez, Jr. / T.R. Muna-Barnes**
An act to establish a lifeguard volunteers corps within the Department of Parks and Recreation to enhance the protection and safety of the people of Guam at public recreational areas, by adding a new §77125 to Chapter 77, Title 21, Guam Code Annotated.
- **Bill No. 138-31 (LS)- V.C. Pangelinan / J.T. Won Pat, Ed.D. / T.R. Muna-Barnes**
An act to *repeal* and *reenact* 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 20-120 as repealed and reenacted by Public Law 26-123, and to amend Section 12 of Public Law 20-210.



Rhea Taitano <rhea@tinamunabarnes.com>

1st Notice of Public Hearing

Rhea Taitano <rhea@tinamunabarnes.com>

Tue, May 3, 2011 at 10:08 AM

To: Clerks <clerks@guamlegislature.org>, MIS <mis@guamlegislature.org>, Senator Adolpho Palacios <senabpalacios@gmail.com>, Senator Aline Yamashita <aline4families@gmail.com>, "Senator B. J. Cruz" <senadotbjcruz@gmail.com>, Senator Ben Pangelinan <senbenp@guam.net>, Senator Chris Duenas <duenasenator@gmail.com>, "Senator Dennis Rodriguez, Jr." <senatordrodriguez@gmail.com>, "Senator Frank Blas Jr." <frankblasjr@gmail.com>, Senator Judi Guthertz <senatorjudiguthertz@gmail.com>, Senator Mana Silva Taijeron <senatormana@gmail.com>, Senator Rory Respicio <rolyforguam@gmail.com>, Senator Sam Mabini <senatorsam@senatormabini.com>, Senator Tina Muña Barnes <senator@tinamunabarnes.com>, Senator Tom Ada <tom@senatorada.org>, Senator Tony Ada <senatortonyada@guamlegislature.org>, Speaker Judi Won Pat <speaker@judiwonpat.com>, Tom Unsiog <sgtarms@guamlegislature.org>

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Hafa Adai,

Please see the attached memo from Senator Tina Muña Barnes, relative to the public hearing on the 11th of May.

--

Saina Ma'åse',

Rhea Aguon Taitano
 Research Analyst
 Office of Senator Tina Muña Barnes
 Committee on Municipal Affairs, Tourism, Housing and Recreation
 155 Hesler Place
 Hagåtña, Guam 96910
 (W) (671) 472-3455/6
 (F) (671) 472-3400
 Email: raguontaitano@gmail.com

 **1st Notice of Public Hearing for 5-11-2011.pdf**
 341K



I Mina'Trentai Unu Na Liheslaturan Guåhan
Office of The Legislative Secretary
Tina Rose Muña Barnes

Resolution No. 74-31 (COR) T.R. Muna-Barnes / J.P. Guthertz, DPA

Relative to voicing I Liheslaturan Guahan's (The Guam Legislature's) vehement support for the full implementation of Public Law 110-229 and requesting that the US Secretary of Homeland Security, the Honorable Janet Napolitano, provide for the issuance of a China Russia Visa Waiver Program through her parole authority and the issuance of a broader final rule for the Marianas Visa Waiver Program.

Additionally, the Committee on Municipal Affairs, Tourism, Housing and Recreation will hold an informational briefing on tourism at 2:00p.m. in the public hearing room. The briefing will include presentations from the Guam Visitors Bureau and other tourism industry experts. The following topics will be addressed:

- **The impact of a challenged Japan on visitor arrival numbers jobs in the tourism sector, and the economy;**
- **The status of ongoing efforts to implement the China Russia Visa Waiver for Program for Guam;**
- **The status of the Travel Promotion Act of 2010**
- **Strategic initiatives and recommendations of the Guam Visitors Bureau and the visitor industry for 2010**

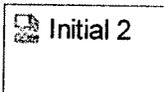
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Si Yu'os Ma'åse'!

cc: Legal Counsel
Sergeant-At-Arms/Protocol/AV
Clerk of the Legislature
MIS
All media

Memorandum

TO: All Members/All Senators



FROM: Senator Tina Rose Muña Barnes
Chairperson

**SUBJECT: Second Notice of Public Hearing
Wednesday, May 11, 2011**

Hafa Adai!

