



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

JUN 04 1998

Refer to
Legislative Secretary


The Honorable Antonio R. Unpingco
Speaker
Mina'Bente Kuáttro na Liheslaturan Guáhan
Twenty-Fourth Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Hagåtña, Guam 96910

Dear Speaker Unpingco:

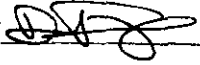
Enclosed please find Substitute Bill No. 628 (COR), "AN ACT TO ADOPT RULES AND REGULATIONS FOR THE CHAMORRO LAND TRUST COMMISSION AND TO ADD §75103(f) TO CHAPTER 75, DIVISION 2 OF TITLE 21 OF THE GUAM CODE ANNOTATED, RELATIVE TO ADOPTING THE RULES AND REGULATIONS FOR THE CHAMORRO LAND TRUST PERTAINING TO LOANS AND FUNDS AND FOR OTHER RELATED MATTERS", which I have signed into law today as **Public Law No. 24-220**.

This legislation allows the Chamorro Land Trust to negotiate with banks and lending institutions to arrange for loans to Chamorro Land Trust land recipients. It opens the way for financing to be made available to the Chamorro Land Trust and its recipients.

Very truly yours,


Carl T. C. Gutierrez
I Maga'lahaen Guáhan
Governor of Guam

00880

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	
Time	4:55pm
Date	6-5-98

Attachment: copy attached for signed bill
original attached for vetoed bill

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

Office of the Speaker
ANTONIO R. UNPINGCO

Date: 6-5-98

Time: 3:00pm

Rec'd by: 

Print Name: P. Robert

MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN
1998 (SECOND) Regular Session

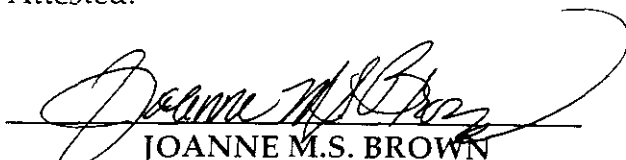
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUAHAN

This is to certify that Substitute Bill No. 628 (COR), "AN ACT TO ADOPT RULES AND REGULATIONS FOR THE CHAMORRO LAND TRUST COMMISSION AND TO ADD §75103(f) TO CHAPTER 75, DIVISION 2 OF TITLE 21 OF THE GUAM CODE ANNOTATED, RELATIVE TO ADOPTING THE RULES AND REGULATIONS FOR THE CHAMORRO LAND TRUST PERTAINING TO LOANS AND FUNDS AND FOR OTHER RELATED MATTERS," was on the 23rd day of May, 1998, duly and regularly passed.



ANTHONY C. BLAZ
Acting Speaker

Attested:



JOANNE M.S. BROWN
Senator and Legislative Secretary

.....

This Act was received by *I Maga'lahaen Guahan* this 29th day of May, 1998,
at 4:15 o'clock P.M.



Assistant Staff Officer
Maga'lahaen's Office

APPROVED:



CARL T. C. GUTIERREZ
I Maga'lahaen Guahan

Date: 6-4-98

Public Law No. 24-220

MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN
1998 (SECOND) Regular Session

Bill No. 628 (COR)

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

Introduced by:

J. C. Salas
E. J. Cruz
V. C. Pangelinan
A. L.G. Santos
T. C. Ada
F. B. Aguon, Jr.
A. C. Blaz
J. M.S. Brown
Felix P. Camacho
Francisco P. Camacho
M. C. Charfauros
W. B.S.M. Flores
Mark Forbes
L. F. Kasperbauer
A. C. Lamorena, V
C. A. Leon Guerrero
L. A. Leon Guerrero
F. E. Santos
A. R. Unpingco
J. Won Pat-Borja

**AN ACT TO ADOPT RULES AND REGULATIONS
FOR THE CHAMORRO LAND TRUST
COMMISSION AND TO ADD §75103(f) TO
CHAPTER 75, DIVISION 2 OF TITLE 21 OF THE
GUAM CODE ANNOTATED, RELATIVE TO
ADOPTING THE RULES AND REGULATIONS FOR
THE CHAMORRO LAND TRUST PERTAINING TO**

