



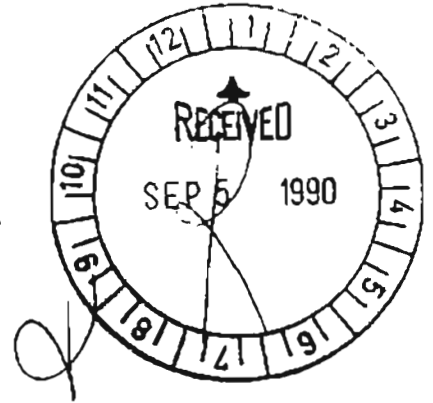
*Territory of Guam*  
*Territorio de Guam*

OFFICE OF THE GOVERNOR  
L'FISINAN I MAGA'LAHI  
AGANA, GUAM 96910 U.S.A

SEP 5 1990

The Honorable Joe T. San Agustin  
Speaker, Twentieth Guam Legislature  
155 Herman Cortez Street  
Agana, Guam 96910

*Receiv[il]*



Dear Mr. Speaker:

Transmitted herewith is Bill No. 1387, which I signed into law on August 22, 1990,  
as Public Law No. 20-210.

Sincerely,

*Joseph F. Ada*  
JOSEPH F. ADA  
Governor

Attachment

201172

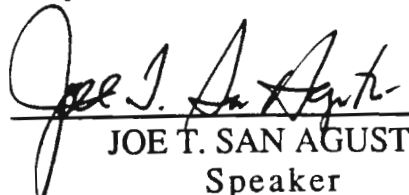


Commonwea!

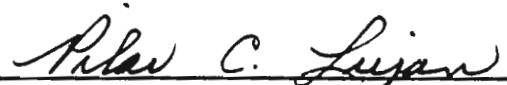
TWENTIETH GUAM LEGISLATURE  
1990 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR


This is to certify that Substitute Bill No. 1387 (LS), "AN ACT TO AUTHORIZE THE GOVERNOR OF GUAM TO LEND THE GUAM HOUSING CORPORATION THREE MILLION DOLLARS TO PROVIDE LOW INTEREST LOANS TO QUALIFIED MIDDLE AND LOW INCOME FAMILIES FOR THE PURCHASE OR CONSTRUCTION OF HOMES, TO APPROPRIATE SUCH SUM FOR SUCH LOAN, AND TO REPEAL AND REENACT SUBSECTION (C) OF TITLE 12, GUAM CODE ANNOTATED, IN CONNECTION THEREWITH," was on the 1st day of August, 1990, duly and regularly passed.

  
\_\_\_\_\_  
JOE T. SAN AGUSTIN  
Speaker

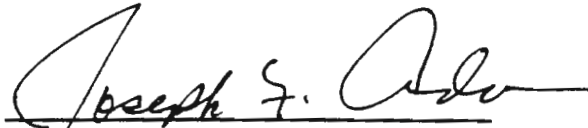
Attested:

  
\_\_\_\_\_  
PILAR C. LUJAN  
Senator and Legislative Secretary

-----  
This Act was received by the Governor this 10<sup>th</sup> day of August, 1990, at  
11:25 o'clock A.m.

  
\_\_\_\_\_  
Assistant Staff Officer  
Governor's Office

APPROVED:

  
\_\_\_\_\_  
JOSEPH F. ADA  
Governor of Guam

Date: August 22, 1990

Public Law No. 20-210

TWENTIETH GUAM LEGISLATURE  
1989 (FIRST) Regular Session

Bill No. 1387 (LS)  
As amended by the Committee on  
Housing & Community Development;  
and further substituted by the  
Committee on Rules

Introduced by:

F. R. Santos  
C. T. C. Gutierrez  
T. S. Nelson

---

P. C. Lujan  
E. P. Arriola  
M. Z. Bordallo  
H. D. Dierking  
G. Mailloux  
D. Parkinson  
F. J. A. Quitugua  
E. D. Reyes  
J. T. San Agustin  
J. P. Aguon  
J. G. Bamba  
D. F. Brooks  
E. R. Duenas  
E. M. Espaldon  
M. D. A. Manibusan  
M. C. Ruth  
T. V. C. Tanaka  
A. R. Unpingco

AN ACT TO AUTHORIZE THE GOVERNOR OF GUAM  
TO LEND THE GUAM HOUSING CORPORATION  
THREE MILLION DOLLARS TO PROVIDE LOW  
INTEREST LOANS TO QUALIFIED MIDDLE AND  
LOW INCOME FAMILIES FOR THE PURCHASE OR  
CONSTRUCTION OF HOMES, TO APPROPRIATE

SUCH SUM FOR SUCH LOAN, AND TO REPEAL AND  
REENACT SUBSECTION (C) OF TITLE 12, GUAM  
CODE ANNOTATED, IN CONNECTION THEREWITH.

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

2 Section 1. Legislative findings. In order to provide low interest loans  
3 to its qualified customers, the Guam Housing Corporation (the "Corporation")  
4 must obtain low cost lending capital. The Corporation may acquire funds  
5 from private sources or through the issuance of tax exempt bonds but these  
6 potential sources of lending capital can only be obtained at market rates with  
7 the resultant effect that the Corporation's loans to qualified new borrowers  
8 would have to be at interest rates exceeding the rates at which the lending  
9 capital is borrowed. The need for low interest rate loans for middle and low  
10 income families would, thus, not be answered.

11 Since housing costs have risen beyond the reach of most Guam  
12 residents, the only way to make housing more affordable without disrupting  
13 the real estate market is to make low interest mortgage financing available to  
14 low and moderate income families and individuals. A low interest  
15 government loan to the Corporation will make it possible for the Corporation  
16 to make low interest mortgage loans to its customers.

17 Section 2. Authorization. The Governor of Guam may lend to the  
18 Corporation from the Fiscal Year 1991 General Fund revenues, Three Million  
19 Dollars (\$3,000,000), which sum is hereby appropriated from such Fiscal Year  
20 revenues of the General Fund to the Department of Administration for such  
21 loan.

22 Section 3. Purpose. The sole purpose of the loan authorized in Section  
23 2 shall be to enable the Corporation to make low interest loans to its qualified  
24 borrowers. Such loans shall be for the purchase or construction of a home  
25 under the Corporation's lending programs as authorized in Chapter 4, Title 12,  
26 Guam Code Annotated.

27 Section 4. Terms and conditions. The loan authorized in Section 2  
28 hereof shall bear interest at the rate of four percent (4%) per annum and shall  
29 be repaid to the Guam Housing Corporation Revolving Loan Fund created in

1 Section 8 hereof, in two hundred and forty (240) equal monthly payments of  
2 principal and interest, the first payment to commence one (1) year after the  
3 date of enactment hereof.