Please be reminded that the Committee on Municipal Affairs, Tourism, Housing and Recreation will be conducting a public hearing on Wednesday, May 11, 2011, beginning at 9:00a.m. in the Legislature's Public Hearing Room. This hearing is scheduled to receive public testimony on the following:

• The executive appointment of **Jon J. Rojas** to serve as a member of the Hagåtña Restoration & Redevelopment Authority, Board of Commissioners

• The executive appointment of **Vanessa Lee Borja Ji** to serve as a member of the Hagåtña Restoration & Redevelopment Authority, Board of Commissioners

~~• The executive appointment of **Elizabeth Gayle** to serve as a member of the Parks & Recreation Commission~~

• **Bill No. 118-31 (COR)- D.G. Rodriguez, Jr. / T.R. Muna-Barnes**

An act to establish a lifeguard volunteers corps within the Department of Parks and Recreation to enhance the protection and safety of the people of Guam at public recreational areas, by adding a new §77125 to Chapter 77, Title 21, Guam Code Annotated.

• **Bill No. 138-31 (LS)- V.C. Pangelinan / J.T. Won Pat, Ed.D. / T.R. Muna-Barnes**

An act to *repeal* and *reenact* 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 20-120 as repealed and reenacted by Public Law 26-123, and to

amend Section 12 of Public Law 20-210.

Resolution No. 74-31 (COR) T.R. Muna-Barnes / J.P. Guthertz, DPA

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- **Strategic initiatives and recommendations of the Guam Visitors Bureau and the visitor industry for 2010**

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Si Yu'os Ma'åse'!

cc: Legal Counsel
Sergeant-At-Arms/Protocol/AV
Clerk of the Legislature
MIS
All media

 **2nd notice of Public Hearing, 5-11-2011.pdf**
342K



Rhea Taitano <rhea@tinamunabarnes.com>

2nd Notice of Public Hearing

Rhea Taitano <rhea@tinamunabarnes.com>

Fri, May 6, 2011 at 5:14 PM

To: Clerks <clerks@guamlegislature.org>, MIS <mis@guamlegislature.org>, Senator Adolpho Palacios <senabpalacios@gmail.com>, Senator Aline Yamashita <aline4families@gmail.com>, "Senator B.J. Cruz" <senadotbjcruz@gmail.com>, Senator Ben Pangelinan <senbenp@guam.net>, Senator Chris Duenas <duenasenator@gmail.com>, "Senator Dennis Rodriguez, Jr." <senatordrodriguez@gmail.com>, "Senator Frank Blas Jr." <frankblasjr@gmail.com>, Senator Judi Guthertz <senatorjudiguthertz@gmail.com>, Senator Mana Silva Taijeron <senatormana@gmail.com>, Senator Rory Respicio <rorryforguam@gmail.com>, Senator Sam Mabini <senatorsam@senatormabini.com>, Senator Tina Muña Barnes <senator@tinamunabarnes.com>, Senator Tom Ada <tom@senatorada.org>, Senator Tony Ada <senatorTonyada@guamlegislature.org>, Speaker Judi Won Pat <speaker@judiwonpat.com>, Tom Unsioq <sgtarms@guamlegislature.org>