**LOANS AND FUNDS AND FOR OTHER RELATED
MATTERS.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

**Section 1. Adoption of Chamorro Land Trust Commission
Administrative Rules and Regulations for Loans and Funds.** The
administrative rules and regulations for the Chamorro Land Trust
Commission ("Commission") relative to "Loans and Funds," as authorized
and provided for pursuant to applicable provisions of Chapter 75 of Title 21
of the Guam Code Annotated, are hereby *adopted* to read as follows:

**"CHAMORRO LAND TRUST COMMISSION
RULES AND REGULATIONS.**

CHAPTER 1.

(Pursuant to P.L. 23-38:2).

CHAPTER 2.

(Reserved).

CHAPTER 3.

(Subchapters 1, 2 and 3 Reserved).

SUBCHAPTER 4.

LOANS AND FUNDS.

(Pursuant to 21 GCA §75103).

Section 10-3-40. Definitions for Chapter 3 of Subchapter 4.

(a) 'Act' shall mean Chapter 75 of Title 21 of the Guam Code
Annotated, *Chamorro Land Trust Commission*, as amended.

(b) 'Commission' shall mean the Chamorro Land Trust
Commission.

1 (c) **'Members of the Commission'** shall mean the duly
2 appointed members of the Chamorro Land Trust Commission in their
3 capacity to enact policy and make decisions, the nature of which is
4 solely reserved to the members during a duly convened meeting with a
5 quorum of the members present and voting.

6 (d) **'Executive arm of the Commission'** shall mean the
7 Administrative Director and subordinate staff of the Commission.

8 (e) **'Human Services Agency'** shall include, but is not limited
9 to, the Department of Public Health and Social Services, the Guam
10 Housing Corporation, the Guam Urban Renewal Authority and like
11 Federal agencies and instrumentalities, etc.

12 **Section 10-3-41. Funds and Accounts.** There shall be established
13 in the treasury of Guam such revolving funds, special and other funds
14 as set forth in the Act.

15 **Section 10-3-42. Purposes of Loans.** (a) The Commission
16 may make loans from any revolving loan fund to lessees, and where
17 applicable, to any cooperative association all of whose members are
18 lessees. Such loans may be made for the following purposes:

19 (1) The repair, maintenance, purchase or erection of
20 dwellings on Chamorro homelands, and the undertaking of other
21 permanent improvements thereon; and

22 (2) *(Reserved).*

23 (3) *(Reserved).*

24 (4) *(Reserved).*

1 (5) *(Reserved)*.

2 **Section 10-3-43. Authorized Actions.** (a) For the purpose of
3 inter-fund transfer, loan or guarantee processing, and capitalization, the
4 Commission may:

5 (1) use moneys in revolving and special funds to match
6 Federal, or Guam funds available for the same purposes and to
7 that end, to enter into such undertaking, agree to such conditions,
8 transfer funds therein available for such expenditures, and to do
9 and perform such other acts and things, as may be necessary or
10 required, as a condition to securing matching funds for such
11 projects or works;

12 (2) use available funds from additional receipts to secure,
13 pledge or otherwise guarantee the repayment of moneys
14 borrowed by the Commission from government agencies or
15 private lending institutions, and to pay the interim interest or
16 advances required for loans;

17 (3) enter into memorandums of agreement or contract
18 with government or private agencies or lending institutions to
19 service loans made or guaranteed by the Commission to lessees or
20 cooperative associations, the fees for such servicing shall be
21 assumed by the lessee or cooperative association, or from a
22 portion of the interest charged by the agency, institution or
23 Commission on loans to lessees or cooperative associations;

1 (4) guarantee the repayment of loans made to lessees of
2 Chamorro homelands by other Guam or Federal agencies or
3 instrumentalities or private lending institutions as provided by the
4 Act;

5 (5) combine available moneys from various revolving
6 funds to make loans to lessees for the purposes enumerated in
7 §10-3-42; and

8 (6) exercise such other powers as authorized by the Act.