4 Section 5. Loans to be made: rate of interest. The loans to be made by  
5 the Corporation to its qualified moderate and low income families and  
6 individuals shall bear interest at the rate of six percent (6%) per annum. All  
7 other terms and conditions shall be accordance with the Corporation's lending  
8 programs as authorized in Chapter 4, Title 12, Guam Code Annotated.

9 Section 6. Event of Default. If the Corporation fails to make any  
10 payment to the Guam Housing Corporation Revolving Loan Fund within ninety  
11 (90) days after the date such payment becomes due, the loan shall be  
12 considered in default. The Governor, in the event of default, shall declare the  
13 loan to be in default and shall exercise whatever authority and remedies are  
14 necessary to remedy said default. Such remedies shall include, but shall not  
15 be limited to, taking ownership of any or all mortgages made from the  
16 proceeds of the loan authorized herein.

17 Section 7. Debt instruments and governing laws. The debt instruments  
18 issued in connection with this Act shall be governed by and construed in  
19 accordance with the laws of Guam. The debt shall be evidenced by a  
20 promissory note and other necessary debt instruments to be prepared by the  
21 Attorney General and executed by the Governor on behalf of the government  
22 of Guam and the President and Chairman of the Board of Directors of the  
23 Corporation on behalf of the Corporation.

24 Section 8. Guam Housing Corporation Revolving Loan Fund. There is  
25 hereby created a Guam Housing Corporation Revolving Loan Fund (the "Fund")  
26 for the purpose of providing future loans to the Corporation. All payments of  
27 principal and interest made by and received from the Corporation as payment  
28 of the loan authorized by Section 2 of this Act shall be deposited in the Fund.

29 Section 9. Against commingling. Revenues and proceeds in the Fund  
30 shall not be commingled with any other funds of the government of Guam  
31 and shall not be used for any purpose other than those authorized and stated  
32 herein.

33 Section 10. Interest. Interest earned by the Fund, from whatever  
34 source, shall be retained by the Fund.

1 Section 11. Fund maintenance and administration. The Fund shall be  
2 maintained and administered by the Director of Administration.

3 Section 12. Loans from Fund. The Governor may, from time to time,  
4 enter into an agreement with the Corporation for additional loans from the  
5 Fund. Such loans shall be for the purpose of making loans under the  
6 Corporation's lending programs as allowed by Chapter 4, Title 12, Guam Code  
7 Annotated. Such loans shall bear interest at the rate of four percent (4%) per  
8 annum and shall be for periods not exceeding twenty (20) years. All  
9 principal and interest payments on loans made under this section shall be to  
10 the Fund. Loans made by the Corporation to its qualified moderate and low  
11 income borrowers from the proceeds of loans made to the Corporation  
12 hereunder shall bear interest at the rate of six percent (6%) per annum.

13 Section 13. Subsection (c) of §4103 of Chapter 4, Title 12, Guam Code  
14 Annotated, is hereby repealed and re-enacted to read:

15 "(c) To encourage and engage in low and moderate income  
16 housing activities, including development of residential subdivisions;  
17 construction of housing for rental or resale, and to make loans to any  
18 person for the purchase, construction, improvement or repair of a home.  
19 All loans so made shall be of such sound value or so secured as  
20 reasonably to assure repayment, taking into consideration the policy of  
21 the Legislature that the lending powers of the Guam Housing  
22 Corporation (the "Corporation") shall be administered as a means of  
23 accomplishing the purposes stated in §4101 of this Chapter, and shall  
24 bear interest at a rate to be determined by the Board of Directors of the  
25 Corporation but not exceeding the Federal Housing Administration rate.

26 Loans should be made to the residents of Guam to enable them to  
27 purchase or construct permanent homes which are typhoon resistant.  
28 All loans for the purchase or construction of such homes shall not  
29 exceed Eighty Thousand Dollars (\$80,000). An additional sum, not to  
30 exceed Fifty Thousand Dollars (\$50,000), may be borrowed for the  
31 purchase of land upon which the building is to be constructed. If the  
32 borrower already owns land upon which to construct a building, the  
33 Fifty Thousand Dollars (\$50,000) to purchase land may be applied for  
34 purchase or construction of a building. Loans shall be given only to

1 residents who have been unable to obtain conventional financing from  
2 commercial lending institutions, including but not limited to banks and  
3 savings and loan associations. At least three (3) written loan refusals  
4 from commercial lending institutions shall be presented upon  
5 application for a Corporation loan."

TWENTIETH GUAM LEGISLATURE  
1989 (FIRST) Regular Session

ROLL CALL SHEET

Bill No. 1387

Date: 8/1/90

Resolution No. \_\_\_\_\_

QUESTION: \_\_\_\_\_

	<u>AYE</u>	<u>NAY</u>	<u>NOT VOTING</u>	<u>ABSENT</u>
J. P. Aguon	✓			
E. P. Arriola	✓			
J. G. Bamba	✓			
M. Z. Bordallo	✓			
D. F. Brooks	✓			
H. D. Dierking	✓			
E. R. Duenas	✓			
E. M. Espaldon				✓
C. T. C. Gutierrez	✓			
P. C. Lujan	✓			
G. Mailloux	✓			
M. D. A. Manibusan	✓			
T. S. Nelson	✓			
D. Parkinson	✓			
F. J. A. Quitugua	✓			
E. D. Reyes	✓			
M. C. Ruth	✓			
J. T. San Agustin	✓			
F. R. Santos	✓			
T. V. C. Tanaka	✓			
A. R. Unpingco	✓			

(20)

(1)





# SENATOR GORDON MAILLOUX

CHAIRMAN, COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT  
TWENTIETH GUAM LEGISLATURE

July 27, 1990

Vice-Chairman on the committee on Health, Welfare and Ecology

Member of the Committees on:

• Tourism, Transportation and Communications

• General Governmental Operation

• Economic Development

• Justice, Judiciary & Criminal Justice

• Energy, Utilities and Consumer Protection

• Youth, Human Resources, Senior Citizen & Cultural Affairs

Ethics

Honorable Joe T. San Agustin  
Speaker, Twentieth Guam Legislature  
163 Chalan Santo Papa  
Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Housing and Community Development to which was referred Bill No. 1387 (LS), "AN ACT TO AUTHORIZE THE GOVERNOR OF GUAM TO LEND AND THE GUAM HOUSING CORPORATION TO BORROW FROM THE GENERAL FUND THE SUM OF SIX MILLION DOLLARS (\$6,000,000) FOR THE PURPOSE OF PROVIDING LOW INTEREST LOANS TO QUALIFIED MIDDLE AND LOW INCOME FAMILIES FOR THE PURCHASE AND/OR CONSTRUCTION OF HOMES", hereby recommends Bill No. 1387 to pass by the Twentieth Guam Legislature.