Bcc: bmkelman@guampdn.com, carlene@guahanmagazine.com, cmurphy1@guam.gannett.com, dtamondong@guampdn.com, editor2@directionsguam.com, editor@mvguam.com, gerry@mvguam.com, hottips@kuam.com, john@kuam.com, koreannews@guam.net, kprg@guam.net, kstone@ite.net, life@guampdn.com, mabuhaynews@yahoo.com, news@k57.com, news@spbg Guam.com, publisher@glimpsesoFGuam.com, reporter1@glimpsesoFGuam.com, slimtiaco@guampdn.com, Bob Gaeth <bgaeth@k57.com>, "Carlo J.N. Branch" <carlo.branch@gmail.com>, Catriona Melyan <cmelyan@guampdn.com>, Clynt Ridgell <clynt@spbg Guam.com>, David Crisostomo <dcrisost@guampdn.com>, David Crisostomo <dcrisostomo@guampdn.com>, Duane George <dmg George@guampdn.com>, Ed Davis <ed@guamtech.com>, Elaine McDonald <elaine@tinamunabarnes.com>, Erin Thompson <egthompson@guampdn.com>, Gavin Santos <gavin@tinamunabarnes.com>, Gaynor Dumat-ol Daleno <gdumat-ol@guampdn.com>, Hit Radio 100 <officemanager@hitradio100.com>, Jane Chargualaf <jane@tinamunabarnes.com>, Janela Buhain <janela@mvguam.com>, Jason Salas <jason@kuam.com>, Josh Tyquiengco <jtyquiengco@spbg Guam.com>, Lannie Walker <lannie@kuam.com>, Laura Matthews <llmatthews@guampdn.com>, Marianas Variety <admin@mvguam.com>, Marvic Cagurangan <mar_vic_cagurangan@yahoo.com>, Marvic Cagurangan <marvic@mvguam.com>, Michael Rudolph <michael@marianasmedia.com>, Mindy Aguon <mindy@kuam.com>, Nick Delgado <nick@kuam.com>, Office of the Governor <governor@guam.gov>, "Office of the Lt. Governor" <ltgov.tenorio@guam.gov>, Patti Arroyo <parroyo@k57.com>, Phillip Leon Guerrero <phillip.leonguerrero@guam.gov>, Ray Gibson <rgibson@k57.com>, Rhea Aguon Taitano <rhea@tinamunabarnes.com>, Richard Dohrumal <richard@tinamunabarnes.com>, Rick Nauta <marketing@hitradio100.com>, Rick Reyes <ricky@tinamunabarnes.com>, Rlene Steffy <rlene@rlenelive.com>, Robert Kelley <rkelly@guamtech.com>, Romeo Carlos <romeogfx@yahoo.com>, Sabrina Salas Matanane <sabrina@kuam.com>, Senator Tina Rose Muna Barnes <senator@tinamunabarnes.com>, Shaun Bevan <smbevan@guampdn.com>, Stephanie Cepeda <stephanie@tinamunabarnes.com>, Telo Taitague <telo.taitague@guam.gov>, Therese Hart <therese@mvguam.com>, Travis Coffman <travis.coffman@gmail.com>, Troy Torres <troy.torres@guam.gov>, Zita Taitano <zita@mvguam.com>, "A. Norma Alfague" <normaalfague@hotmail.com>, Amanda Shelton <ashelton.senatorrodriguez@gmail.com>, Angela Leon Guerrero <leonguerrero.angela@gmail.com>, Anjelica Okada <aokada@guamlegislature.org>, Audrey Ward <audrey@judiwonpat.com>, "Berlene R. Taitano" <berlenerenae@hotmail.com>, Bill Phillips <phillipsguam@gmail.com>, Bruce Lloyd <bruce.lloyd.media@gmail.com>, Carlos Pangelinan <carlos.pangelinan@senatorbjcruz.com>, Charisha Hualde <charisha.hualde@gmail.com>, Charles Ecret <cdecet@gmail.com>, Chris Budasi <chris.budasi@guamlegislature.org>, Chris Carillo <chris.carillo@senatorbjcruz.com>, Clerks <clerks@guamlegislature.org>, Clifton Herbert <cherbert.senatorrodriguez@gmail.com>, Coy Torres <coy@senatorada.org>, Cyrus Luhr <cyrus@senatorada.org>, Doc Wyttenbach-Santos <doc.wyttenbachsantos@gmail.com>, "Doreen T.C. Garcia" <doreen.garcia80@gmail.com>, Dorothy Cruz <dot@guamlegislature.org>, Ed Leon Guerrero <edleonguerrero@gmail.com>, Ed Pocaigue <edpocaigue@judiwonpat.com>, Eduardo Tuason <eduardo.t@senatormabini.com>, "Edward G. Lee" <edwardglee671@yahoo.com>, Elaine Tajalle <etajalle@guamlegislature.org>, Elvy Mew <emew@guamlegislature.org>, Eugene Santos <santos.duenas@gmail.com>, Evelyn Claros <evelyn4families@gmail.com>, "Frank Aguon Jr." <aguon4guam@gmail.com>, Frank Torres

