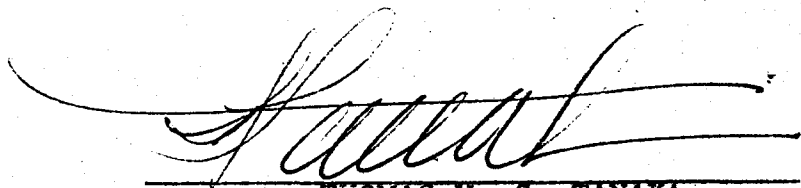


SIXTEENTH GUAM LEGISLATURE
1981 (FIRST) Regular Session

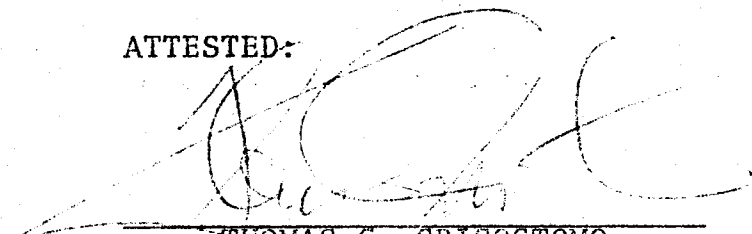
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 4, "An Act to amend Section 20002(c) and to add a new Chapter III to Title XXI of the Government Code to provide a program for mortgage home loan financial assistance to eligible low and moderate income families on Guam", was on the 10th day of April 1981, duly and regularly passed.



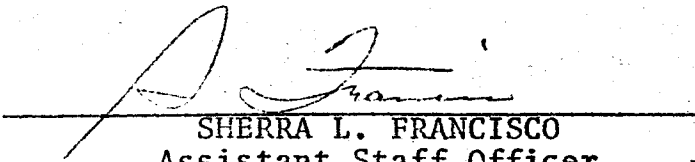
THOMAS V. C. TANAKA
Speaker

ATTESTED:



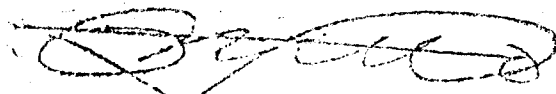
THOMAS C. CRISOSTOMO
Legislative Secretary

This Act was received by the Governor this 23rd day of April, 1981, at 3:45 o'clock P.M.



SHERRA L. FRANCISCO
Assistant Staff Officer
Governor's Staff

APPROVED:



PAUL M. CALVO
Governor of Guam

DATED: May 4, 1981 2:15 P.M.
R.L. 102-002

SIXTEENTH GUAM LEGISLATURE
1981 (FIRST) Regular Session

Bill No. 4
(As Substituted
by the Committee
on Housing, Community
Development &
Resources)

Introduced by: F. F. Blas A. E. Unpingco J. Q. Torres

A. C. Lamorena III
K. S. Moylan
J. T. San Agustin

AN ACT TO AMEND SECTION 20002(c) AND TO ADD A NEW
CHAPTER III TO TITLE XXI OF THE GOVERNMENT CODE
TO PROVIDE A PROGRAM FOR MORTGAGE HOME LOAN FINANCIAL
ASSISTANCE TO ELIGIBLE LOW AND MODERATE INCOME
FAMILIES ON GUAM.

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

2 Section 1. A new Chapter III is added to Title XXI of the
3 Government Code to read:

4 "CHAPTER III

5 Government Loan Subsidy Act

6 Section 20050. Definitions. As used in this Chapter:

7 (a) 'Adjusted annual income' means the total family
8 income less five percent (5%) of such total family income
9 less Three Hundred Dollars (\$300) for each dependent under
10 twenty (20) years of age.

11 (b) 'Board' means the Board of Directors of Guam
12 Housing Corporation.

13 (c) 'Corporation' means the Guam Housing Corporation.

14 (d) 'Family income' means the total annual income
15 derived from all sources for each member of the family.

16 (e) 'Government' means the government of Guam.

17 (f) 'Family' means two or more persons related by
18 blood or marriage, living together as a household.

