



CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

OCT 06 1997

Refer to  
Legislative Secretary

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

OFFICE OF THE LEGISLATIVE SECRETARY  
ACKNOWLEDGMENT RECEIPT

Received By D. J. [Signature]

Time 11:45am

Date 10-7-97

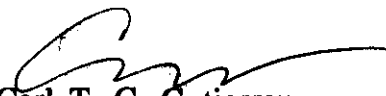
Dear Speaker Unpingco:

Enclosed please find a copy of Substitute Bill No. 325 (COR), "AN ACT TO REPEAL AND RE-ENACT §4103 (C) OF ARTICLE 1, CHAPTER 4 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE GUAM HOUSING CORPORATION TO INCLUDE THE PAYMENT OF EXISTING CONSUMER DEBTS FROM THE PROCEEDS OF MORTGAGE LOANS IF IT WILL CAUSE THE APPLICANT TO QUALIFY FOR A HOME MORTGAGE.", which I have signed into law today as **Public Law No. 24-82**.

This legislation allows the Guam Housing Corporation to grant housing loans where a portion of the loan proceeds may be used to consolidate existing consumer debts of the mortgagor, or loan applicant. This will allow more Guam residents to be eligible to obtain a Guam Housing Corporation loan, and will allow the Guam Housing Corporation to make consolidation loans, as is the current practice for private lending institutions. These consolidation loans made by the Guam Housing Corporation would still be offered to persons who do not qualify for loans from private lending institutions.

Additionally, one loan refusal from a private lender, instead of three, will be sufficient to indicate that the person applying for a Guam Housing Authority loan is unable to obtain a loan from the private sector.

Very truly yours,

  
Carl T. C. Gutierrez  
Governor of Guam

Attachment

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

00464

Office of the Speaker  
ANTONIO R. UNPINGCO

Date: 10/7/97

Time: 04:32

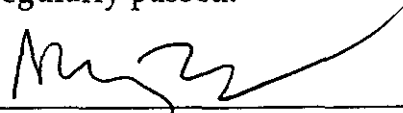
Rec'd by: [Signature]

Print Name: Charlene [Signature]

TWENTY-FOURTH GUAM LEGISLATURE  
1997 (FIRST) Regular Session

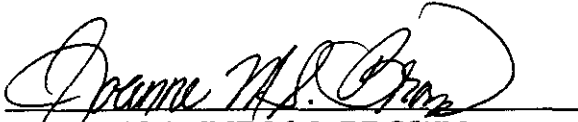
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 325 (COR), "AN ACT TO REPEAL AND RE-ENACT §4103(C) OF ARTICLE 1, CHAPTER 4 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE GUAM HOUSING CORPORATION TO INCLUDE THE PAYMENT OF EXISTING CONSUMER DEBTS FROM THE PROCEEDS OF MORTGAGE LOANS IF IT WILL CAUSE THE APPLICANT TO QUALIFY FOR A HOME MORTGAGE," was on the 15<sup>th</sup> day of September, 1997, duly and regularly passed.



ANTHONY C. BLAZ  
Acting Speaker

Attested:

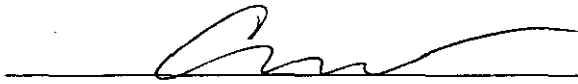
  
JOANNE M.S. BROWN  
Senator and Legislative Secretary

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This Act was received by the Governor this 24<sup>th</sup> day of September, 1997, at  
5:00 o'clock P.M.



Assistant Staff Officer  
Governor's Office

APPROVED:

  
CARL T. C. GUTIERREZ  
Governor of Guam

Date: 10-6-97

Public Law No. 24-82

**TWENTY-FOURTH GUAM LEGISLATURE  
1997 (FIRST) Regular Session**

**Bill No. 325 (COR)**

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

Introduced by:

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

**AN ACT TO REPEAL AND RE-ENACT §4103(c) OF  
ARTICLE 1, CHAPTER 4 OF TITLE 12 OF THE  
GUAM CODE ANNOTATED, RELATIVE TO  
AUTHORIZING THE GUAM HOUSING  
CORPORATION TO INCLUDE THE PAYMENT OF  
EXISTING CONSUMER DEBTS FROM THE**

**PROCEEDS OF MORTGAGE LOANS IF IT WILL  
CAUSE THE APPLICANT TO QUALIFY FOR A  
HOME MORTGAGE.**

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

2           **Section 1. Legislative Findings and Intent.** It is the intent of the Guam  
3 Legislature to improve the availability and accessibility of housing  
4 opportunities for the people of Guam. One of the impediments keeping our  
5 people from qualifying for home mortgages is consumer debt. The Guam  
6 Legislature recognizes that many first time homeowners have debts stemming  
7 from a variety of incurred expenses, limiting their chances of obtaining loans  
8 for the purchase or construction of a home. The potential homeowners, if  
9 they can refinance and consolidate their consumer debt, will otherwise meet  
10 the debt to income ratios necessary to qualify for a home mortgage.