<fbtorres@judiwonpat.com>, "GarrettKealoha M. Duenas" <garrett.duenas@senatorbjcruz.com>, Herbie Perez <herbie@judiwonpat.com>, "James P. Castro" <jamespcastro@gmail.com>, Jason Tedtaotao <jstedtaotao@gmail.com>, Jeffrey Manibusan <jmanibusan.senatorrodriguez@gmail.com>, "Jennifer L. Dulla" <jennifer.lj.dulla@gmail.com>, Jermaine Alerta <alerta.jermaine@gmail.com>, Jimmy Camacho <jcamacho@senatorada.org>, Joseph Mesngon <jmesngon.senatorrodriguez@gmail.com>, "Julian C. Janssen" <julian.c.janssen@gmail.com>, Juliette Gillham <juliette@senatorada.org>, Kenny Leon Guerrero <kleonguerrero.senatorrodriguez@gmail.com>, Laurie Manibusan <laurielisla@gmail.com>, "Leslie E. Gatan" <leslie.g@senatormabini.com>, Lisa Cipollone <cipo@guamlegislature.org>, Lou Benavente <lou4families@gmail.com>, "Louise H. Aguon-Atalig" <louise_atalig@yahoo.com>, Maria Nieves Materne <nieves@guamlegislature.org>, "Mark D.S. Aflague" <markaflague@gmail.com>, Mark Sayama <sayama01@yahoo.com>, Mary Fejeran <maryfejeran@gmail.com>, Mary Lou Wheeler <mlwheeler2000@yahoo.com>, Meia Torres <mtorres.senatorrodriguez@gmail.com>, Menchu Suarez <msuarez.senatorrodriguez@gmail.com>, Mike Carlson <mcarlson@ite.net>, Mike Lidia <mike.lidia@senatorbjcruz.com>, Myracle Mugol <myracle.m@senatormabini.com>, Napu Castro <ncastro@guam.net>, Nicole Santos <nsantos@senatorada.org>, Office of Finance & Budget <ofb@guamlegislature.org>, Office of Senator Sam Mabini <info@senatormabini.com>, Olivia Palacios <oliviampalacios@gmail.com>, Pat Santos <psantos@guamlegislature.org>, Peter Leon Guerrero <peterlg@gmail.com>, "Priscilla T. Cruz" <pjtcruz@yahoo.com>, Rennae Perez <rennae@guamlegislature.org>, Ron Taitague <rtaitague@guamlegislature.org>, Sergeant at Arms <sgtarms@guamlegislature.org>, Stephanie Mendiola <smendiola@guamlegislature.org>, Steve Dierking <steve@believeinguam.com>, Tanya Mendiola <tanya4families@gmail.com>, "Therese C. Santos" <chechsantos@gmail.com>, Tony Sanchez <guamnativesun@yahoo.com>, Val Gonzales <val.g@senatormabini.com>, Velma Komiyama <vkomiyama.senatorrodriguez@gmail.com>, Vicky Quenga <vquenga@judiwonpat.com>, William Castro <wilcastro671@gmail.com>, Yong Pak <yong@guamlegislature.org>, Chelsa Muna-Brecht <chelsa@tinamunabarnes.com>

Hafa Adai,

Please see the attached memo from Senator Tina Muña Barnes, relative to the public hearing on May 11, 2011.

For your convenience, the memo is also copied below for those who may not be able to view the document in PDF format.