The Committee votes are as follows:

To Do Pass :	8
To Not Pass :	0
To Report Out Only :	0
To Place in Inactive File :	0
Not Available for Voting :	3

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

Sincerely,

  
GORDON MAILLOUX

Enclosures  
GM/pjb

COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

VOTE SHEET - BILL NO.1387

"AN ACT TO AUTHORIZE THE GOVERNOR OF GUAM TO LEND AND THE GUAM HOUSING CORPORATION TO BORROW FROM THE GENERAL FUND THE SUM OF SIX MILLION DOLLARS (\$6,000,000) FOR THE PURPOSE OF PROVIDING LOW INTEREST LOANS TO QUALIFIED MIDDLE AND LOW INCOME FAMILIES FOR THE PURCHASE AND/OR CONSTRUCTION OF HOMES"

<u>MEMBERS</u>	<u>TO DO PASS</u>	<u>TO NOT PASS</u>	<u>REPORT OUT ONLY</u>	<u>INACTIVE FILE</u>
<u><i>Gordon Mailloux</i></u> GORDON MAILLOUX Chairman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>MADELEINE Z. BORDALLO</u> Vice-Chairperson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>JOHN P. AGUON</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u><i>E. Arriola</i></u> ELIZABETH P. ARRIOLA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u><i>P. Lujan</i></u> PILAR C. LUJAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u><i>T. S. Nelson</i></u> TED S. NELSON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>DON PARKINSON</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u><i>E. D. Reyes</i></u> EDWARD D. REYES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u><i>F. R. Santos</i></u> FRANCISCO R. SANTOS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>J. GEORGE BAMBA</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>MARILYN D.A. MANIBUSAN</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

PUBLIC HEARING MINUTES - BILL NO. 1387

AN ACT TO AUTHORIZE THE GOVERNOR OF GUAM TO LEND AND THE GUAM HOUSING CORPORATION TO BORROW FROM THE GENERAL FUND THE SUM OF SIX MILLION DOLLARS (\$6,000,000) FOR THE PURPOSE OF PROVIDING LOW INTEREST LOANS TO QUALIFIED MIDDLE AND LOW INCOME FAMILIES FOR THE PURCHASE AND/OR CONSTRUCTION OF HOMES.

DATE: JUNE 8, 1990  
TIME: 9:00 A.M.  
PLACE: LEGISLATIVE CONFERENCE ROOM  
PACIFIC ARCADE BUILDING

**MEMBERS PRESENT:** Chairman Senator Gordon Mailloux,  
Vice-Chairperson Madeleine Z. Bordallo

**WITNESSES PRESENT:** Mr. Peter Leon Guerrero, President, Guam Housing Corporation; Frank Palomo, Guam Housing Corporation

**SUMMARY OF TESTIMONIES**

Mr. Leon Guerrero submitted testimony in writing endorsing the Bill in its entirety. Mr. Frank Palomo also endorsed the Bill. Mr. Elmore Cotton, Vice-President of the Guam Board of Realtors submitted written testimony supporting the Bill. The Bureau of Budget and Management Research submitted a fiscal impact report which stated that there would be a fiscal impact once the program outlined in the Bill is implemented. It states that a revenue loss equivalent to the difference between the proposed interest rate and what GHC would charge in its current lending program would have to be anticipated.

**FINDINGS/RECOMMENDATIONS**

Bill No. 1387 addresses the funding aspects of affordable housing loans thoroughly. Documentation by GHC states that the Bill is workable for GHC and addresses the source of funds for low cost housing loans. Amendments made to the Bill are to clarify who a qualified applicant is and to ensure that the Bill addresses the needs of residential home buyers. Therefore, the Committee on Housing and Community Development recommends to Pass Bill No. 1387, as Amended, by the Twentieth Guam Legislature.

**ATTACHMENTS:**

1. BILL NO. 1387, AS AMENDED BY THE COMMITTEE
2. BILL NO. 1387, AS REFERRED TO THE COMMITTEE
3. TESTIMONY OF MR. PETER LEON GUERRERO, PRESIDENT OF GUAM

HOUSING CORPORATION.

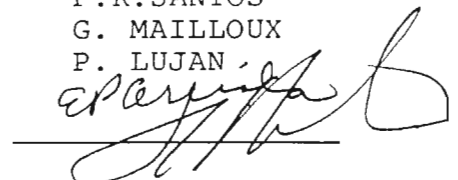
4. TESTIMONY OF MR. ELMORE COTTON, GUAM BOARD OF REALTORS
5. FISCAL IMPACT REPORT FROM THE BUREAU OF BUDGET AND  
MANAGEMENT RESEARCH
6. ATTENDANCE SHEET

TWENTIETH GUAM LEGISLATURE  
SECOND REGULAR (1990) SESSION

BILL NO. 1387(LS) (AMENDED)

INTRODUCED BY:

F.R.SANTOS  
G. MAILLOUX  
P. LUJAN



AN ACT TO AUTHORIZE THE GOVERNOR OF GUAM TO LEND AND THE  
GUAM HOUSING CORPORATION TO BORROW FROM THE GENERAL FUND THE  
SUM OF SIX MILLION DOLLARS (\$6,000,000) FOR THE PURPOSE OF  
PROVIDING LOW INTEREST LOANS TO QUALIFIED MIDDLE AND LOW  
INCOME FAMILIES FOR THE PURCHASE AND/OR CONSTRUCTION OF  
HOMES.

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

1 Section 1. Legislative Finding. In order to provide  
2 low interest loans to its qualified [customers] clients  
3 the Guam Housing Corporation ("Corporation") must  
4 acquire funds from private sources or through the  
5 issuance of tax exempt bonds, but these potential  
6 sources of lending capital can only be obtained at  
7 market rates with the resultant effect that the  
8 Corporation's loans to qualified new borrowers would  
9 have to be at interest rates exceeding the rates at  
10 which the lending capital is borrowed. The need for  
11 low interest rate loans for middle and low income  
12 families would, thus, not be resolved. Since housing  
13 costs have risen beyond the reach of most Guam  
14 residents, the only way to make housing more affordable  
15 without disrupting the real estate market is to make  
16 low interest mortgage financing available to low and  
17 moderate income families and individuals. A low

1 interest government loan to the Corporation will make  
2 it possible for the Corporation to make low interest  
3 mortgage loans to its [customers] clients.

