

TWENTY FIRST GUAM LEGISLATURE  
FIRST (1991) REGULAR SESSION

Introduced

JAN 23 '91

Bill No. 95(LS)

Introduced by:

F.R. Santos

H.D. Dierking

A.C. Blaz

AN ACT TO ENACT A NEW ARTICLE 3 OF 12 GCA  
CHAPTER 4 CREATING THE COMMUNITY  
AFFORDABLE HOUSING ACTION TRUST, TO REPEAL  
AND RE-ENACT ARTICLE 2 OF 12 GCA CHAPTER 4  
RELATIVE TO THE AUTHORIZED ACTIVITIES OF THE  
GUAM HOUSING CORPORATION AND TO ENACT A  
NEW ARTICLE 4 OF 12 GCA CHAPTER 4 CREATING  
THE GUAM HOUSING CORPORATION MORTGAGE  
LOAN GUARANTEE PROGRAM.

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

2  
3 Section 1. Article 3 of 12 GCA Chapter 4 is added to read:

4  
5 "ARTICLE 3. COMMUNITY AFFORDABLE HOUSING ACTION TRUST ACT.

6  
7 §4301. Definitions.

8  
9 §4302 Loans by Qualified Financial Institutions.

10  
11 §4303. Revisions of Home Standards.

12  
13 §4304. Loans Made Under the Subsidy Program.

14  
15 §4305. Interest Subsidy Program.

16  
17 §4306. Government subsidy Rate and Term Thereof.

18  
19 §4307. Limitation on Government Subsidy Rate.

- 1        §4308.    Subsidy Schedules.  
2        §4309.    Termination of Subsidy.  
3        §4310.    Community Affordable Housing Action Trust Fund  
4        §4311.    Use of Trust Proceeds for Subsidy Program  
5        §4312.    Refund of Subsidy Monies.  
6        §4313.    Qualification for Interest Subsidy Program  
7        §4414.    GHC Participation  
8        §4315.    Mortgage Insurance or Guarantee

9

-----

10

11        **§4301. Definitions.**

13        As used in this Article:

14            (a) "Adjusted annual income" means the total family or  
15        individual income less five percent (5%) of such total  
16        family income less Four Hundred Eighty Dollars (\$480)  
17        for each dependent.

18            (b) "Board" means the Board of Directors of the Guam  
19        Housing Corporation.

20            (c) "Financial Institution" means the participating  
21        mortgage lender.

22            (d) "Family Income" means the total annual income  
23        derived from all sources for each member of the family.

24            (e) "Government" means the government of Guam

25            (f) "Family" means two (2) or more persons related by  
26        blood, adoption or marriage, living together as a  
27        household.

28            (g) "Individual" means any unmarried person.

1 (h) "Interest Subsidy" means interest paid by the  
2 government on each loan made by the Financial  
3 Institution pursuant to the provisions of this Article.

4 (i) "Loan" means the loan made by the Financial  
5 institution to a family or individual pursuant to the  
6 provisions of this Chapter.

7 (j) "Dependent" shall be defined as any child or  
8 individual in which the head of household has legal  
9 guardianship under the age of 19 years; and child or  
10 individual in which the head of household has legal  
11 guardianship under the age of 25 provided the child or  
12 individual is a full time student, or any individual,  
13 child relative, or parent in which the head of  
14 household has an obligation to provide financial  
15 support due to reasons of mental or physical  
16 incapacity.  
17

18 (k) "Residential Real Property" means real property  
19 consisting of land and a dwelling which has been used  
20 as a family's or individual's place of residence.

21 (l) "GHC" means Guam Housing Corporation.

22 (m) "Qualified Financial Institution" means any  
23 financial institution authorized to make mortgage  
24 loans.

25 (n) "First-time Home Owner" means any individual or  
26 family who has not had any ownership interest in a  
27 residential dwelling within the three years preceding  
28 the date of application.

29 (o). "Prime Rate" means the rate established

1       periodically by Guam Housing Corporation based on the  
2       average prime rate used by major United States Banking  
3       Institutions.

4

5       (p) "Home" means any single family dwelling or single  
6       family condominium or town house.

7

8       **§4302. Loans by Qualified Financial Institution.**

9       Qualified Financial Institutions are authorized to make  
10      loans under this Article to qualified families or  
11      individuals for the purchase or construction of typhoon  
12      resistant residential homes. .

13

14

15      **§4303. Insurance of Dwelling**

16      The Financial Institution shall require that each  
17      mortgagor maintain adequate insurance coverage for a  
18      home financed under this Act.

19

20      **§4304. Loans Made Under the Subsidy Program.**

21      Loans made by the Financial Institution shall be  
22      limited to first-time home owners.

23

24      **§4305. Interest Subsidy Program.**

25      The Government shall provide interest subsidies to  
26      qualified individuals or families for mortgage loans  
27      made by the Financial Institution for the purchase, or  
28      construction of a home. Subsidies shall be available  
29      to each family or individual based on the

1 family's or individual's adjusted income which shall be  
2 determined at the time of application and in accordance  
3 with the subsidy schedule under §4308 of this Article.  
4 All loans so made shall be of such sound value or so  
5 secured as reasonably to assure repayment.

6  
7 **§4306. Government Subsidy Rate and Term Thereof.**

8 The Government shall provide interest subsidies to  
9 qualified families or individuals. The subsidies shall  
10 be given in accordance to the subsidy schedule set  
11 forth in §4308 within the income limits and maximum  
12 subsidy amounts as follows:

13  
14 (a) For families or individuals with more than Thirty  
15 Thousand One Hundred Dollars (\$30,100) and an adjusted  
16 income of less than Forty Two Thousand Dollars One  
17 Hundred Forty Dollars (\$42,140), the Government's  
18 maximum subsidy rate shall be determined under Subsidy  
19 Schedule I of §4308.