--

Saina Ma'åse',

Rhea Aguon Taitano
 Research Analyst
 Office of Senator Tina Muña Barnes
 Committee on Municipal Affairs, Tourism, Housing and Recreation
 155 Hesler Place
 Hagåtña, Guam 96910
 (W) (671) 472-3455/6
 (F) (671) 472-3400
 Email: raguontaitano@gmail.com

May 6, 2011

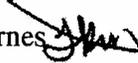


I Mina'Trentai Unu Na Liheslaturan Guåhan
Office of The Legislative Secretary
Tina Rose Muña Barnes

May 6, 2011

Memorandum

TO: All Members/All Senators

FROM: Senator Tina Rose Muña Barnes 
Chairperson

SUBJECT: **Second Notice of Public Hearing**
Wednesday, May 11, 2011

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Office of The Legislative Secretary
Tina Rose Muña Barnes

Resolution No. 74-31 (COR) T.R. Muna-Barnes / J.P. Guthertz, DPA

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Si Yu'os Ma'åse'!

cc: Legal Counsel
Sergeant-At-Arms/Protocol/AV
Clerk of the Legislature
MIS
All media



I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

May 6, 2011

Mr. Anthony Godwin
President
Guam Realty Association
424 West O'Brien Drive
Julale Shopping Center
Hagatna, Guam

Hafa Adai Mr. Godwin,

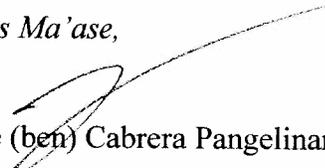
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Bill No. 138 has been referred to Senator Tina Muna Barnes, as Chairperson for the Committee on Municipal Affairs, Tourism, Housing and Recreation and will hold a public hearing for Bill No. 138 on Wednesday, May 11, 2011 beginning at 9:00am at the Guam Legislature Public Hearing Room.

This letter is to invite you to provide written and/or oral testimony on Bill No. 138. For your convenience, I have attached a copy of Bill No. 138.

Plases do not hesitate to contact my office should you have any questions or comments regarding the public hearing.

Si Yu'os Ma'ase,


Vicente (ben) Cabrera Pangelinan

cc: Marilou Lacson

Chairman
Committee on Appropriations,
Taxation, Public Debt, Banking,
Insurance, Retirement, and
Land

Vice Chairman
Committee on Education

Member
Committee on Rules,
Federal, Foreign &
Micronesian Affairs and
Human & Natural
Resources

Member
Committee on
Municipal Affairs,
Tourism, Housing, and
Recreation

Member
Committee on the Guam
Military Buildup and
Homeland Security

Member
Committee on Health and
Human Services, Senior
Citizens, Economic
Development, and Election
Reform



I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

May 6, 2011

Ms. Nette Camacho
President
Guam Banking Association
134 West Soledad Avenue
Hagatna, Guam

Hafa Adai Ms. Camacho,

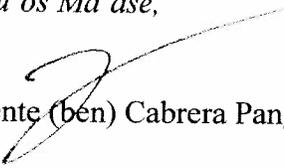
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Si Yu'os Ma'ase,


Vicente (ben) Cabrera Pangelinan

Chairman
Committee on Appropriations,
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Land

Vice Chairman
Committee on Education

Member
Committee on Rules,
Federal, Foreign &
Micronesian Affairs and
Human & Natural
Resources

Member
Committee on
Municipal Affairs,
Tourism, Housing, and
Recreation

Member
Committee on the Guam
Military Buildup and
Homeland Security

Member
Committee on Health and
Human Services, Senior
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I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

May 6, 2011

Chairman
Committee on Appropriations,
Taxation, Public Debt, Banking,
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Committee on Rules,
Federal, Foreign &
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Committee on the Guam
Military Buildup and
Homeland Security

Member
Committee on Health and
Human Services, Senior
Citizens, Economic
Development, and Election
Reform

Mr. James Martinez
Executive Director
Guam Contractors Association
718 N. Marine Corps Drive
Suite 203, East West Business Center
Upper Tumon, Guam