4 **Section 2. Authorization.** The Governor of Guam may  
5 lend and the Corporation may borrow, from the Fiscal  
6 Year 1990 General Fund revenues, the sum of **SIX**  
7 **MILLION DOLLARS (\$6,000,000)**.

8 **Section 3. Purpose.** The sole purpose of the loan,  
9 authorized in Section 2 hereof, shall be to enable and  
10 permit the Corporation to make low interest loans  
11 available to its qualified borrowers. Such loans shall  
12 be for the purchase or construction of a home under the  
13 Corporation's lending programs as authorized in Title  
14 XII GCA Chapter 4.

15 **Section 4. Terms and Conditions.** The loan authorized  
16 in Section 2 hereof, shall bear interest at a rate of  
17 four percent (4%) per annum, and shall be repaid to the  
18 Guam Housing Corporation Revolving Loan Fund Account,  
19 as created and established in Section 8 hereof, in two  
20 hundred forty equal monthly payments of **THIRTY SIX**  
21 **THOUSAND THREE HUNDRED FIFTY EIGHT DOLLARS AND EIGHTY**  
22 **TWO CENTS (\$36,358.82)**, the first payment to commence  
23 one year after the date of enactment hereof.

24 **Section 5. Loans to be Made. Rate of Interest.** The  
25 loans to be made by the Corporation to its qualified  
26 moderate and low income families and individuals, shall  
27 bear an annual rate of interest of six percent (6%).

1 All other terms and conditions shall be in accordance  
2 with the Corporation's lending programs as authorized  
3 in Title XII GCA Chapter 4.

4 **Section 6. Event of Default.** If the Corporation fails  
5 to make payment to the Housing Revolving Loan Fund  
6 Account within ninety days (90) after the date such  
7 payment becomes due, the law shall be considered in  
8 default. The Governor, in the event of default, shall  
9 declare the loan to be in default and shall exercise  
10 whatever authority and remedies necessary to remedy  
11 said default. Such remedy shall include, but shall  
12 not be limited to, taking ownership of any or all  
13 mortgages made from the proceeds of the loan authorized  
14 herein.

15 **Section 7. Debt Instruments and Governing Laws.** The  
16 debt instruments therefor shall be governed by and  
17 construed in accordance with the laws of Guam. The  
18 debt shall be evidenced by a promissory note and other  
19 necessary debt instruments to be prepared by the  
20 Attorney General and executed by the Governor on behalf  
21 of the Government of Guam and the President and  
22 Chairman of the Board of Directors of the Corporation  
23 on behalf of the Corporation.

24 **Section 8. Guam Housing Corporation Revolving Loan**  
25 **Fund (GHCRLF).** There is hereby created a Guam Housing  
26 Corporation Loan Fund for the purpose of providing

1 future loans to the Corporation. All payments of  
2 principal and interest made by and received from the  
3 Corporation as payment of the loan authorized herein,  
4 shall be deposited in the Guam Housing Corporation  
5 Revolving Loan Fund Account.

6 **Section 9. Against Commingling.** Revenues and Proceeds  
7 in the GHCRLF shall not be commingled with any other  
8 funds of the Government of Guam and shall not be used  
9 for any purpose other than those authorized and stated  
10 herein.

11 **Section 10. Interest Earnings.** Interest earned by the  
12 GHCRLF, from whatever source, shall be retained by the  
13 fund.

14 **Section 11. Fund Maintenance and Administration.** The  
15 GHCRLF shall be maintained and administered by the  
16 Director of Administration.

17 **Section 12. Loans from GHCRLF.** The Governor may, from  
18 time to time, enter into an agreement with the  
19 Corporation for additional loans for GHCRLF. Such  
20 loans shall be for the purpose of making loans under  
21 the Corporation's lending programs as allowed by Title  
22 XII GCA Chapter 4. Such loans shall bear an annual  
23 interest rate of Four Percent (4%) and shall be for  
24 periods not exceeding twenty (20) years. The repayment  
25 of principle and interest of loans made hereunder shall  
26 revert to the GHCRLF. Loans made by the Corporation  
27 to its qualified moderate and low income borrowers from



1 the proceeds of loans made to the Corporation  
2 hereunder, shall bear an annual interest rate not to  
3 exceed six percent (6%).

4 **Section 13.** Section 4103 c) of 12 GCA Chapter 4 is  
5 hereby repealed and re-enacted to read:

6 (c) To encourage and engage in low and moderate income  
7 housing activities, including development of  
8 residential subdivisions, construction of housing for  
9 rental and resale, and to make loans to any person  
10 or family who qualifies for the purchase,  
11 construction, improvement or repair of a home  
12 or condominium. All loans so made shall be of such  
13 sound value or so secured as reasonably to assure  
14 repayment, taking into consideration the policy of the  
15 Legislature that the lending powers of the Corporation  
16 shall be administered as a means of accomplishing the  
17 purposes stated in Section 4101 of the Chapter, and  
18 shall bear interest at a rate to be determined by the  
19 Board of Directors of the Guam Housing Corporation but  
20 not exceeding the Federal Housing Administration rate.  
21 Loans should be made to the residents of Guam,  
22 to enable them to purchase homes or condominiums  
23 or to construct permanent homes which are  
24 typhoon resistant. All loans for the purchase or  
25 construction of such homes shall not exceed **EIGHTY**  
26 **THOUSAND DOLLARS (\$80,000).** An additional sum, not to  
27 exceed **FIFTY THOUSAND DOLLARS (\$50,000)** may be borrowed

1 for the purchase of land upon which the building is to  
2 constructed. If the borrower already owns land upon  
3 which to construct a building, the **FIFTY THOUSAND**  
4 **DOLLARS (\$50,000)** to purchase land may be applied for  
5 purchase or construction of a building. Loans shall  
6 be given only to residents who have been unable to  
7 obtain conventional financing from commercial lending  
8 institutions including but not limited to banks and  
9 savings and loan associations. At least three (3)  
10 written loan refusals from commercial lending  
11 institutions shall be presented upon application for a  
12 Guam Housing Corporation loan.

/ / / / / / / / / / / /

APR 23 '90

TWENTIETH GUAM LEGISLATURE  
SECOND REGULAR (1990) SESSION

Bill No. 1387 (LG)

Introduced by:

F.R. Santos  
*[Signature]*

AN ACT TO AUTHORIZE THE GOVERNOR OF GUAM TO LEND AND THE GUAM HOUSING CORPORATION TO BORROW FROM THE GENERAL FUND THE SUM OF SIX MILLION DOLLARS (\$6,000,000) FOR THE PURPOSE OF PROVIDING LOW INTEREST LOANS TO QUALIFIED MIDDLE AND LOW INCOME FAMILIES FOR THE PURCHASE AND/OR CONSTRUCTION OF HOMES.