20 (b) For families or individuals with an adjusted  
21 income equal to or greater than Forty Two Thousand One  
22 Hundred Forty Dollars (\$42,140) but less than Fifty One  
23 Thousand One Hundred and Seventy Dollars (\$51,170), the  
24 Government's maximum subsidy rates shall be determined  
25 under Subsidy Schedule II of §4308.

26 (c) For families or individuals with an adjusted  
27 income equal to or greater than Fifty One Thousand One  
28 Hundred and Seventy Dollars (\$51,170) but less than

1       Sixty Thousand Two Hundred Dollars (\$60,200), the  
2       Government's maximum subsidy rates shall be determined  
3       under the Subsidy Schedule III of §4308.

4       (d) The adjusted Income levels in paragraphs (a),(b)  
5       and (c) of this subsection shall be adjusted  
6       periodically by the percentage change in the median  
7       income for the territory as established by the U.S.  
8       Department of Housing and Urban Development. Once  
9       established at the closing of each loan, the subsidy  
10      level shall be fixed and shall not be changed  
11      regardless of any changes in the median income.

13

14      **§4307. Limitation on Government Subsidy Rate.**

15      The Government's subsidy rate shall not exceed seven  
16      percent (7%) per annum.

17

18      **§4308. Subsidy Schedules**

19      There are hereby established the following subsidy  
20      schedules to which this Article applies. The subsidy  
21      shall depend on each instance on the prevailing Prime  
22      Rate at the time a loan is made.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

PRIME	1ST	2ND	3RD	4TH	5TH	6TH	7TH	8TH	9TH	10TH
RATE	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
16.00%										
to										
12.00%	7.00%	7.00%	6.00%	6.00%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%
11.75%	6.75%	6.75%	5.75%	5.75%	4.75%	4.75%	3.75%	3.75%	2.75%	2.75%
11.50%	6.50%	6.50%	5.50%	5.50%	4.50%	4.50%	3.50%	3.50%	2.50%	2.50%
11.25%	6.25%	6.25%	5.25%	5.25%	4.25%	4.25%	3.25%	3.25%	2.25%	2.25%
11.00%	6.00%	6.00%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%	2.00%	2.00%
10.75%	5.75%	5.75%	4.75%	4.75%	3.75%	3.75%	2.75%	2.75%	1.75%	1.75%
10.50%	5.50%	5.50%	4.50%	4.50%	3.50%	3.50%	2.50%	2.50%	1.50%	1.50%
10.25%	5.25%	5.25%	4.25%	4.25%	3.25%	3.25%	2.25%	2.25%	1.25%	1.25%
10.00%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%	2.00%	2.00%	1.00%	1.00%
9.75%	4.75%	4.75%	3.75%	3.75%	2.75%	2.75%	1.75%	1.75%	0.75%	0.75%
9.50%	4.50%	4.50%	3.50%	3.50%	2.50%	2.50%	1.50%	1.50%	0.50%	0.50%
9.25%	4.25%	4.25%	3.25%	3.25%	2.25%	2.25%	1.25%	1.25%	0.25%	0.25%
9.00%	4.00%	4.00%	3.00%	3.00%	2.00%	2.00%	1.00%	1.00%	0.00%	0.00%
8.75%	3.75%	3.75%	2.75%	2.75%	1.75%	1.75%	0.75%	0.75%	0.00%	0.00%
8.50%	3.50%	3.50%	2.50%	2.50%	1.50%	1.50%	0.50%	0.50%	0.00%	0.00%
8.25%	3.25%	3.25%	2.25%	2.25%	1.25%	1.25%	0.25%	0.25%	0.00%	0.00%
8.00%	3.00%	3.00%	2.00%	2.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%