9 **Section 10-3-44. Loan and Loan Guarantee Applications.**

10 (a) Applications for a loan from a revolving fund or a request
11 for a loan guarantee from the Chamorro Loan Guarantee Fund shall be
12 made on forms provided by the Commission. All applications shall be
13 filed with the Commission. Such filing may be made at the office of the
14 Commission, or with district or temporary offices of the Commission,
15 when available.

16 (b) The applicant shall not be required to pay any fees in
17 connection with the filing of an application, but shall be charged for the
18 cost incurred by the Commission or authorized agencies or lending
19 institutions in obtaining credit reports and other financial information
20 deemed necessary by the Commission or other Guam or Federal
21 agencies or instrumentalities or private lending institutions authorized
22 by the Commission.

23 (c) A holder of a lease may apply to the Commission for the
24 approval of a loan to be made by other Guam or Federal agencies or

1 instrumentalities or private lending institutions. Upon receipt of an
2 application, the Commission shall review the application, and
3 determine whether or not to guarantee the loan based on loan standards
4 set forth in §10-3-46.

5 (d) Utilizing a form provided by the Commission, a notice of
6 intent to borrow from other Guam or Federal agencies or
7 instrumentalities or private lending institutions with a guarantee from
8 the Chamorro Loan Guarantee Fund shall be submitted to the
9 Commission prior to the lessee applying for the loan. The notice shall
10 be time dated by the Commission and entered into a record to be
11 maintained by the Commission for loan guarantee requests. Written
12 notices of intent submitted to the Commission prior to the adoption of
13 these regulations shall be accepted and considered as proper
14 submissions and shall be accordingly entered into the record based
15 upon the time and date received. Consideration of loan guarantee
16 requests by the Commission shall be made:

- 17 (1) in the order received;
- 18 (2) subject to the ability of the Fund to guarantee a loan;
- 19 and
- 20 (3) subject to the ability of the applicant to receive a loan
21 approval from a lending institution; provided, further, that a
22 denial of a loan application by a lending institution shall
23 cause the applicant to be removed from the request list for a
24 loan guarantee. Nothing in this §10-3-44(d)(3) shall prevent

1 a lessee from reapplying for a loan guarantee; provided,
2 however, that the request will once again be time dated and
3 added to the list in the order received and subject to the
4 same criteria.

5 **Section 10-3-45. Application Processing.**

6 (a) Applications submitted by lessees to the executive arm of
7 the Commission shall be submitted to the members of the Commission
8 within sixty (60) working days of receipt by the Commission, together
9 with a summary of the applicant's financial situation including gross
10 and net monthly income, outstanding indebtedness and the number of
11 dependents.

12 (b) The Commission shall promulgate and publish the
13 administrative procedures, to include applicable timelines for action, by
14 which a loan application or loan guarantee is administratively
15 processed. All applicants shall be provided a copy of the duly
16 promulgated administrative procedures at the time of application for a
17 loan or loan guarantee, or upon request.

18 (c) The processing timelines set forth in 'Administrative
19 Procedures Pursuant to §10-3-45' are solely applicable to the
20 Commission and shall not be applicable to other Guam or Federal
21 agencies or instrumentalities or private lending institutions in their
22 processing of loan applications.

23 **Section 10-3-46. Loan Standards.** (a) Loans may be made to
24 applicants who are residential lessees based on the following criteria:

1 (1) *income ratio*: the relation that gross monthly income
2 bears to monthly payment of principal and interest;

3 (2) *family size*: persons supported from the income of the
4 lessee and co-applicant shall be counted as a family member for
5 the purpose of computing and qualifying for a loan and term. The
6 lessee shall submit to the Commission a notarized statement to
7 this effect.

8 (3) Applications for loans for any family receiving public
9 assistance from a Federal or Guam human services agency will be
10 considered for approval if:

11 i. the monthly payment for the loan is within the
12 amount that is available for housing-shelter allowance,
13 minus anticipated utilities in accordance with current
14 human services departments standards; and

15 ii. the applicant is able to assume the financial
16 obligation imposed by a loan.