1 (g) 'Interest subsidy' means interest paid by the
2 government on each loan made by the Corporation pursuant to
3 the provisions of this Chapter.

4 (h) 'Loan' means that loan made by the Corporation to
5 a low or moderate income family pursuant to the provisions
6 of this Title.

7 Section 20051. Loans by the Corporation. The
8 Corporation is authorized to make loans under this Chapter
9 to low and moderate income families for the construction of
10 the family's residential home. All loans made by the
11 Corporation shall be subject to the following limitations:

12 (a) The maximum loan authorized for the construction
13 of a two bedroom-one bath residential home containing a
14 minimum living area of eight hundred thirty (830) square
15 feet shall be Thirty-Two Thousand Dollars (\$32,000), pro-
16 vided, however, that said amount may, at the discretion of
17 the Board, be increased an additional Two Thousand Dollars
18 (\$2,000) depending upon the location of the property.

19 (b) The maximum loan authorized for the construction
20 of a three bedroom-one bath residential home containing a
21 minimum living area of one thousand (1,000) square feet shall
22 be Thirty-Seven Thousand Dollars (\$37,000), provided, how-
23 ever, that said amount may, at the discretion of the Board,
24 be increased an additional Two Thousand Dollars (\$2,000)
25 depending on the location of the property.

26 (c) The maximum loan authorized for the construction
27 of a three bedroom-two bath residential home containing a
28 minimum living area of one thousand two hundred sixty
29 (1,260) square feet shall be Forty-Two Thousand Dollars

1 (\$42,000), provided, however, that said amount may, at
2 the discretion of the Board, be increased an additional
3 Two Thousand Dollars (\$2,000) depending on the location of
4 the property.

5 (d) The maximum loan authorized for the construction
6 of a four bedroom-two bath residential home containing a
7 minimum living area of one thousand three hundred eighty
8 (1,380) square feet shall be Forty-Six Thousand Dollars
9 (\$46,000), provided, however, that said amount may, at
10 the discretion of the Board, be increased an additional
11 Two Thousand Dollars (\$2,000) depending upon the location
12 of the property.

13 (e) In addition to the above amounts, the Corporation
14 may lend an additional amount equal to fifty percent (50%)
15 of the purchase price of land to be used for the site of
16 the construction of the residential home provided, however,
17 that no amount loaned for the purchase of the land shall
18 exceed the sum of Five Thousand Dollars (\$5,000).

19 Section 20052. Loans by the Corporation. The
20 Corporation is authorized to make loans under this Chapter
21 to low and moderate income families for the purchase of the
22 family's residential home. All loans made by the Corpora-
23 tion shall be subject to the following limitations:

24 (a) The maximum loan authorized for the purchase of
25 a two bedroom-one bath residential home containing a
26 minimum living area of eight hundred thirty (830) square
27 feet shall be eighty percent (80%) of the appraised value
28 of the property or Thirty-Two Thousand Dollars (\$32,000)
29 whichever is lesser provided, however, that said amount may,
30 at the discretion of the Board, be increased an additional
31 Two Thousand Dollars (\$2,000) depending on the location of
32 the property.

1 (b) The maximum loan authorized for the purchase of
2 a three bedroom-one bath residential home containing a
3 minimum living area of one thousand (1,000) square feet
4 shall be eighty percent (80%) of the appraised value of
5 the property or Thirty-Seven Thousand Dollars (\$37,000)
6 whichever is less provided, however, that said amount may,
7 at the discretion of the Board, be increased an additional
8 Two Thousand Dollars (\$2,000) depending on the location of
9 the property.

10 (c) The maximum loan authorized for the purchase of
11 a three bedroom-two bath residential home containing a
12 minimum area of one thousand two hundred sixty (1,260)
13 square feet shall be eighty percent (80%) of the appraised
14 value of the property or Forty-Two Thousand Dollars
15 (\$42,000) whichever is less provided, however, that
16 said amount may, at the discretion of the Board, be in-
17 creased an additional Two Thousand Dollars (\$2,000) depend-
18 ing on the location of the property.