1 COMMUNITY AFFORDABLE HOUSING ACTION TRUST

2 INTEREST SUBSIDY SCHEDULE

3 SUBSIDY LEVEL II

4

5 PRIME 1ST 2ND 3RD 4TH 5TH 6TH 7TH 8TH 9TH 10TH

6 RATE YEAR YEAR YEAR YEAR YEAR YEAR YEAR YEAR YEAR YEAR YEAR

7 -----

8 16.00%

9 to

10 12.00% 6.50% 6.50% 5.50% 5.50% 4.50% 4.50% 3.50% 3.50% 2.50% 2.50%

11 11.75% 6.25% 6.25% 5.25% 5.25% 4.25% 4.25% 3.25% 3.25% 2.25% 2.25%

12 11.50% 6.00% 6.00% 5.00% 5.00% 4.00% 4.00% 3.00% 3.00% 2.00% 2.00%

13 11.25% 5.75% 5.75% 4.75% 4.75% 3.75% 3.75% 2.75% 2.75% 1.75% 1.75%

14 11.00% 5.50% 5.50% 4.50% 4.50% 3.50% 3.50% 2.50% 2.50% 1.50% 1.50%

15 10.75% 5.25% 5.25% 4.25% 4.25% 3.25% 3.25% 2.25% 2.25% 1.25% 1.25%

16 10.50% 5.00% 5.00% 4.00% 4.00% 3.00% 3.00% 2.00% 2.00% 1.00% 1.00%

17 10.25% 4.75% 4.75% 3.75% 3.75% 2.75% 2.75% 1.75% 1.75% 0.75% 0.75%

18 10.00% 4.50% 4.50% 3.50% 3.50% 2.50% 2.50% 1.50% 1.50% 0.50% 0.50%

19 9.75% 4.25% 4.25% 3.25% 3.25% 2.25% 2.25% 1.25% 1.25% 0.25% 0.25%

20 9.50% 4.00% 4.00% 3.00% 3.00% 2.00% 2.00% 1.00% 1.00% 0.00% 0.00%

21 9.25% 3.75% 3.75% 2.75% 2.75% 1.75% 1.75% 0.75% 0.75% 0.00% 0.00%

22 9.00% 3.50% 3.50% 2.50% 2.50% 1.50% 1.50% 0.50% 0.50% 0.00% 0.00%

23 8.75% 3.25% 3.25% 2.25% 2.25% 1.25% 1.25% 0.25% 0.25% 0.00% 0.00%

24 8.50% 3.00% 3.00% 2.00% 2.00% 1.00% 1.00% 0.00% 0.00% 0.00% 0.00%

25 8.25% 2.75% 2.75% 1.75% 1.75% 0.75% 0.75% 0.00% 0.00% 0.00% 0.00%

26 8.00% 2.50% 2.50% 1.50% 1.50% 0.50% 0.50% 0.00% 0.00% 0.00% 0.00%



1 COMMUNITY AFFORDABLE HOUSING ACTION TRUST

2 INTEREST SUBSIDY SCHEDULE

3 SUBSIDY LEVEL III

4

5 PRIME 1ST 2ND 3RD 4TH 5TH 6TH 7TH 8TH 9TH 10TH  
6 RATE YEAR YEAR YEAR YEAR YEAR YEAR YEAR YEAR YEAR YEAR YEAR

7 -----

8 16.00%

9 to

10 12.00% 6.00% 6.00% 5.00% 5.00% 4.00% 4.00% 3.00% 3.00% 2.00% 2.00%

11 11.75% 5.75% 5.75% 4.75% 4.75% 3.75% 3.75% 2.75% 2.75% 1.75% 1.75%

12 11.50% 5.50% 5.50% 4.50% 4.50% 3.50% 3.50% 2.50% 2.50% 1.50% 1.50%

13 11.25% 5.25% 5.25% 4.25% 4.25% 3.25% 3.25% 2.25% 2.25% 1.25% 1.25%

14 11.00% 5.00% 5.00% 4.00% 4.00% 3.00% 3.00% 2.00% 2.00% 1.00% 1.00%

15 10.75% 4.75% 4.75% 3.75% 3.75% 2.75% 2.75% 1.75% 1.75% 0.75% 0.75%

16 10.50% 4.50% 4.50% 3.50% 3.50% 2.50% 2.50% 1.50% 1.50% 0.50% 0.50%

17 10.25% 4.25% 4.25% 3.25% 3.25% 2.25% 2.25% 1.25% 1.25% 0.25% 0.25%

18 10.00% 4.00% 4.00% 3.00% 3.00% 2.00% 2.00% 1.00% 1.00% 0.00% 0.00%

19 9.75% 3.75% 3.75% 2.75% 2.75% 1.75% 1.75% 0.75% 0.75% 0.00% 0.00%

20 9.50% 3.50% 3.50% 2.50% 2.50% 1.50% 1.50% 0.50% 0.50% 0.00% 0.00%

21 9.25% 3.25% 3.25% 2.25% 2.25% 1.25% 1.25% 0.25% 0.25% 0.00% 0.00%

22 9.00% 3.00% 3.00% 2.00% 2.00% 1.00% 1.00% 0.00% 0.00% 0.00% 0.00%

23 8.75% 2.75% 2.75% 1.75% 1.75% 0.75% 0.75% 0.00% 0.00% 0.00% 0.00%

24 8.50% 2.50% 2.50% 1.50% 1.50% 0.50% 0.50% 0.00% 0.00% 0.00% 0.00%

25 8.25% 2.25% 2.25% 1.25% 1.25% 0.25% 0.25% 0.00% 0.00% 0.00% 0.00%

26 8.00% 2.00% 2.00% 1.00% 1.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%

1       **§4309. Termination of subsidy.**

2       The government interest subsidy under this Article  
3       shall automatically terminate if, during the subsidy  
4       term, the residence under the mortgage for which the  
5       subsidy was granted is:

- 6       (a)       transferred or conveyed;
- 7       (b)       is sold or leased; or
- 8       (c)       is occupied exclusively by individuals other  
9               than the mortgagor (s) or their children.

10

11       **§4310. Community Affordable Housing Action Trust Fund**

13       There is hereby established a fund to be known as the  
14       "Community Affordable Housing Action Trust Fund", which  
15       shall be maintained by the Guam Housing Corporation  
16       separate and apart from any other funds of the  
17       government of Guam. All monies received by the Guam  
18       Housing Corporation from the Government for payment of  
19       the Government's subsidies provided herein shall be  
20       deposited to the Community Affordable Housing Action  
21       Trust Fund and shall be solely for the payment of the  
22       Government's interest subsidy as herein provided. The  
23       Guam Housing Corporation is responsible for the  
24       distribution and management of the trust proceeds.

25

26       **§4311. Use of Trust Proceeds for Interest Subsidy**

27       Subsidies from the trust shall be committed at the  
28       inception of the loan and there shall be no other use

1 of committed funds as long as the loan remains in good  
2 standing. The subsidy funds shall be paid to the  
3 Financial Institution on a monthly basis as long as the  
4 loan is in good standing. Guam Housing Corporation may  
5 advance the subsidy funds to the financial institution  
6 at the inception of the loan provided the amount of the  
7 advance is equal to the present value of the subsidy  
8 payments discounted at the 13 week T-Bill rate on the  
9 date of closing. In the event the subsidy is  
10 terminated prior to the exhaustion of the proceeds in  
11 cases where the proceeds were advanced, the financial  
13 institution shall return the future unearned payments  
14 to Guam Housing Corporation for deposit into the  
15 Trust. The amount returned shall be equal to the  
16 present value of the future unearned payments as  
17 established at the inception of the loan. The loan is  
18 considered in good standing as long as none of the  
19 conditions outlined in subsection §4309 exist or the  
20 loan is not in a state of default.