17 (4) *Credit standing*: the applicant shall have satisfactory
18 credit standing in the community as determined by the
19 Commission. The Commission may waive this requirement if
20 upon consideration of all circumstances surrounding the
21 applicant's financial condition, it finds that the applicant will be
22 able to repay the loan in accordance with the loan contract; and

23 (5) if the loan applicant is found by the Commission to
24 have sufficient resources or credit to secure financing from non-

1 Commission sources to undertake the purpose for which the loan
2 is sought, no Commission loan shall be made.

3 (b) **Additional Standards.** When the Commission, either
4 by memorandum of agreement or contract, provides for loans and loan
5 guarantees to be serviced by Guam or Federal agencies or
6 instrumentalities or private lending institutions, then the loan
7 qualifying criteria of the respective agency, instrumentality or lending
8 institution servicing loans or loan guarantees shall additionally apply;
9 provided, however, that in no event shall loan qualification criteria or
10 standards less stringent than these rules or applicable law be applied by
11 any agency, instrumentality or lending institution servicing loans or
12 loan guarantees on behalf of the Commission, or in cooperation with the
13 Commission, unless otherwise specifically provided for by law or
14 applicable rule or regulation and approved by the Commission.

15 **Section 10-3-47. Loan Conditions.** (a) Generally, in
16 determining the term and condition of loans, the Commission shall
17 consider the following, provided, however, that when a duly authorized
18 agency, instrumentality or lending institution is servicing loans or loan
19 guarantees on behalf of or in cooperation with the Commission, then, in
20 addition to applying the conditions in this §10-3-47, the respective
21 terms, conditions and policies of the agency, instrumentality or lending
22 institution servicing loans or loan guarantees shall additionally be
23 applied in a manner not inconsistent with Chapter 75 of Title 21 of the
24 Guam Code Annotated, these rules and regulations, or applicable law:

- 1 (1) the applicant's financial capacity;
- 2 (2) age and condition of dwelling or building, based on
- 3 the estimated expected remaining life span; and
- 4 (3) the term of a loan shall be determined by the
- 5 Commission, but in no event be longer than the term as may
- 6 be authorized by the Act.

7 (b) Loans shall be made in an amount to be determined by the
8 Commission, but in no event be more than the amount authorized by
9 the Act or applicable rule.

10 (c) Loans shall bear interest at the rate authorized by the Act
11 and rules.

12 (d) Loan interest rates shall be determined based on the
13 availability and source of funds as well as the current interest rate for
14 such loans in the private sector; provided that on a case-by-case basis,
15 the Commission may, to the extent authorized by law, establish such
16 rates as it shall determine best effectuate the purposes of the individual
17 borrower, and to offer loans of comparable interest rates to all
18 borrowers.

19 (e) Interest on loans directly made by the Commission from a
20 revolving fund under its administration shall commence to accrue on
21 the twentieth (20th) day of the month in which the first disbursement of
22 funds is made.

23 (f) Repayment of loans made or assured by the Commission
24 shall commence on the nineteenth (19th) day of the month in which the

1 first disbursement of funds is made, unless otherwise specified
2 pursuant to a loan contract approved or assured by the Commission, as
3 executed by the borrower and a Guam, Federal or private lending
4 institution other than the Commission.

5 (g) The borrower may be required to pay a monthly service fee
6 when loan payments are made payable to, or collected by a private
7 lending institution.

8 (h) The payment of any installments due for loans issued
9 directly from the Chamorro Home Loan Fund may be postponed in
10 whole or in part by the Commission for reasons as it deems good and
11 sufficient and until such later date as it deems advisable. Such reasons
12 for postponements shall be adopted by the Commission and fairly
13 applied to lessees under similar circumstances. Postponed payments
14 shall continue to bear interest on the unpaid principal at the rate
15 established for the loan and applicable law or rule.

16 (i) Whenever a borrower is delinquent with loan repayments,
17 the Commission may demand that the borrower assign wages in part or
18 all moneys due or to become due to such borrower by reason of any
19 agreement or contract to which the borrower is a party, to the
20 Commission to assure repayment of the loan.

21 (j) Whenever a borrower is more than one hundred twenty
22 (120) days delinquent on loan repayments, the Commission may start
23 garnishment proceedings in accordance with the applicable statute, or
24 start cancellation proceedings as authorized under the Act.