19 Section 20053. Loans made under the subsidy program.
20 Loans made by the Corporation under the subsidy program
21 shall bear interest at a rate equal to the prevailing
22 Federal Housing Administration rate.

23 Section 20054. Interest Subsidy for Low and Moderate
24 Income Families. The government shall provide interest
25 subsidies to qualified low and moderate income families for
26 home construction, purchase, repair or improvement loans
27 made by the Corporation. Subsidies shall be available to
28 each family based on the family's adjusted income which
29 shall be determined at the time of application and in
30 accordance with the subsidy schedule under Section 20057
31 of this Chapter.

1 Section 20055. Government Subsidy Rate and Term
2 Thereof. The government shall provide interest subsidies to
3 qualified families. The subsidies shall be given in
4 accordance with the subsidy schedule set forth in Section
5 20057 within the limits as to income and maximum subsidy
6 amounts as follows:

7 (a) For families with an adjusted income less than
8 Eleven Thousand Dollars (\$11,000), the government's maximum
9 subsidy rates shall be four percent (4%) for the first
10 year; four percent (4%) for the second year; three percent
11 (3%) for the third year; two percent (2%) for the fourth
12 year; and one percent (1%) for the fifth year. The subsidy
13 shall cease at the end of the fifth year unless otherwise
14 extended or terminated by the Corporation.

15 (b) For families with an adjusted income equal to or
16 greater than Eleven Thousand Dollars (\$11,000) but less
17 than Thirteen Thousand Dollars (\$13,000), the government's
18 maximum subsidy rates shall be three percent (3%) for the
19 first year; three percent (3%) for the second year; two
20 percent (2%) for the third year; and one percent (1%) for
21 the fourth year. The subsidy shall cease at the end of
22 the fourth year unless otherwise extended or terminated by
23 the Corporation.

24 (c) For families with an adjusted income equal to or
25 greater than Thirteen Thousand Dollars (\$13,000) but less
26 than Fourteen Thousand Dollars (\$14,000), the government's
27 maximum subsidy rates shall be two percent (2%) for the
28 first year; two percent (2%) for the second year; and one
29 percent (1%) for the third year. The subsidy shall cease
30 at the end of the third year unless otherwise extended or
31 terminated by the Corporation.

(d) For families with an adjusted income equal to or greater than Fourteen Thousand Dollars (\$14,000) but less than Sixteen Thousand Dollars (\$16,000), the government's maximum subsidy rates shall be one percent (1%) for the first year and second years. The subsidy shall cease at the end of the second year unless otherwise extended or terminated by the Corporation.

(e) In the event the Federal Housing Administration's rate decreases below twelve percent (12%), the initial maximum subsidy rate shall be reduced to that rate provided for under Section 20057 of this Chapter. The rate shall be the same the second year until the rate equals zero.

Section 20056. Limitation on Government Subsidy Rate. The government's subsidy rate shall not exceed four percent (4%) per annum.

Section 20057. Subsidy Schedule. There is hereby established the following subsidy schedule to which this Chapter applies. The rate of the government subsidy shall be in accordance with the schedule subject to the limitations set forth in Section 20055. The initial subsidy shall depend on each instance on the prevailing FHA rate at the time a loan is made.

FHA Rate (%)	Government Interest Subsidy Schedule					
	<u>1st Yr.</u>	<u>2nd Yr.</u>	<u>3rd Yr.</u>	<u>4th Yr.</u>	<u>5th Yr.</u>	<u>6th Yr.</u>
16.00	4.00	4.00	3.00	2.00	1.00	.00
15.75	4.00	4.00	3.00	2.00	1.00	.00
15.50	4.00	4.00	3.00	2.00	1.00	.00
15.25	4.00	4.00	3.00	2.00	1.00	.00