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

1       **Section 1. Legislative Finding.** In order to provide low interest  
2 loans to its qualified customers, the Guam Housing Corporation  
3 ("Corporation") must acquire low cost lending capital. The Corporation  
4 may acquire funds from private sources or through the issuance of tax  
5 exempt bonds but these potential sources of lending capital can only be  
6 obtained at market rates with the resultant effect that the Corporation's  
7 loans to qualified new borrowers would have to be at interest rates  
8 exceeding the rates at which the lending capital is borrowed. The need for  
9 low interest rate loans for middle and low income families would, thus,  
10 not be resolved.

11       Since housing costs have risen beyond the reach of most Guam  
12 residents, the only way to make housing more affordable without  
13 disrupting the real estate market is to make low interest mortgage  
14 financing available to low and moderate income families and individuals. A  
15 low interest government loan to the Corporation will make it possible for  
16 the Corporation to make low interest mortgage loans to its customers.

17  
18       **Section 2. Authorization.** The Governor of Guam may lend and  
19 the Corporation may borrow, from the Fiscal Year 1990 General Fund  
20 revenues, the sum of **SIX MILLION DOLLARS (\$6,000,000.00).**

1           **Section 3. Purpose.** The sole purpose of the loan, authorized in  
2 Section 2 hereof, shall be to enable and permit the Corporation to make  
3 low interest loans available to its qualified borrowers. Such loans shall  
4 be for the purchase or construction of a home under the Corporation's  
5 lending programs as authorized in Title XII GCA Chapter 4.  
6

7           **Section 4. Terms and Conditions.** The loan authorized in  
8 Section 2 hereof shall bear interest at a rate of four percent (4%) per  
9 annum, and shall be repaid to the Guam Housing Corporation Revolving Loan  
10 Fund Account, as created and established in Section 8 hereof, in two  
11 hundred and forty equal monthly payments of THIRTY SIX THOUSAND THREE  
12 HUDRED FIFTY EIGHT DOLLARS AND EIGHTY TWO CENTS (\$36,358.82), the  
13 first payment to commence one year after the date of enactment hereof.  
14

15           **Section 5. Loans to be Made: Rate of Interest.** The loans to  
16 made by the Corporation to its qualified moderate and low income  
17 families and individuals shall bear an annual rate of interest of Six  
18 percent (6%). All other terms and conditions shall be accordance with the  
19 Corporation's lending programs as authorized in Title XII GCA Chapter 4.  
20

21           **Section 6. Event of Default.** If the Corporation fails to make  
22 payment to the Housing Revolving Loan Fund Account within ninety days  
23 (90) after the date such payment becomes due, the loan shall be  
24 considered in default. The Governor, in the event of default, shall declare  
25 the loan to be in default and shall exercise whatever authority and  
26 remedies necessary to remedy said default. Such remedy shall include,  
27 but shall not be limited to, taking ownership of any or all mortgages made  
28 from the proceeds of the loan authorized herein.  
29

30           **Section 7. Debt Instruments and Governing Laws.** The debt  
31 instruments herefor shall be governed by and construed in accordance with  
32 the laws of Guam. The debt shall be evidenced by a promissory note and  
33 other necessary debt instruments to be prepared by the Attorney General  
34 and executed by the Governor on behalf of the Government of Guam and the  
35 President and Chairman of the Board of Directors of the Corporation in  
36 behalf of the Corporation.

1           Section 8. Guam Housing Corporation Revolving Loan Fund  
2 (GHCRLF). There is hereby created a Guam Housing Corporation Revolving  
3 Loan Fund for the purpose of providing future loans to the Corporation. All  
4 payments of principal and interest made by and received from the  
5 Corporation as payment of the loan authorized herein, shall be deposited in  
6 the Guam Housing Corporation Revolving Loan Fund Account.

7  
8           Section 9. Against Commingling. Revenues and Proceeds in the  
9 the GHCRLF shall not be commingled with any other funds of the  
10 Government of Guam and shall not be used for any purpose other than those  
11 authorized and stated herein.

12  
13           Section 10. Interest Earnings. Interest earned by the GHCRLF,  
14 from whatever source, shall be retained by the fund.

15  
16           Section 11. Fund Maintenance and Administration. The  
17 GHCRLF shall be maintained and administered by the Director of  
18 Administration.

19  
20           Section 12. Loans From GHCRLF. The Governor may, from  
21 time to time, enter into an agreement with the Corporation for additional  
22 loans from the GHCRLF. Such loans shall be for the purpose of making  
23 loans under the Corporation's lending programs as allowed by Title XII GCA  
24 Chapter 4. Such loans shall bear an annual interest rate of Four per cent  
25 (4%) and shall be for periods not exceeding Twenty (20) years. The  
26 repayment of principal and interest of loans made hereunder shall revert  
27 to the GHCRLF. Loans made by the Corporation to its qualified moderate  
28 and low income borrowers from the proceeds of loans made to the  
29 Corporation hereunder, shall bear an annual interest rate not to exceed SIX  
30 percent (6%).

31  
32           Section 13. Section 4103 (c) of 12 GCA Chapter 4 is hereby  
33 repealed and re-enacted to read:

34  
35           “(c) To encourage and engage in low and moderate income  
36 housing activities, including development of residential subdivisions,

1 construction of housing for rental or resale, and to make loans to any  
2 person for the purchase, construction, improvement or repair of a home.  
3 All loans so made shall be of such sound value or so secured as reasonably  
4 to assure repayment, taking into consideration the policy of the  
5 Legislature that the lending powers of the Housing Corporation shall be  
6 administered as a means of accomplishing the purposes stated in Section  
7 4101 of this Chapter, and shall bear interest at a rate to be determined by  
8 the Board of Directors of the Guam Housing Corporation but not exceeding  
9 the Federal Housing Administration rate.

10

11           Loans should be made to the residents of Guam to enable them  
12 to purchase or construct permanent homes which are typhoon resistant.  
13 All loans for the purchase or construction of such homes shall not exceed  
14 **EIGHTY THOUSAND DOLLARS (\$80,000)**. An additional sum, not to  
15 exceed **FIFTY THOUSAND DOLLARS (\$50,000)** may be borrowed for the  
16 purchase of land upon which the building is to be constructed. If the  
17 borrower already owns land upon which to construct a building, the **FIFTY**  
18 **THOUSAND DOLLARS (\$50,000)** to be applied to purchase land may be  
19 applied for purchase or construction of a building. Loans shall be given  
20 only to residents who have been unable to obtain conventional financing  
21 from commercial lending institutions including but not limited to banks  
22 and savings and loan associations. At least three (3) written loan  
23 refusals from commercial lending institutions shall be presented upon  
24 application for a Guam Housing Corporation loan.