1 (k) The Lessee, as a specific condition to a loan contract or loan
2 guarantee, shall *not* cancel a lease or loan agreement without the prior
3 consent of both the Commission, and, when applicable, the lending
4 institution from which funds were borrowed, pursuant to terms and
5 conditions approved by both the Commission and the lending
6 institution.

7 **Section 10-3-48. (Reserved).**

8 **Section 10-3-49. Borrowed Funds. The**
9 Commission may borrow funds for the purpose of making loans to
10 lessees of residence lots for purchasing, repairing, maintaining, erecting
11 or improving homes on Chamorro homelands. Such loans shall bear
12 interest at the same rate of interest as that paid by the Commission to
13 the lender, plus one-half of one percent per year. The term of such loans
14 shall not exceed thirty (30) years.

15 **Section 10-3-50. Additional Funds. The**
16 Commission may make loans at such terms and conditions from any
17 additional funds as *I Liheslaturan Guahan* may hereafter provide. In the
18 event such additional funds are made available to the Commission
19 without any specific terms, conditions or restrictions, such funds shall
20 be subject to the conditions and restrictions imposed by the Act.

21 **Section 10-3-51. Operation of Funds.** The Commission may
22 invest and reinvest any of its funds, not otherwise restricted and not
23 otherwise immediately needed for the purpose of the funds, in such
24 bonds, securities and other investments as authorized by Guam law.

1 Any interest or other earnings arising out of such investment shall be
2 credited to and deposited in such funds as may be authorized by the
3 Act.

4 **Section 10-3-52. (Reserved)."**

5 **Section 2.** Section 75103(f) is hereby *added* to Chapter 75, Division 2 of
6 Title 21 of the Guam Code Annotated to read as follows:

7 **"(f) Assistance in the Development and Administrative**
8 **Implementation of Loan and Fund Programs.** The Chamorro
9 Land Trust Commission is authorized to enter into memorandums of
10 agreement, or contract with government or private agencies or lending
11 institutions, relative to servicing loans made or guaranteed by the
12 Commission pursuant to §§75112, 75113 and 75114, or other applicable
13 provisions of this Chapter 75, applicable law and regulation.

14 The Commission shall provide for in its administrative rules and
15 regulations the processes by which non-government of Guam agencies,
16 to include Federal agencies and instrumentalities and private lending
17 institutions, may participate in the Commission's revolving fund and
18 special fund programs, to the extent authorized pursuant to this
19 Chapter 75, applicable law and regulation."

20 **Section 3. Severability.** If any provision of this Law or its
21 application to any person or circumstance is found to be invalid or contrary to
22 law, such invalidity shall *not* affect other provisions or applications of this
23 Law which can be given effect without the invalid provisions or application,
24 and to this end the provisions of this Law are severable.



24th GUAM
LEGISLATURE

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

SENATOR JOHN CAMACHO SALAS
CHAIRMAN

May 21, 1998

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

Dear Mr. Speaker:

The Committee on Agricultural, Land, Housing, Community & Human Resources Development to which was referred Bill No. 628, has had the same under consideration and now wishes to report back the same with the recommendation **TO DO PASS**.

The Committee votes are as follows:

To Do Pass	7
Not To Pass	0
Abstain	0
Other (Off-Island)	0

A copy of the Committee's report and other pertinent documents are attached for your reference and information.

Sincerely,

Senator John Camacho Salas Jr.
Chairman

Attachments



SENATOR JOHN CAMACHO SALAS

CHAIRMAN

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

VOTING SHEET

BILL NUMBER 628

TITLE Adopt rules and regulations for CLTC relative to loans and funds, provide for administration of revolving funds and special funds, and establish standards for the management of the Chamorro Loan Guarantee Fund.