21

22 **§4312. Refund of Subsidy Monies.**

23 All unearned subsidy monies shall be returned to the  
24 Community Affordable Housing Action Trust through the  
25 Guam Housing Corporation if any of the events listed in  
26 §4309 of the Act occur during the term of the subsidy.  
27 GHC shall monitor each residence on a periodic basis to  
28 ensure compliance with the provisions of this Act.

1       **§4313. Qualifications for Interest Subsidy Program.**

2       (a) Prior to applying at a Financial Institution for a  
3       Mortgage loan subsidy under this Article, the applicant  
4       shall first receive an eligibility letter from Guam  
5       Housing Corporation.

6       (b) To qualify for the loan subsidy program, an  
7       individual or family must meet the income requirements  
8       established herein and demonstrate repayment ability.

9  
10       **§4314. GHC Participation.**

11       (a) An applicant who is rejected by three (3)  
13       commercial lending institutions and qualifies for a  
14       Guam Housing Corporation loan under Section 4103(c) of  
15       Title 12 GCA may qualify for a subsidy under this  
16       section provided they fall within the income guidelines  
17       of this Act.

18       (b) The subsidy level in schedules I, II and III of  
19       this act shall correspond with the prevailing Guam  
20       Housing Corporation rate and not the prime rate as is  
21       the case with financial institutions."

22  
23       **§4314. Mortgage Insurance or Guarantee.**

24       If it is necessary to encourage participation in the  
25       program by financial institutions, the Corporations may  
26       enter cooperative programs to obtain mortgage risk  
27       insurance or guarantee loans for against losses as a  
28       result of default and subsequent foreclosure.

1 **Section 2.** Article 2 of 12 GCA Chapter 4 is hereby  
2 repealed and re-enacted to read:

3 "ARTICLE 2. GOVERNMENT LOAN SUBSIDY ACT

4 §4201. Definitions.

5 §4202. Loans by the Corporation.

6 §4203. (Repealed).

7 §4204. Loans Made Under the Subsidy Program.

8 §4205. Interest Subsidy for Low and Moderate Income  
9 Families.

10 §4206. Government Subsidy Rate and Term Thereof.

11 §4207. Limitation on Government Subsidy Rate.

13 §4208. Subsidy Schedule.

14 §4209. Termination of Subsidy.

15 §4210. Refund of Subsidy Monies.

16 §4211. Income Certification.

17 §4212. Extension of Subsidy Term.

18 §4213. Corporation Subsidy Fund.

19

-----

20 **§4201. Definitions.**

21 As used in this Article:

22 (a) "Adjusted annual income" means the total family  
23 income less five percent (5%) of such total family  
24 income less Four Hundred Eighty Dollars (\$480) for each  
25 dependent.

26 (b) "Board" means the Board of Directors of the Guam  
27 Housing Corporation.

28 (c) "Corporation" means the Guam Housing Corporation.

1 (d) "Family Income" means the total annual income  
2 derived from all sources for each member of the family.

3 (e) "Government" means the government of Guam.

4 (f) "Family" means two (2) or more persons related by  
5 blood, marriage, or adoption living together as a  
6 household.

7 (g) "Interest Subsidy" means interest paid by the  
8 government on each loan made by the Corporation pursuant  
9 to the provisions of this Article.

10 (h) "Loan" means that loan made by the Corporation to a  
11 low or moderate income family pursuant to the provisions  
12 of this Chapter.

13 (i) Dependent shall be defined as any child or  
14 individual in which the head of household has legal  
15 guardianship under the age of 19 years; and child or  
16 individual in which the head of household has legal  
17 guardianship under the age of 25 provided the child or  
18 individual is a full time student, or any individual,  
19 child relative, or parent in which the head of household  
20 has an obligation to provide financial support due to  
21 reasons of mental or physical incapacity.

22

23  
24 **§4202. Loans by the Corporation.** The Housing  
25 Corporation is authorized to make loans under this  
26 Chapter to low and moderate income families for the  
27 purchase or construction of their residential homes.

28 All loans made by the Housing Corporation shall be

1 subject to the following limitations:

2 (a) The maximum loan authorized for the purchase or  
3 construction of a residential home shall be ninety  
4 seven percent (97%) of the appraised value of the  
5 property and improvements.

6 (b) The minimum living areas for residential homes the  
7 subject of Housing Corporation loans shall be nine  
8 hundred (900) square feet for two (2) bedroom-one-(1)  
9 bath homes, one thousand one hundred (1,100) square  
10 feet for three (3) bedroom-one-(1) bath homes, one  
11 thousand two hundred sixty (1,260) square feet for  
12 three (3) bedroom-two-(2) bath homes, and one thousand  
13 four hundred (1,400) square feet for four (4)  
14 bedroom-two-(2) bath homes."

15 **§4203. (Repealed)**

16 **§4204. Loans Made Under the Subsidy Program.**

17 Loans made by the Corporation under the subsidy program  
18 shall bear interest at the prevailing Guam Housing  
19 Corporation rate.  
20

21 **§4205. Interest Subsidy for Low and Moderate Income**

22 **Families**

23 The Government shall provide interest subsidies to  
24 qualified low and moderate income families for home  
25 construction, purchase, repair or improvement loans  
26 made by the Corporation. Subsidies shall be available  
27 to each family based on the family's adjusted income  
28 which shall be determined at the time of application

1 and in accordance with the subsidy schedule under §4208  
2 of this Article. Thereafter, the family's or  
3 individual's applicable subsidy schedule shall be  
4 determined by the Corporation in accordance with  
5 subsequent increases in their adjusted income on the  
6 basis of annual income certification.