Hafa Adai Mr. Martinez,

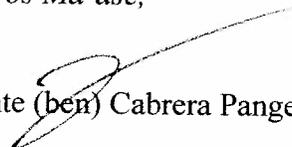
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Si Yu'os Ma'ase,


Vicente (ben) Cabrera Pangelinan

Office of



the People

I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

May 6, 2011

Chairman
Committee on Appropriations,
Taxation, Public Debt, Banking,
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Recreation

Member
Committee on the Guam
Military Buildup and
Homeland Security

Member
Committee on Health and
Human Services, Senior
Citizens, Economic
Development, and Election
Reform

Mr. David Leddy
President
Guam Chamber of Commerce
Adelup, Guam

Hafa Adai Mr. Leddy,

I introduced Bill No. 138-31 (COR), "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".

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Si Yu'os Ma'ase,

Vicente (ben) Cabrera Pangelinan

324 W. Soledad Ave. Suite 100, Hagåtña, Guam 96910

Tel: (671) 473-(4BEN) 4236 - Fax: (671) 473-4238 - Email: senbenp@guam.net

Website: <http://senbenp.com>



I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

May 6, 2011

Ms. Doris Flores Brooks
Public Auditor
Office of Public Accountability
Hagatna, Guam

Hafa Adai Ms. Flores Brooks,

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Land

Vice Chairman
Committee on Education

Member
Committee on Rules,
Federal, Foreign &
Micronesian Affairs and
Human & Natural
Resources

Member
Committee on
Municipal Affairs,
Tourism, Housing, and
Recreation

Member
Committee on the Guam
Military Buildup and
Homeland Security

Member
Committee on Health and
Human Services, Senior
Citizens, Economic
Development, and Election
Reform



I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

May 6, 2011

Chairman
Committee on Appropriations,
Taxation, Public Debt, Banking,
Insurance, Retirement, and
Land

Vice Chairman
Committee on Education

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Committee on Rules,
Federal, Foreign &
Micronesian Affairs and
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Military Buildup and
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Committee on Health and
Human Services, Senior
Citizens, Economic
Development, and Election
Reform

Mr. Martin Benavente
President
Guam Housing Corporation
590 S. Marine Corps Drive
ITC Building, Suite 514
Tamuning, Guam

Hafa Adai Mr. Benavente,

I introduced Bill No. 138-31 (COR), "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".

Bill No. 138 has been referred to Senator Tina Muna Barnes, as Chairperson for the Committee on Municipal Affairs, Tourism, Housing and Recreation and will hold a public hearing for Bill No. 138 on Wednesday, May 11, 2011 beginning at 9:00am at the Guam Legislature Public Hearing Room.

This letter is to invite you to provide written and/or oral testimony on Bill No. 138. For your convenience, I have attached a copy of Bill No. 138.

Please do not hesitate to contact my office should you have any questions or comments regarding the public hearing. As Bill No. 138 directly affects the operations of the Guam Housing First-Time Homeowners Relief Program, it is important that we hear testimony from you. We would appreciate your attendance at the hearing.

Si Yu'os Ma'ase,

Vicente (ben) Cabrera Pangelinan

cc: Senator Tina Muna Barnes



I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

May 6, 2011

Governor Edward Calvo
Office of the Governor
Adelup, Guam

Hafa Adai Governor Calvo

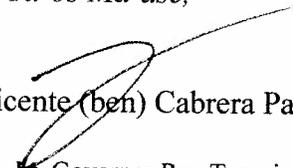
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Bill No. 138 has been referred to Senator Tina Muna Barnes, as Chairperson for the Committee on Municipal Affairs, Tourism, Housing and Recreation and will hold a public hearing for Bill No. 138 on Wednesday, May 11, 2011 beginning at 9:00am at the Guam Legislature Public Hearing Room.

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Please do not hesitate to contact my office should you have any questions or comments regarding the public hearing.