	TO DO PASS	NOT TO PASS	ABSTAIN	INACTIVE FILE
<i>John C. Salas</i> John Camacho Salas, Chairman	✓			
<i>E. J. Cruz</i> Edwardo J. Cruz, M.D., Vice-Chairman	✓			
<i>T. C. Ada</i> Thomas C. Ada, Member	✓			
<i>F. B. Aguirre, Jr.</i> Frank B. Aguirre, Jr., Member	✓			
Felix P. Camacho, Member				
Francisco P. Camacho, Member				
<i>W. B. S.M. Flores</i> William B. S.M. Flores, Member	✓			
<i>L. F. Kasperbauer</i> Larry F. Kasperbauer, Member	X			
<i>Carlotta A. Leon Guerrero</i> Carlotta A. Leon Guerrero, Member	✓			
Antonio R. Unpingco, Ex-officio Member				

Committee on Agriculture, Land, Housing,
Community & Human Resources Development
Committee Report on Bill 628
Publicly Heard Thursday, May 14, 1998

Bill 628: An act to adopt rules and regulations for the Chamorro Land Trust Commission and to add §75103(f) and items (1), (2) and (3) to §75108(h) of Chapter 75, Division 2 of Title 21 of the Guam Code Annotated, relative to adopting the rules and regulations of the Chamorro Land Trust relative to loans and funds; to provide for the administration of revolving funds and special funds; and to establish standards for the management of the Chamorro Loan Guarantee Fund.

I. ATTENDANCE

- Senator John C. Salas, Chairman
- Senator Edwardo J. Cruz, Vice-Chairman
- Senator Tom C. Ada, Member
- Senator Frank B. Aguon, Jr., Member
- Senator Francisco P. Camacho, Member

II. MAIN SPONSORS

Senator John C. Salas
Senator Edwardo J. Cruz

III. SYNOPSIS

Bill 628 sets-up rules and regulations for the Chamorro Land Trust Commission to administer loans to Land Trust recipients. The bill also establishes special funds and revolving funds and allows the Commission to use these funds for the development of Land Trust projects, and guarantee repayment of moneys borrowed by the Commission from GovGuam or private lenders. The Commission may also use these funds to service loans made or guaranteed by the Commission to lessees, and guarantee repayment of loans made to Land Trust lessees by other Guam or Federal agencies or instrumentalities or private institutions. The bill also sets-up the Loan and Loan Guarantee Application process as well as standards and conditions by which the Commission will evaluate loan applications. The bill also establishes standards by which the Commission will administer the Chamorro Loan Guarantee Fund.

IV. TESTIMONY

Ron Teehan provided an overview of the bill. The bill proposes through negotiations, it allows the CLTC to work with the Guam Banking Association to establish the number of loans the Chamorro Loan Guarantee Fund can secure. The bill also puts into place additional provisions or safeguards that banks felt necessary in order to participate. These provisions are satisfactory to banks. The banks that have so far shown interest are Bank of Hawaii, First Hawaiian Bank and Citizens Security Bank. Also, the U.S. Small Business Administration (USSBA) is working with CLTC with 40 loans, Guam Housing Corporation (GHC) is ready to issue loans, and HUD representatives will be on island for negotiations.

Chairman Salas, noted that when P.L. 24-168, the Paka Disaster Recovery and Mitigation Act of 1998, was passed, it was estimated that the \$2.5 million would be enable the CLTC to guarantee \$25 million in loans. **Mr. Teehan** noted that this amount was the low end estimate and noted that the CLTC could secure up to \$40 million in loans. The initial estimate was that the CLTC would encounter a 30% default rate. Mr. Teehan noted that this was a high estimate to ensure that the Commission could meet its obligation with the \$2.5 million Chamorro Loan Guarantee Fund.

Senator Carlotta Leon Guerrero asked for clarification on sections containing the notation "Reserved". Mr. Teehan noted that these reserved areas are for rules and regulations that the Commission is not yet ready to promulgate.

Chairman Salas asked for clarification on the use of funds. The Paka Disaster Recovery and Mitigation Act of 1998 was intended primarily for residential construction and purchase. During Legislative debate there was a great deal of concern that the money might be used for other than residential construction and purchase. Chairman Salas noted that the bill allows special and revolving funds to be used for certain commercial activities.