7 All loans so made shall be of such sound value or so  
8 secured as reasonably to assure repayment.

9  
10 **§4206. Government Subsidy Rate and Term Thereof.**

11 The Government shall provide interest subsidies to  
12 qualified families. The subsidies shall be given in  
13 accordance with the subsidy schedule set forth in §4208  
14 within the limits of income and maximum subsidy amounts  
15 as follows:  
16

17  
18 (a) For families with an adjusted income less than  
19 Twenty Four Thousand One Hundred Dollars (\$24,100), the  
20 Government's maximum subsidy rate shall be based on  
21 schedule I of §4208.

22 (b) For families with an adjusted income equal to or  
23 greater than Twenty Four Thousand One Hundred Dollars  
24 (\$24,100) but less than Twenty Six Thousand One Hundred  
25 Dollars (\$26,100), the Government's maximum subsidy  
26 rates shall be based schedule II of §4208.

27 (c) For families with an adjusted income equal to or  
28 greater than Twenty Six Thousand One Hundred Dollars



1 (\$26,100) but less than Twenty Eight Thousand One Hundred  
2 Dollars (\$28,100), the Government's maximum subsidy rates  
3 shall be based on schedule III of §4208.

4 (d) For families with an adjusted income equal to or  
5 greater than Twenty Eight Thousand One Hundred Dollars  
6 (\$28,100) by less than Thirty Thousand One Hundred Dollars  
7 (\$30,000), the Government's maximum subsidy rates shall be  
8 based on schedule IV of §4208.

9 (e) The adjusted Income levels in paragraphs (a), (b),  
10 (c) and (d) of this subsection shall be adjusted  
11 periodically by the percentage change in the median income  
13 for the territory as established by the U.S. Department of  
14 Housing and Urban Development. Once established at the  
15 closing of each loan, the subsidy level shall be fixed and  
16 shall not be changed regardless of any changes in the  
17 median income except as provided for by §4212 of this  
18 Article.

19 **§4207. Limitation on Government Subsidy Rate.**

20 The Government's subsidy rate shall not exceed eight  
21 percent (8%) per annum.

22 **§4208. Subsidy Schedules.**

23 There are hereby established the following subsidy  
24 schedules to which this Article applies. The rate of the  
25 Government subsidy shall be in accordance with the  
26 schedule subject to the limitations set forth in §4206.  
27 The initial subsidy shall depend on each instance on the  
28 prevailing GHC rate at the time a loan is made.

GOVERNMENT INTEREST SUBSIDY SCHEDULES

GHC INTEREST SUBSIDY PROGRAM  
 SUBSIDY SCHEDULE I

GHC	1ST	2ND	3RD	4TH	5TH	6TH	7TH	8TH	9TH	10TH
RATE	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
16.00%										
to										
12.00%	8.00%	8.00%	7.00%	7.00%	6.00%	6.00%	5.00%	5.00%	4.00%	4.00%
11.75%	7.75%	7.75%	6.75%	6.75%	5.75%	5.75%	4.75%	4.75%	3.75%	3.75%
11.50%	7.50%	7.50%	6.50%	6.50%	5.50%	5.50%	4.50%	4.50%	3.50%	3.50%
11.25%	7.25%	7.25%	6.25%	6.25%	5.25%	5.25%	4.25%	4.25%	3.25%	3.25%
11.00%	7.00%	7.00%	6.00%	6.00%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%
10.75%	6.75%	6.75%	5.75%	5.75%	4.75%	4.75%	3.75%	3.75%	2.75%	2.75%
10.50%	6.50%	6.50%	5.50%	5.50%	4.50%	4.50%	3.50%	3.50%	2.50%	2.50%
10.25%	6.25%	6.25%	5.25%	5.25%	4.25%	4.25%	3.25%	3.25%	2.25%	2.25%
10.00%	6.00%	6.00%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%	2.00%	2.00%
9.75%	5.75%	5.75%	4.75%	4.75%	3.75%	3.75%	2.75%	2.75%	1.75%	1.75%
9.50%	5.50%	5.50%	4.50%	4.50%	3.50%	3.50%	2.50%	2.50%	1.50%	1.50%
9.25%	5.25%	5.25%	4.25%	4.25%	3.25%	3.25%	2.25%	2.25%	1.25%	1.25%
9.00%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%	2.00%	2.00%	1.00%	1.00%
8.75%	4.75%	4.75%	3.75%	3.75%	2.75%	2.75%	1.75%	1.75%	0.75%	0.75%
8.50%	4.50%	4.50%	3.50%	3.50%	2.50%	2.50%	1.50%	1.50%	0.50%	0.50%
8.25%	4.25%	4.25%	3.25%	3.25%	2.25%	2.25%	1.25%	1.25%	0.25%	0.25%
8.00%	4.00%	4.00%	3.00%	3.00%	2.00%	2.00%	1.00%	1.00%	0.00%	0.00%

1      GHC INTEREST SUBSIDY PROGRAM

2      SUBSIDY SCHEDULE II

3

4           GHC           1ST      2ND      3RD      4TH      5TH      6TH      7TH      8TH      9TH      10TH

5          RATE          YEAR    YEAR    YEAR    YEAR    YEAR    YEAR    YEAR    YEAR    YEAR    YEAR

6          -----      -----      -----      -----      -----      -----      -----      -----      -----      -----      -----