Si Yu'os Ma'ase,



Vicente (ben) Cabrera Pangelinan

cc: Lt. Governor Ray Tenorio

Chairman
Committee on Appropriations,
Taxation, Public Debt, Banking,
Insurance, Retirement, and
Land

Vice Chairman
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Military Buildup and
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Reform



I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

May 6, 2011

Leonardo Rapadas, Esq
Attorney General of Guam
Office of the Attorney General
Hagatna, Guam

Hafa Adai General Rapadas,

I introduced Bill No. 138-31 (COR), "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".

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This letter is to invite you to provide written and/or oral testimony on Bill No. 138. For your convenience, I have attached a copy of Bill No. 138.

Please do not hesitate to contact my office should you have any questions or comments regarding the public hearing.

Si Yu'os Ma'ase,

Vicente (ben) Cabrera Pangelinan

Chairman
Committee on Appropriations,
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I Mina'Trentai Unu Na Liheslaturan Guahan
Office of The Legislative Secretary
Tina Rose Muña Barnes

PUBLIC HEARING
Wednesday, May 11, 2011

AGENDA

- I. Call to Order**
- II. Announcements**
- III. Items for Public Consideration**

9:00 AM

- A. The executive appointment of **Jon J. Rojas** to serve as a member of the Hagåtña Restoration & Redevelopment Authority, Board of Commissioners
- B. The executive appointment of **Vanessa Lee Borja Ji** to serve as a member of the Hagåtña Restoration & Redevelopment Authority, Board of Commissioners
- ~~C. The executive appointment of **Elizabeth Gayle** to serve as a member of the Parks & Recreation Commission~~
- D. **Bill No. 118-31 (COR)- D.G. Rodriguez, Jr. / T.R. Muna-Barnes**
An act to establish a lifeguard volunteers corps within the Department of Parks and Recreation to enhance the protection and safety of the people of Guam at public recreational areas, by adding a new §77125 to Chapter 77, Title 21, Guam Code Annotated.
- E. **Bill No. 138-31 (LS)- V.C. Pangelinan / J.T. Won Pat, Ed.D. / T.R. Muna-Barnes**
An act to *repeal* and *reenact* 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 20-120 as repealed and reenacted by Public Law 26-123, and to amend Section 12 of Public Law 20-210.
- F. **Resolution No. 74-31 (COR) T.R. Muna-Barnes / J.P. Guthertz, DPA**
Relative to voicing I Liheslaturan Guahan's (The Guam Legislature's) vehement support for the full implementation of Public Law 110-229 and requesting that the US Secretary of Homeland Security, the Honorable Janet Napolitano, provide for the issuance of a China Russia Visa Waiver



I Mina'Trentai Unu Na Liheslaturan Guåhan
Office of The Legislative Secretary
Tina Rose Muña Barnes

Program through her parole authority and the issuance of a broader final rule for the Marianas Visa Waiver Program.

IV. Remarks

V. Adjournment

Electronic copies of the aforementioned items can be found on the Guam Legislature's website at www.guamlegislature.com. Hard copies can be obtained by visiting the Office of the Clerk of the Legislature. Testimony should be addressed to Senator Tina Rose Muña Barnes, Chairperson, and may be submitted via hand-delivery to our office or our mailbox at the Main Legislature Building at 155 Hesler Place, Hagatña, Guam 96910, via e-mail to senator@tinamunabarnes.com, or via facsimile to (671) 472-3400. Individuals requiring special accommodations, auxiliary aids, or services shall contact and submit their request to Richard Dohrumal or Rhea Taitano at our office. For further information, please call 472-3455/6. I look forward to your attendance and participation. *Si Yu'os Ma'åse'!*

I MINA' TRENTAI UNU NA LIHESLATURAN GUÅHAN
2011 (FIRST) REGULAR SESSION

2011 APR -4 PM 3:35 *apm*

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:

SECTION 1. Legislative Statement and Intent.

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

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

It is the intent of *I Liheslaturan Guåhan* to provide relief to qualified 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 **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.