Mr. Teehan noted that in other parts of the current statute, the law allows funds to be used for these commercial activities. As such, the bill reflects this to remain consistent with current statute. Mr. Teehan, noting Senator Carlotta Leon Guerrero's comment on future revenue stream going into the fund, emphasized that the Commission is not ready or able to entertain commercial activities until the Commission promulgates rules and regulations and the fund has an opportunity to grow. **Chairman Salas** however, still expressed his concern that the bill would allow funds to be used for certain commercial activities. Mr. Teehan suggested then that the section can be "Reserved" at this time, and the Commission would support this amendment. Chairman Salas agreed.

Senator Carlotta Leon Guerrero referenced pages 7 to 8 regarding Loan Standards. She asked for clarification on the Loan Standards and how it applies to low income applicants. **Mr. Teehan** noted that for low income applicants, there would have to be a tie-in with assistance programs. With the Chamorro Loan Guarantee Fund, the Commission could not guarantee a loan for an applicant that shows clear inability to pay. These applicants must have funds provided by various assistance programs. Mr. Teehan made clear that this bill is not a financial assistance program for low income applicants but rather it provides access to sources of loans. The Commission does not yet have a program to address low income applicants nor the revenue stream to address this group.

Vice Chairman Cruz noted that the bill should reference Public Law 24-168 as the bill is a continuation of the public law. Further, if there is a conflict between this bill and Public Law 24-168, then the public law would be superseded. He suggested that this bill also reference the public law and ensure that no conflict will make Public Law 24-168 null and void.

Senator Aguon asked for clarification on the time urgency of this bill. **Mr. Teehan** noted that the Commission has a deadline of October 1998 before Federal Home Loan Bank of Seattle funds expire. Additionally, Guam Housing Corporation is waiting for the CLTC to adopt rules and regulations before their loans can be finalized. Senator Aguon noted for the record that there is a time urgency to this measure and recommended to the panel that this bill be introduced in the next Legislative session.

Senator Carlotta Leon Guerrero asked for clarification on preferences the CLTC used in assigning lease lots. Mr. Teehan noted that the only preference that exists is whether an applicant is landless. Senator Carlotta Leon Guerrero then asked if there is already a preference for those without land, then can the CLTC set-up a preference for those applicants, for example, that are low income single mothers over a single male in a better financial position. She felt that applicants of less economic position should be given preference in the having loans guaranteed. However, **Mr. Teehan** noted that the program is not a financial assistance program and that the guarantee and the willingness of banks to participate depends upon the applicants' ability to repay loans. He reiterated that there are assistance programs that the CLTC can tie-in with that would allow a better chance for the CLTC to guarantee these types of loans. The bill leaves the door open to allow these people to participate. The bill provides provisions which were requested by banks and those that the CLTC needs to ensure participation by lending institutions. These safeguards are not conducive to low income applicants but rather these safeguards would allow those hundreds of applicants that are ready to go forward now.

Chairman Salas reiterated that the bill would also allow federal entities to participate and allow these applicants to go forward with their loans. It was clarified that this bill would allow USSBA, Veterans Associations and other federal entities to participate in providing loans to Chamorro Land Trust recipients. It was also made clear that the CLTC chose this Legislative route as the expedient way to establish the rules and regulations needed to allow people to move forward and meet time constraints.

V. **COMMITTEE FINDINGS & RECOMMENDATION**

The Committee finds that the Paka Disaster Recovery and Mitigation Act of 1998 has given Chamorro Land Trust recipients the opportunity to find and secure home loans. However, this is only the first step. The CLTC now needs rules and regulations by which both the Trust and lending community can forge an agreement in relation to Trust clients' ability to secure and repay loans.

There is a time sensitivity with certain federal and local institutions, and without these rules and regulations, Land Trust participants cannot move forward in their dream of owning a home. The Committee also wants to ensure that the proposed bill addresses mitigation brought on by Typhoon Paka and focus the Trust's efforts on residential "development". The Committee recommends that Bill 628 be amended to show that loans from revolving funds, special and other funds will not be used for commercial activities the CLTC has a revenue stream into these funds and can show financial ability to address both residential and commercial concerns. Reference to commercial activities is "Reserved" and the CLTC is required to go before the Legislature to amend the rules and regulations to allow for commercial activities.

The Committee therefore recommends **TO DO PASS Bill 628**, as substituted.