7          16.00%

8          to

9	12.00%	7.75%	7.75%	6.75%	6.75%	5.75%	5.75%	4.75%	4.75%	3.75%	3.75%
10	11.75%	7.50%	7.50%	6.50%	6.50%	5.50%	5.50%	4.50%	4.50%	3.50%	3.50%
11	11.50%	7.25%	7.25%	6.25%	6.25%	5.25%	5.25%	4.25%	4.25%	3.25%	3.25%
12	11.25%	7.00%	7.00%	6.00%	6.00%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%
13	11.00%	6.75%	6.75%	5.75%	5.75%	4.75%	4.75%	3.75%	3.75%	2.75%	2.75%
14	10.75%	6.50%	6.50%	5.50%	5.50%	4.50%	4.50%	3.50%	3.50%	2.50%	2.50%
15	10.50%	6.25%	6.25%	5.25%	5.25%	4.25%	4.25%	3.25%	3.25%	2.25%	2.25%
16	10.25%	6.00%	6.00%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%	2.00%	2.00%
17	10.00%	5.75%	5.75%	4.75%	4.75%	3.75%	3.75%	2.75%	2.75%	1.75%	1.75%
18	9.75%	5.50%	5.50%	4.50%	4.50%	3.50%	3.50%	2.50%	2.50%	1.50%	1.50%
19	9.50%	5.25%	5.25%	4.25%	4.25%	3.25%	3.25%	2.25%	2.25%	1.25%	1.25%
20	9.25%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%	2.00%	2.00%	1.00%	1.00%
21	9.00%	4.75%	4.75%	3.75%	3.75%	2.75%	2.75%	1.75%	1.75%	0.75%	0.75%
22	8.75%	4.50%	4.50%	3.50%	3.50%	2.50%	2.50%	1.50%	1.50%	0.50%	0.50%
23	8.50%	4.25%	4.25%	3.25%	3.25%	2.25%	2.25%	1.25%	1.25%	0.25%	0.25%
24	8.25%	4.00%	4.00%	3.00%	3.00%	2.00%	2.00%	1.00%	1.00%	0.00%	0.00%
25	8.00%	3.75%	3.75%	2.75%	2.75%	1.75%	1.75%	0.75%	0.75%	0.00%	0.00%

1           GHC INTEREST SUBSIDY PROGRAM

2           SUBSIDY SCHEDULE III

3

4	GHC	1ST	2ND	3RD	4TH	5TH	6TH	7TH	8TH	9TH	10TH
5	RATE	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
6	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
7	16.00%	7.50%	7.50%	6.50%	6.50%	5.50%	5.50%	4.50%	4.50%	3.50%	3.50%
8	to	7.50%	7.50%	6.50%	6.50%	5.50%	5.50%	4.50%	4.50%	3.50%	3.50%
9	12.00%	7.50%	7.50%	6.50%	6.50%	5.50%	5.50%	4.50%	4.50%	3.50%	3.50%
10	11.75%	7.25%	7.25%	6.25%	6.25%	5.25%	5.25%	4.25%	4.25%	3.25%	3.25%
11	11.50%	7.00%	7.00%	6.00%	6.00%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%
12	11.25%	6.75%	6.75%	5.75%	5.75%	4.75%	4.75%	3.75%	3.75%	2.75%	2.75%
13	11.00%	6.50%	6.50%	5.50%	5.50%	4.50%	4.50%	3.50%	3.50%	2.50%	2.50%
14	10.75%	6.25%	6.25%	5.25%	5.25%	4.25%	4.25%	3.25%	3.25%	2.25%	2.25%
15	10.50%	6.00%	6.00%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%	2.00%	2.00%
16	10.25%	5.75%	5.75%	4.75%	4.75%	3.75%	3.75%	2.75%	2.75%	1.75%	1.75%
17	10.00%	5.50%	5.50%	4.50%	4.50%	3.50%	3.50%	2.50%	2.50%	1.50%	1.50%
18	9.75%	5.25%	5.25%	4.25%	4.25%	3.25%	3.25%	2.25%	2.25%	1.25%	1.25%
19	9.50%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%	2.00%	2.00%	1.00%	1.00%
20	9.25%	4.75%	4.75%	3.75%	3.75%	2.75%	2.75%	1.75%	1.75%	0.75%	0.75%
21	9.00%	4.50%	4.50%	3.50%	3.50%	2.50%	2.50%	1.50%	1.50%	0.50%	0.50%
22	8.75%	4.25%	4.25%	3.25%	3.25%	2.25%	2.25%	1.25%	1.25%	0.25%	0.25%
23	8.50%	4.00%	4.00%	3.00%	3.00%	2.00%	2.00%	1.00%	1.00%	0.00%	0.00%
24	8.25%	3.75%	3.75%	2.75%	2.75%	1.75%	1.75%	0.75%	0.75%	0.00%	0.00%
25	8.00%	3.50%	3.50%	2.50%	2.50%	1.50%	1.50%	0.50%	0.50%	0.00%	0.00%