TESTIMONY ON BILL NO. 1387 BEFORE THE  
COMMITTEE ON HOUSING & COMMUNITY DEVELOPMENT  
The Honorable Gordon Mailloux Chairman  
and  
THE COMMITTEE ON GENERAL GOVERNMENTAL OPERATIONS  
The Honorable Ted S. Nelson, Chairman  
20th Guam Legislature

Submitted by:  
Peter J. Leon Guerrero  
President, Guam Housing Corporation  
June 8, 1990

Mr. Chairmen, and members of the Committees on Housing and Community Development and General Governmental Operations, I am Peter J. Leon Guerrero, President of Guam Housing Corporation. I am here to offer comments in favor of Bill No. 1387.

I would like to commend the bill's sponsor Senator Frank Santos for being so cognizant of the problems of affordable housing on Guam in developing this timely piece of legislation that will help GHC borrowers secure low cost loans to buy or build the home of their dreams.

Bill 1387 would achieve four main objectives: (1) it would give GHC sufficient lending capital to take care of its existing list of pending applications, (2) it would raise GHC's lending limit from \$100,000 to \$130,000, (3) it would provide GHC with a continual source of low cost lending capital, and (4) because the bill would allow GHC to make loans at rates of 6.00%, it would result in

substantially lower mortgage payments for GHC's borrowers. GHC fully supports all of these objectives.

Although GHC is continually looking for new sources of capital to refinance its debts and make low interest loans to its borrowers, the conditions accurately stated under the Legislative findings in Section 1 of this bill have made it nearly impossible for GHC to find low cost lending Capital. In the past it was possible for GHC to secure low cost lending capital via tax exempt loans or bonds. Congress recently changed the Internal Revenue Code so that GHC would be required to adhere to its stringent criteria to use tax exemptions as a means for acquiring low interest loans.

Last month, GHC solicited through GEDA a request for proposals for \$40,000,000 to refinance a portion of its high interest long-term debt and to secure new lending capital. As of the deadline for submission, there were no interested parties. This means that GHC will eventually have to look for other alternatives and that process could take time. Meanwhile the list of pending applications will continue to grow.

Passage of this bill will provide GHC with enough lending capital to meet the current demand and buy some time while GHC attempts to acquire approximately \$19




Testimony on Bill 1387  
Page Three of Three

million to refinance a portion of its corporate debt and approximately \$10 to \$15 million in new lending capital to meet the demand for new mortgages over the next two years.

GHC currently has 111 loan applications totalling \$8,064,500 under various stages of processing as of April 30th of this year. I estimate that this figure will grow by approximately \$500,000 or more each month. We also expect that as land prices and construction costs rise, it will become increasingly more difficult for GHC to assist families and individuals in need of low cost mortgage financing unless GHC can make larger loans at lower rates.

Once again, GHC fully supports the passage of Bill 1387 in its entirety and we urge these Committees and the entire legislature to act favorably on this bill as presented.

Mr. Chairmen, Thank you for this opportunity to comment on this measure. Should you have questions or concerns I will respond as best I can at this time.



Peter J. Leon Guerrero



# GUAM BOARD OF REALTORS®

The Voice for Real Estate on Guam



Tony Artero, President  
Elmore Cotton, V. President

P. O. Box GV Agana, GU 96910 Ph (671) 477-1985

Vera Hogan, Secretary  
Cathy Mateo, Treasurer

## The Twentieth Guam Legislature

Friday, June 8, 1990

### Members of the Legislature:

As Vice-President of the Guam Board of Realtors®, it is my distinguished pleasure to announce the board's support for Bill Number 1380 introduced by Senator Frank Santos, and Bill Number 1285, introduced at the request of the Governor of Guam.


The Guam Board of Realtors® acknowledge that there is an affordable housing issue. Much of today's market is represented by housing that is beyond the financial capability of many Guam residents in the middle and low income ranges. All of Guam's Realtors® will continue to support legislation aimed at resolving this problem.

We commend Senator Santos for introducing Bill 1380 as a means to address the problem of affordable housing for low and moderate income families. By authorizing a low interest loan to the Guam Housing Corporation for the purpose of extending low-interest loans to the people of Guam, many qualified individuals and families will have the opportunity to buy or build a quality home and pay significantly less than market interest rates on their mortgage.

We are truly amazed at the effort put forth in the bill requested by Governor Ada. With the flexibility that the CAHAT program provides, it *will* make a significant impact on the current situation, and allow for a greater number of Guam's people to make "the Great American Dream" of owning their own home a sincere reality.

We only have one concern that can be alleviated by additional clarification written in the language of both bills. And that is, that condominiums be specified as a form of housing to which these programs may apply. Our reasoning stems from the fact that, in an attempt to aid Guam's land conservation effort, the current development trend leans towards condominiums as a form of housing. With interest rates the way they are, many of these condominiums command a steeper rental return than the general public is able to handle. With legislation designed to make it easier to buy these condos, we are certain that many of the same families and individuals who currently find it impossible to rent, will be able to own one outright.

Sincerely,



Elmore A. Cotton

Bill No. 1387

Date Received 06/04/90

Amendatory Bill Yes  No

Date Reviewed 06/11/90

Department/Agency Affected: Guam Housing Corporation

Department/Agency Head: Peter Leon Guerrero

Total Fiscal Year Appropriation: -0-

Bill Title (concise): AN ACT TO AUTHORIZE THE GOVERNOR OF GUAM TO LEND AND THE GUAM HOUSING CORPORATION TO BORROW FROM THE GENERAL FUND THE SUM OF SIX MILLION DOLLARS (\$6,000,000) FOR THE PURPOSE OF PROVIDING LOW INTEREST LOANS TO QUALIFIED MIDDLE AND LOW INCOME FAMILIES FOR THE PURCHASE AND/OR CONSTRUCTION OF HOMES.