24th Guam Legislature
Committee on Rules, Government
Reform and Federal Affairs
Senator Mark Forbes, Chairman



MAY 04 1998

RECEIVED
5/4/98
[Signature]

MEMORANDUM

TO: Chairman
Committee on Agriculture, Land, Housing, Community and Human
Resources Development

FROM: ~~Chairman~~
Committee on Rules, Government Reform and Federal Affairs

SUBJECT: Referral- Bill No. 628

The above Bill is referred to your Committee as the principal committee. It is recommended you schedule a public hearing at your earliest convenience.

Thank you for your attention to this matter.

MARK FORBES

Attachment



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

SENATOR JOHN CAMACHO SALAS
CHAIRMAN

PUBLIC HEARING

Legislative Public Hearing Room
Thursday, May 14, 1998
1:00 P.M.

AGENDA

Bill 600: An act to authorize the Governor of Guam to exchange government of Guam owned property in fee simple with property owned by Richard and Marylou Saville Lot No. 235-R-2-2-1, located in the municipality of Maina, Guam.

Richard and Marylou Saville cannot develop their Maina property due to aerial and surface easements imposed on them. Power lines and public access easements have diminished the size and value of the lot. While the property is not suitable for constructing a home, the property can be used for recreational and social activities in the village. The bill proposes to exchange this property with government of Guam property. The Savilles and the Department of Land Management will agree upon the government of Guam lot, location, and size. (Aguon)

Bill 616: An act to authorize the Governor of Guam to compensate the owner of land in Chalan Pago, through a land exchange of government property in Dededo reserved for this purpose, for land taken for a public utility easement and right-of-way.

Since 1981, the government of Guam has been using 585 square meters of Lot No. 3329-1-3 in Chalan Pago for a Public Utility Easement without compensation. Neither monetary compensation nor land exchange has been offered. The bill proposes exchanging a portion of Lot No. 10120-R16, Dededo on a value for value basis for the land taken as a Public Utility Easement. (Salas, Cruz)

Bill 628: An act to adopt rules and regulations for the Chamorro Land Trust Commission and to add §75103(f) and items (1), (2) and (3) to §75108(h) of Chapter 75, Division 2 of Title 21 of the Guam Code Annotated, relative to adopting the rules and regulations of the Chamorro Land Trust relative to loans and funds; to provide for the administration of revolving funds and special funds; and to establish standards for the management of the Chamorro Loan Guarantee Fund.

This bill sets-up rules and regulations for the Chamorro Land Trust Commission to administer loans to Land Trust recipients. The bill also establishes special funds and revolving funds and allows the Commission to use these funds for the development of Land Trust projects, and guarantee repayment of moneys borrowed by the Commission from GovGuam or private lenders. The Commission may also use these funds to service loans made or guaranteed by the Commission to lessees, and guarantee repayment of loans made to Land Trust lessees by other Guam or Federal agencies or instrumentalities or private institutions. The bill also sets-up the Loan and Loan Guarantee Application process as well as standards and conditions by which the Commission will evaluate loan applications. The bill also establishes standards by which the Commission will administer the Chamorro Loan Guarantee Fund. (Salas, Cruz)



SENATOR JOHN CAMACHO SALAS CHAIRMAN

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

TESTIMONY SIGN IN SHEET

Thursday, May 14, 1998

Bill Number **628**

Title An act to adopt rules and regulations for the Chamorro Land Trust Commission and to add §75103(f) and items (1), (2) and (3) to §75108(h) of Chapter 75, Division 2 of Title 21 of the GCA, relative to adopting the rules and regulations of the Chamorro Land Trust relative to loans and funds; to provide for the administration of revolving funds and special funds; and to establish standards for the management of the Chamorro Loan Guarantee Fund.

<i>Ronald Teehan</i>	<i>Chamorro Land Trust</i>	<input checked="" type="checkbox"/> FOR	<input type="checkbox"/> WRITTEN
<i>475-4254</i>	<i>901 Central Ave., Tiyam</i>	<input type="checkbox"/> AGAINST	<input checked="" type="checkbox"/> ORAL
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