1           GHC INTEREST SUBSIDY PROGRAM

2           SUBSIDY SCHEDULE IV

3

4	GHC	1ST	2ND	3RD	4TH	5TH	6TH	7TH	8TH	9TH	10TH
5	RATE	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
6	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
7	16.00%										
8	to										
9	12.00%	7.25%	7.25%	6.25%	6.25%	5.25%	5.25%	4.25%	4.25%	3.25%	3.25%
10	11.75%	7.00%	7.00%	6.00%	6.00%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%
11	11.50%	6.75%	6.75%	5.75%	5.75%	4.75%	4.75%	3.75%	3.75%	2.75%	2.75%
12	11.25%	6.50%	6.50%	5.50%	5.50%	4.50%	4.50%	3.50%	3.50%	2.50%	2.50%
13	11.00%	6.25%	6.25%	5.25%	5.25%	4.25%	4.25%	3.25%	3.25%	2.25%	2.25%
14	10.75%	6.00%	6.00%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%	2.00%	2.00%
15	10.50%	5.75%	5.75%	4.75%	4.75%	3.75%	3.75%	2.75%	2.75%	1.75%	1.75%
16	10.25%	5.50%	5.50%	4.50%	4.50%	3.50%	3.50%	2.50%	2.50%	1.50%	1.50%
17	10.00%	5.25%	5.25%	4.25%	4.25%	3.25%	3.25%	2.25%	2.25%	1.25%	1.25%
18	9.75%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%	2.00%	2.00%	1.00%	1.00%
19	9.50%	4.75%	4.75%	3.75%	3.75%	2.75%	2.75%	1.75%	1.75%	0.75%	0.75%
20	9.25%	4.50%	4.50%	3.50%	3.50%	2.50%	2.50%	1.50%	1.50%	0.50%	0.50%
21	9.00%	4.25%	4.25%	3.25%	3.25%	2.25%	2.25%	1.25%	1.25%	0.25%	0.25%
22	8.75%	4.00%	4.00%	3.00%	3.00%	2.00%	2.00%	1.00%	1.00%	0.00%	0.00%
23	8.50%	3.75%	3.75%	2.75%	2.75%	1.75%	1.75%	0.75%	0.75%	0.00%	0.00%
24	8.25%	3.50%	3.50%	2.50%	2.50%	1.50%	1.50%	0.50%	0.50%	0.00%	0.00%
25	8.00%	3.25%	3.25%	2.25%	2.25%	1.25%	1.25%	0.25%	0.25%	0.00%	0.00%

1           **§4209. Termination of Subsidy.**

2           The government interest subsidy under this Article  
3 shall automatically terminate if, during the subsidy term,  
4 the residence under the mortgage for which the subsidy was  
5 granted is:

- 6           (a) transferred or conveyed;  
7           (b) the property is sold; or  
8           (c) the property is vacated by mortgagor.

9

10           **§4210. Refund of Subsidy Monies.**

11           All subsidy monies shall be returned to the Government  
13 through the Corporation if the property is transferred,  
14 conveyed, sold or vacated by mortgagor during the term of  
15 the mortgage all such monies will be recovered by the  
16 Corporation and deposited into the Corporation Subsidy Fund.

17

18           **§4211. Income Certification.**

19           At every anniversary of the loan closing during the  
20 term of the subsidy herein, the borrowers must certify to  
21 the Corporation in writing their most current family income.

22

23           **§4212. Adjustment of Subsidy Schedules.**

24           Upon receipt of the borrower's income certification,  
25 the Corporation will review the borrower's financial  
26 condition, and if the Corporation determines that an  
27 increase in the borrower's adjusted income places the  
28 borrower within a higher income categories under §4206 of

1 this article, the Corporation may adjust the borrower's  
2 subsidy schedule.

3

4 **§4213. Corporation Subsidy Fund.**

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

14

15  
16 **§4214. Qualifications for Interest Subsidy Program.**

17 To qualify for the loan subsidy program, an individual  
18 or family must show evidence of rejection from Three (3)  
19 commercial mortgage lending institutions and be unable to  
20 qualify on the basis of income for Guam Housing  
21 Corporation's regular lending program."

22

23 **Section 3.** Guam Housing Corporation shall have the  
24 right of first refusal on the sale of all homes financed  
25 under the provisions of Articles 2 and 3 of Chapter 4, 12  
26 GCA throughout the subsidy period. The right of first  
27 refusal price shall be the appraised value of the home at  
28 the time of sale less the total subsidy monies paid by the

1 Government of Guam from the date of the loan to the date the  
2 home is sold. In the event of foreclosure on a home  
3 financed under these two Articles, GHC shall have the right  
4 of first refusal prior to the public auction and the first  
5 refusal price shall be the amount of principal, interest,  
6 late fees, costs of the sale, and attorney's or collection  
7 fees due on the loan. In the event of foreclosure, and if  
8 the loan was used to construct a home on a lot owned by the  
9 borrower prior to receiving a loan financed under the  
10 provisions of Articles 2 and 3 of Chapter 4, 12 GCA, then  
11 GHC shall also compensate the borrower an amount equal to  
12 the appraised value of the land at the time the loan was  
13 originated less any liens that were refinanced by the loan  
14 in foreclosure if GHC exercises its right of first refusal  
15 prior to foreclosure.

16

17 In the event that GHC does not exercise its right of first  
18 refusal as authorized under this section and the home is  
19 sold at auction for a price above the minimum bid price  
20 required by the financial institution to recover the  
21 principal balance, interest, penalties, cost of the sale,  
22 and attorney's fees, than such amounts paid at foreclosure  
23 shall be paid to GHC to the extent the loan was subsidized  
24 under the provisions of Articles 2 and 3 of 12 GCA Chapter  
25 4. Such excess funds shall be deposited in the proper  
26 subsidy fund depending on which program the loan was  
27 subsidized from.



1           **Section 4.** Interest earned on the Community Affordable  
2 Housing Action Trust fund and the Corporation Subsidy fund  
3 shall remain the property of the respective fund and shall  
4 be used for future subsidies.

5

6           **Section 5.** Article 4 of 12 GCA Chapter 4 is added to  
7 read:

8 Article 4. Guam Housing Corporation Mortgage Insurance  
9 Program

10

11           §4401. Definitions.

12           §4402. Qualifications.

13           §4403. Government Loan Guarantee Fund.