Change in Law: N/A

Bill Attempts to:

Bill is for:

- Increase Program Funding
- Decrease Program Funding
- Reallocate Present Program Funding

- Operations
- Capital Improvement
- Other

FINANCIAL/PROGRAM IMPACT

PROGRAM CATEGORIES	Minimum Estimated Required Funds (For Five Years)		
	GENERAL FUND	FEDERAL	OTHER
Public Corporation	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
GRAND TOTAL	_____	_____	_____

ESTIMATED MULTI-YEAR FUND REQUIREMENTS

SOURCES	1st	2nd	3rd	4th	5th
General Fund	_____	_____	_____	_____	_____
Federal	_____	_____	_____	_____	_____
Other Fund	_____	_____	_____	_____	_____
GRAND TOTAL	_____	_____	_____	_____	_____

ESTIMATED MULTI-YEAR REALIZED REVENUES

SOURCES	1st	2nd	3rd	4th	5th
General Fund	See Attached.	_____	_____	_____	_____
Federal	_____	_____	_____	_____	_____
Other Fund	_____	_____	_____	_____	_____
GRAND TOTAL	_____	_____	_____	_____	_____

*J. Rivera*  
J. Jess Rivera  
 PROGRAM ANALYST

*Michael J. Reidy*  
MICHAEL J. REIDY  
 DIRECTOR

Date Review Terminated: 6/11/90

COMMENTS:

COMMENTS ON BILL NO. 1387

The Bill authorizes the Government to lend \$6,000,000 to the Guam Housing Corporation (GHC) for the purpose of making available, low mortgage loans to eligible applicants.

Fiscal Impact would be apparent when GHC implements the loan program pursuant to this Act. Since the maximum mortgage rate under this program is 6%, a revenue loss equivalent to the difference between the proposed rate and what GHC is charging in its current lending program is anticipated.

<u>AMORT. SCHEDULE:</u>	<u>20 YEARS</u>	<u>20 YEARS</u>	<u>REVENUE LOSS</u>
Principal:	\$6,000,000	\$6,000,000	
Interest:	6.00	11.00	
Periods:	0	0	
Payment:	42,986	61,931	
Interest Paid:	4,315,607	8,863,513	(\$4,546,906)
Compound /Year:	12	12	

Status of General Fund Revenues vs. Appropriations:

Revenue Estimate (P.L. 20-41)	\$384.0M
Less Appropriations/Obligations to date (up to P.L. 20-183)	<u>475.1M</u>

Excess appropriations over revenues \$ (91.1M)

  
MICHAEL J. REIDY

*Part II*

COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT  
PUBLIC HEARING  
JUNE 08, 1990  
BILL NO. 1387

*Bill*

**SB:** The committee now will go on to hear BILL 1387 "AN ACT TO AUTHORIZE THE GOVERNOR OF GUAM TO LEND AND THE GUAM HOUSING CORPORATION TO BORROW FROM THE GENERAL FUND THE SUM OF \$6,000,000 FOR THE PURPOSE OF PROVIDING LOW INTEREST LOANS TO QUALIFIED MIDDLE AND LOW INCOME FAMILIES FOR THE PURCHASE AND/OR CONSTRUCTION OF HOMES: Here to testify on this Bill 1387 we have again Mr. Peter Leon Guerrero of GHC-President, Ray Laguana-Mayor of Barrigada, I'm afraid the Mayor is not here this afternoon, Mr. Tony Artero is not here Guam Board of Realtor, Mr. Francsico Palomo is here GHC. Please proceed Peter.

**P.J.L.G.:** Thank you again Madamn Chair. For the record I'm Peter J. Leon Guerrero President of GHC.

**(Please see written testimony)**

Corporation borrowers secure low cost loans to buy or build the home of their dreams. Bill 1387 would achieve 4 main objectives.

1. They would give GHC sufficient lending capital to take care of existing list of pending applications. It would raise GHC lending limit from \$100,000,000 currently to \$130,000,000, it would provide GHC with a continual source of low cost lending capital and because the bill would allow GHC to make loans at rates of 6%. Then it would result in substantially lower mortgage payments for GHC borrowers. GHC does fully support these objectives. Although GAC is continually looking for new sources of capital to refinance its debts and make law intrest to its borrowers the conditions accurately stated under the legislative findings. Section 1 of this bill have made it nearly impossible for GAC to find the low cost lending capital via tax encrupt loans or bonds. Congress has changed the internal revenue code so that GHC would be required to adhere to stringent criteria to use emenptions as a means to aquire low intrest loans. Last month GHC solicited through GEDA a request for proposals for 40 million dollars to refinance a portion of its height intrest long term debt and secure lending capital as of that time for submission there were no intrested parties. This means that GHC will eventually have to look for other alternatives and that process could take time. Meanwhile the list pending application will continue to grow. Passage of this bill will provide GHC with enough lending capital to meet the current demand and by some time while we attempt to aquire approximately \$19 million dollars to refinance a portion of our corporate debt and approximately \$10 to 15 million dollars in new lending capital to meet the demand for new mortgages over the next 2 yrs. GAC currently has 111 loan applications totalling over 8 million dollars under various stages of processing as of April 30" 1990. We estimate that this figure will grow approximately 1/2 a million dollars or more each month. We also expect that as land prices

and construction cost rise it would become increasingly difficult for GHC to assist families and individuals in need of low cost mortgage financing unless GHC can make larger loans at lower rates. We urge the committee and the entire legislature to act entirely in favor of this bill. (Pete Leon Guerrero).

Francisco Palomo: One minor suggestion: The intention of the bill is to provide a 6% interest on loan amount and this is fixed at 20 yrs. I feel that some considerations should be made to diminish the assistance as time goes on. It's a natural progression that people in the work force would continue to increase their salary as they become more professional on their job force. As their salary goes up the assistance should diminish. The mechanics providing the diminishing scale would be of course a fact that it would be ultimately done by research. A 20 yr. fixed percent rate might be to liberal.

SM: When a private enterprise can not do the job then the Government must come in. We're a fairly small community based upon national standards, we still have within our control the opportunity to get housing for everybody on this island who wants it at this time. If we don't do it you're going to find a situation like in Hawaii where the people are living in tents making \$2,000. to 3,000.00 a month because they cannot afford to buy a house. They're being pushed out of rental units because the rent is too high. Who pays that tax when people go on welfare need help under emergency conditions for housing? All we're doing is taking a situation and handling it before it becomes like Hawaii. In the long run we will be saving money. As soon as the private banks can take over I hope one day GHC goes out of business. In effect we're trying to work GHC and GHURA out of a job. This a non-political situation.

(This is the end of Bill 1387)



TWENTIETH GUAM LEGISLATURE  
SECOND REGULAR (1990) SESSION

APR 23 '90

Bill No. 1387 (LS)

Introduced by:

F.R. Santos

AN ACT TO AUTHORIZE THE GOVERNOR OF GUAM TO LEND AND THE GUAM HOUSING CORPORATION TO BORROW FROM THE GENERAL FUND THE SUM OF **SIX MILLION DOLLARS (\$6,000,000)** FOR THE PURPOSE OF PROVIDING LOW INTEREST LOANS TO QUALIFIED MIDDLE AND LOW INCOME FAMILIES FOR THE PURCHASE AND/OR CONSTRUCTION OF HOMES.