1		Government Interest Subsidy Schedule					
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FHA Rate	(%)	1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.	6th Yr.
15.00		4.00	4.00	3.00	2.00	1.00	.00
14.75		4.00	4.00	3.00	2.00	1.00	.00
14.50		4.00	4.00	3.00	2.00	1.00	.00
14.25		4.00	4.00	3.00	2.00	1.00	.00
14.00		4.00	4.00	3.00	2.00	1.00	.00
13.75		4.00	4.00	3.00	2.00	1.00	.00
13.50		4.00	4.00	3.00	2.00	1.00	.00
13.25		4.00	4.00	3.00	2.00	1.00	.00
13.00		4.00	4.00	3.00	2.00	1.00	.00
12.75		4.00	4.00	3.00	2.00	1.00	.00
12.50		4.00	4.00	3.00	2.00	1.00	.00
12.25		4.00	4.00	3.00	2.00	1.00	.00
12.00		4.00	4.00	3.00	2.00	1.00	.00
11.75		3.75	3.75	2.75	1.75	.75	.00
11.50		3.50	3.50	2.50	1.50	.50	.00
11.25		3.25	3.25	2.25	1.25	.25	.00
11.00		3.00	3.00	2.00	1.00	.00	.00
10.75		2.75	2.75	1.75	.75	.00	.00
10.50		2.50	2.50	1.50	.50	.00	.00
10.25		2.25	2.25	1.25	.25	.00	.00
10.00		2.00	2.00	1.00	.00	.00	.00
9.75		1.75	1.75	.75	.00	.00	.00
9.50		1.50	1.50	.50	.00	.00	.00
9.25		1.25	1.25	.25	.00	.00	.00
9.00		1.00	1.00	.00	.00	.00	.00

1 Section 20058. Termination Of Subsidy. The government
2 interest subsidy under this Chapter shall automatically
3 terminate if, during the subsidy term, the residence under
4 the mortgage for which the subsidy was granted is:

5 (a) transferred or conveyed;

6 (b) the property is sold; or

7 (c) the property is vacated.

8 Section 20059. Refund of Subsidy Monies. All subsidy
9 monies shall be returned to the government through the
10 Corporation. If the property is sold during the term of
11 the mortgage all such monies will be deposited into the
12 Corporation Subsidy Fund.

13 Section 20060. Income Certification. At every
14 anniversary of the loan closing during the term of the sub-
15 sidy herein, the borrowers must certify to the Corporation
16 in writing their most current family income.

17 Section 20061. Extension of Termination of Subsidy
18 Term. Upon receipt of the borrower's income certification,
19 the Corporation will review the borrower's financial condi-
20 tion, and;

21 (a) If the Corporation determines that the borrowers
22 need the extention of the subsidy, the Corporation may
23 extend the subsidy term for an additional year.

24 (b) If the Corporation determines that the borrowers
25 no longer qualify for the subsidy, the Corporation may
26 terminate the subsidy.

1 Section 20062. Corporation Subsidy Fund. There is
2 hereby established a fund to be known as the 'Corporation
3 Subsidy Fund', which shall be maintained separate and apart
4 from any other funds of the government of Guam. All monies
5 received by the Corporation from the government for payment
6 of the government's subsidies provided herein shall be
7 deposited to the Corporation Subsidy Fund and shall be used
8 solely for the payment of the government's interest subsidy
9 herein provided."

10 Section 2. Section 20002(c) of the Government Code is
11 amended to read:

12 "(c) To encourage and engage in low-cost housing
13 activities, including development of residential subdivi-
14 sions, construction of housing for rental or resale, and to
15 make loans to any person for the purchase, construction,
16 improvement or repair of a home. All loans so made shall
17 be of such sound value or so secured as reasonably to assure
18 repayment taking into consideration the policy of the
19 Legislature that the lending powers of the Housing Corpora-
20 tion shall be administered as a means of accomplishing the
21 purposes stated in Section 20000 of this Chapter, and shall
22 bear interest at a rate to be determined by the Board of
23 Directors of the Guam Housing Corporation but not exceeding
24 the Federal Housing Administration rate. Loans should be
25 made to the residents of Guam to enable them to purchase or
26 construct permanent homes which are typhoon resistant. All
27 loans for the purchase or construction of such homes shall
28 not exceed Forty-Eight Thousand Dollars (\$48,000). An
29 additional sum of not to exceed Five Thousand Dollars
30 (\$5,000) may be borrowed for the purchase of land upon which
31 the building is to be constructed."