14           §4404. GHC Mortgage Insurance Program

15

16 **§4401. Definitions.**

17

- 18 1.    GHC - Means the Guam Housing Corporation
- 19 2.    First Time Homeowner - Means any Qualified Buyer who  
20 has not had any ownership interest in a home within the  
21 three year period immediately preceding the date of the  
22 loan, any person who within the three year period  
23 preceding the date of a loan herein, has had an  
24 interest in a home either joint or undivided, or home  
25 pending inheritance provided that such interest is less  
26 than Fifty Percent (50%) of the total value of the home  
27 and such interest is terminated prior to the date of a  
28 loan herein, or any individual who has had in interest

1 in a home within the last three years, in which such  
2 interest was terminated by Divorce.

3 3. Family - Means a household composed of two or more  
4 individuals related by blood, marriage or adoption  
5 living together as a household..

6 4. Individual - Means any single or unmarried person.

7 5. Down Payment - Means the equity requirements of the  
8 homeowner needed to initiate the mortgage for the  
9 purchase, construction of a home or renovation of a  
10 home.

11 6. Selling Price - Means for purposes of this Section the  
12 purchase price of a completed home or the purchase  
13 price of the lot and the construction cost of the home  
14 to be built on the lot.

15 7. Appraised Value - Means the value of the home and lot  
16 to be purchased or the value of the home and lot to be  
17 constructed or renovated.

18

19 **§4402. Qualifications.**

20

21 To qualify for this program, the applicant must be a  
22 qualified resident and first time homeowner as defined  
23 under this Section. The applicant must demonstrate that  
24 they will not be able to obtain a first mortgage loan from  
25 mortgage lending institutions on the basis of not having  
26 sufficient cash to use as a down payment for a loan. Those  
27 applicants that demonstrate that they will not be able to  
28 obtain a first mortgage loan but can be approved by a

1 mortgage lending institution if they obtained a mortgage  
2 loan guarantee from GHC are eligible for a loan guarantee  
3 under this Act provided that mortgage lending institution  
4 approves the applicant contingent upon the approval of a  
5 loan guarantee from GHC.

6

7 **§4403. Government Loan Guarantee Fund**

8

9 There is hereby created a Government Loan Guarantee Fund  
10 (GLGF). The fund shall be managed by the Guam Housing  
11 Corporation. Proceeds from this fund shall be used for the  
12 purpose of funding mortgage insurance premiums in part or  
13 in whole and/or for policy reserves of the Guam Housing  
14 Corporation Mortgage Insurance Program. The GLGF shall  
15 managed by GHC and shall not be consolidated with GHC's  
16 financial statements or become a part of the assets of  
17 GHC. Investment income on all monies of the GLGF shall  
18 remain with the GLGF to be used to fund future mortgage  
19 insurance commitments. Proceeds from this fund may also be  
20 used to conduct an actuarial study on the funding  
21 requirements of the GHC Mortgage Insurance Program every  
22 three years and for an annual financial audit. GHC shall  
23 report to the Legislature as necessary for future  
24 appropriations that may be necessary to meet the funding  
25 requirements of the GHC Mortgage Insurance Program.

1     **§4404.    Guam Housing Corporation Mortgage Insurance**  
2     **Program.**

3

4     Guam Housing Corporation is hereby Authorized to create the  
5     Guam Housing Corporation Mortgage Insurance Program  
6     (GHCMIP).  Rules, regulations, and funding requirements of  
7     the GHCMIP shall be developed by GHC under the Provisions  
8     of the Administrative Adjudication Law.

9

10    **§4404a.   Separate Records Required**

11

12    GHC shall keep separate records and financial statements  
13    and shall in no way consolidate the finances of the GHCMIP  
14    with its finances.

15

16    **§4404b.   Limitations of Program Finances.**

17

18    Expenses of the GHCMIP shall be limited to policy claims,  
19    annual audits, and management fees paid to GHC for  
20    management of the program.  Management fees to GHC shall be  
21    Ten Percent (10%) of the premium revenue.  Investment  
22    income of monies in accounts of the GHCMIP shall remain  
23    with the program and shall be used as policy reserves.  
24    There shall be no co-mingling any GHCMIP monies with any  
25    other funds.  The mortgagee may collect the premiums  
26    through the borrower's trust account on a monthly basis but  
27    shall remit the funds on an annual basis in advance.

1 §4404c. Limits of Liability.

2

3 GHC shall not be held liable for policy claims against the GHCMIP. In the event that  
4 the policy claims rate exceeds the projection of the actuarially determined funding  
5 requirements as to jeopardize the solvency of the program, the GHCMIP may draw  
6 additional policy reserves from the GLGF.

7

8 **Section 6. Residency Requirments**

9 All applicants of the programs in Articles 2, 3, and 4 of 2 GCA Chapter 4 shall be U.S.  
10 citizens or permanent resident alients who have been residents of Guam for a  
11 period of not less than five (5) years.

12

13 **Section 7. Authorization for appropriations.** (a) There is hereby  
14 authorized to be appropriated, from the General Fund to the CAHAT Fund for the  
15 purpose of carrying out the provisions of Section 1 of this Act, the sun of Three  
16 Million Dollars (\$3,000,000). (b) There is hereby authorized to be appropriated, from  
17 the General Fund to the Corporation Subsidy Fund for the purpose of carrying out  
18 the provisions of Section 2 of this Act, the sum of Two Million Dollars (\$2,000,000).  
19 (c) There is hereby authorized to be appropriated, from the General Fund to the  
20 Government Loan Guarantee Fund for the purpose of caryring out the provisions of  
21 Section 4 of this Act, the sum of One Million Dollars (\$1,000,000)