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

1       **Section 1. Legislative Finding.** In order to provide low interest  
2 loans to its qualified customers, the Guam Housing Corporation  
3 ("Corporation") must acquire low cost lending capital. The Corporation  
4 may acquire funds from private sources or through the issuance of tax  
5 exempt bonds but these potential sources of lending capital can only be  
6 obtained at market rates with the resultant effect that the Corporation's  
7 loans to qualified new borrowers would have to be at interest rates  
8 exceeding the rates at which the lending capital is borrowed. The need for  
9 low interest rate loans for middle and low income families would, thus,  
10 not be resolved.

11       Since housing costs have risen beyond the reach of most Guam  
12 residents, the only way to make housing more affordable without  
13 disrupting the real estate market is to make low interest mortgage  
14 financing available to low and moderate income families and individuals. A  
15 low interest government loan to the Corporation will make it possible for  
16 the Corporation to make low interest mortgage loans to its customers.

17  
18       **Section 2. Authorization.** The Governor of Guam may lend and  
19 the Corporation may borrow, from the Fiscal Year 1990 General Fund  
20 revenues, the sum of **SIX MILLION DOLLARS (\$6,000,000.00)**.



1           **Section 3. Purpose.** The sole purpose of the loan, authorized in  
2 Section 2 hereof, shall be to enable and permit the Corporation to make  
3 low interest loans available to its qualified borrowers. Such loans shall  
4 be for the purchase or construction of a home under the Corporation's  
5 lending programs as authorized in Title XII GCA Chapter 4.  
6

7           **Section 4. Terms and Conditions.** The loan authorized in  
8 Section 2 hereof shall bear interest at a rate of four percent (4%) per  
9 annum, and shall be repaid to the Guam Housing Corporation Revolving Loan  
10 Fund Account, as created and established in Section 8 hereof, in two  
11 hundred and forty equal monthly payments of THIRTY SIX THOUSAND THREE  
12 HUDRED FIFTY EIGHT DOLLARS AND EIGHTY TWO CENTS (\$36,358.82), the  
13 first payment to commence one year after the date of enactment hereof.  
14

15           **Section 5. Loans to be Made: Rate of Interest.** The loans to  
16 made by the Corporation to its qualified moderate and low income  
17 families and individuals shall bear an annual rate of interest of Six  
18 percent (6%). All other terms and conditions shall be accordance with the  
19 Corporation's lending programs as authorized in Title XII GCA Chapter 4.  
20

21           **Section 6. Event of Default.** If the Corporation fails to make  
22 payment to the Housing Revolving Loan Fund Account within ninety days  
23 (90) after the date such payment becomes due, the loan shall be  
24 considered in default. The Governor, in the event of default, shall declare  
25 the loan to be in default and shall exercise whatever authority and  
26 remedies necessary to remedy said default. Such remedy shall include,  
27 but shall not be limited to, taking ownership of any or all mortgages made  
28 from the proceeds of the loan authorized herein.  
29

30           **Section 7. Debt Instrumentts and Governing Laws.** The debt  
31 instruments herefor shall be governed by and construed in accordance with  
32 the laws of Guam. The debt shall be evidenced by a promissory note and  
33 other necessary debt instruments to be prepared by the Attorney General  
34 and executed by the Governor on behalf of the Government of Guam and the  
35 President and Chairman of the Board of Directors of the Corporation in  
36 behalf of the Corporation.

1           **Section 8. Guam Housing Corporation Revolving Loan Fund**  
2 **(GHCRLF).** There is hereby created a Guam Housing Corporation Revolving  
3 Loan Fund for the purpose of providig future loans to the Corporation. All  
4 payments of principal and interest made by and received from the  
5 Corporation as payment of the loan authorized herein, shall be deposited in  
6 the Guam Housing Corporation Revolving Loan Fund Account.

7  
8           **Section 9. Against Commingling.** Revenues and Proceeds in the  
9 the GHCRLF shall not be commingled with any other funds of the  
10 Government of Guam and shall not be used for any purpose other than those  
11 authorized and stated herein.

12  
13           **Section 10. Interest Earnings.** Interest earned by the GHCRLF,  
14 from whatever source, shall be retained by the fund.

15  
16           **Section 11. Fund Maintenance and Administration.** The  
17 GHCRLF shall be maintained and administered by the Director of  
18 Administration.

19  
20           **Section 12. Loans From GHCRLF.** The Governor may, from  
21 time to time, enter into an agreement with the Corporation for additional  
22 loans from the GHCRLF. Such loans shall be for the purpose of making  
23 loans under the Corporation's lending programs as allowed by Title XII GCA  
24 Chapter 4. Such loans shall bear an annual interest rate of Four percet  
25 (4%) and shall be for periods not exceeding Twenty (20) years. The  
26 repayment of principal and interest of loans made hereunder shall revert  
27 to the GHCRLF. Loans made by the Corporation to its qualified moderate  
28 and low income borrowers from the proceeds of loans made to the  
29 Corporation hereunder, shall bear an annual interest rate not to exceed SIX  
30 percent (6%).

31  
32           **Section 13.** Section 4103 (c) of 12 GCA Chapter 4 is hereby  
33 repealed and re-enacted to read:

34  
35           “(c) To encourage and engage in low and moderate income  
36 housing activities, including development of residential subdivisions,

1 construction of housing for rental or resale, and to make loans to any  
2 person for the purchase, construction, improvement or repair of a home.  
3 All loans so made shall be of such sound value or so secured as reasonably  
4 to assure repayment, taking into consideration the policy of the  
5 Legislature that the lending powers of the Housing Corporation shall be  
6 administered as a means of accomplishing the purposes stated in Section  
7 4101 of this Chapter, and shall bear interest at a rate to be determined by  
8 the Board of Directors of the Guam Housing Corporation but not exceeding  
9 the Federal Housing Administration rate.

10

11           Loans should be made to the residents of Guam to enable them  
12 to purchase or construct permanent homes which are typhoon resistant.  
13 All loans for the purchase or construction of such homes shall not exceed  
14 **EIGHTY THOUSAND DOLLARS (\$80,000)**. An additional sum, not to  
15 exceed **FIFTY THOUSAND DOLLARS (\$50,000)** may be borrowed for the  
16 purchase of land upon which the building is to be constructed. If the  
17 borrower already owns land upon which to construct a building, the **FIFTY**  
18 **THOUSAND DOLLARS (\$50,000)** to be applied to purchase land may be  
19 applied for purchase or construction of a building. Loans shall be given  
20 only to residents who have been unable to obtain conventional financing  
21 from commercial lending institutions including but not limited to banks  
22 and savings and loan associations. At least three (3) written loan  
23 refusals from commercial lending institutions shall be presented upon  
24 application for a Guam Housing Corporation loan.