11           **Section 2.** Section 4103(c) of Article 1, Chapter 4 of Title 12 of the Guam  
12 Code Annotated is hereby repealed and re-enacted to read as follows:

13           “(c) To encourage and engage in low and moderate income  
14 housing activities, including development of residential subdivisions,  
15 construction of housing for rental or resale, and to make loans to any  
16 person for the purchase, construction, improvement or repair of a home.  
17 All loans so made shall be of such sound value or so secured as  
18 reasonably to assure repayment, taking into consideration the policy of  
19 the Guam Legislature that the lending powers to the Guam Housing  
20 Corporation (the “Corporation”) shall be administered as a means of  
21 accomplishing the purposes stated in §4101 of this Chapter, and shall  
22 bear interest at a rate to be determined by the Board of Directors of the

1 Corporation, but not exceeding the Federal Housing Administration  
2 rate.

3 Loans should be made to the residents of Guam to enable them to  
4 purchase or construct permanent homes which are insurable under a  
5 standard Guam home owner's insurance policy to include, but not be  
6 limited to, the perils of tropical cyclones, earthquakes and fire. All loans  
7 for the purchase, construction, or purchase of land and construction of  
8 such home shall not exceed the Federal Housing Administration loan  
9 limit established by the U.S. Department of Housing and Urban  
10 Development for Guam. No loan may be used exclusively for the  
11 purchase of land. The Corporation is authorized to grant loans which  
12 use a portion of the mortgage loan proceeds to consolidate existing  
13 consumer debts with the mortgage loan, if the consolidation of such  
14 consumer debt would cause the applicant to qualify for the  
15 Corporation's loan programs. Loans shall be given only to residents  
16 who have been unable to obtain conventional financing from  
17 commercial lending institutions, including, but not limited to, banks  
18 and savings and loan associations. At least one (1) written loan refusal  
19 from commercial lending institutions shall be presented upon  
20 application for a Corporation loan."



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

**SENATOR JOHN CAMACHO SALAS**  
**CHAIRMAN**

September 9, 1997

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. 325, has had the same under consideration and now wishes to report back the same, as substituted by the Committee, with the recommendation **TO DO PASS**.

The Committee votes are as follows:

To Do Pass	<u>6</u>
Not To Pass	<u>    </u>
Abstain	<u>    </u>
Other (Off-Island)	<u>    </u>

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

Sincerely,

*John C. Salas*  
Senator John Camacho Salas  
Chairman

Attachments





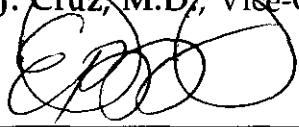
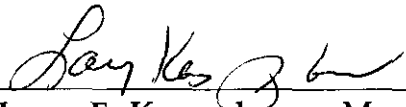
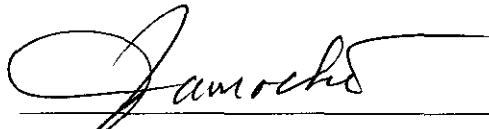
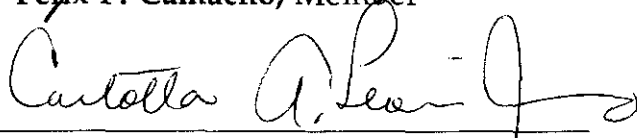
# SENATOR JOHN CAMACHO SALAS CHAIRMAN

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

### VOTING SHEET

Bill Number **325**

Title An Act to authorize the Guam Housing Corporation to include the payment of existing consumer debts from the proceeds of mortgage loans if it will cause the applicant to qualify for a home mortgage

	TO DO PASS	NOT TO PASS	ABSTAIN	INACTIVE FILE
 John Camacho Salas, Chairman	✓			
 Edwardo J. Cruz, M.D., Vice-Chairman	✓			
 Elizabeth Barrett-Anderson, Member	✓			
 Larry F. Kasperbauer, Member	X			
 Felix P. Camacho, Member	✓			
 Carlotta A. Leon Guerrero, Member	✓			
Thomas C. Ada, Member				
William B.S.M. Flores, Member				
Frank B. Aguon, Jr., Member				

Committee on Land, Housing, Agriculture, Planning,  
Community & Human Resource Development  
Committee Report on Bill 325  
Publicly Heard August 31, 1997

Bill 325 - An act authorizing the Guam Housing Corporation to include the payments of existing consumer debts from the proceeds of mortgage loans if it will cause the applicant to qualify for a home mortgage

**I. ATTENDANCE:**

- Senator John C. Salas, Chairman
- Senator Edwardo J. Cruz, Vice-Chairman
- Senator Larry F. Kasperbauer, Member
- Senator Carlotta A. Leon Guerrero, Member
- Senator Frank B. Aguon, Jr., Member
- Senator Vicente C. Pangelinan, Guest

**II. MAIN SPONSOR:**

Senator Ben Pangelinan & Senator Tom C. Ada

**III. BILL SYNOPSIS:**

This bill will amend current Guam Housing Corporation (GHC) law and allow GHC to consolidate consumer debt for mortgage loan purposes, as long as consolidation of consumer debts will qualify the applicant for a home loan.

**IV. TESTIMONY:**

**Senator Ben Pangelinan**, author of the bill, gave an overview of Bill 325. He noted that the bill was created in answer to the difficulties Guam Housing Corporation new home owner applicants have in securing home loans due to consumer debts. This bill would allow applicants to consolidate consumer debt into a mortgage loan.

**Mr. James Sablan, President - Guam Housing Corporation**, testified in support of the bill. He added that the bill will assist in qualifying first time homeowners in securing a loan. He noted that the bill refers to an old law requiring 3 loan rejections from private banks, but only 1 rejection is required. Also, he asked that the bill apply only to first time homebuyers as funds are limited.

**Vice Chairman Edwardo Cruz** expressed his concern that GHC is focusing on first time homeowners. Vice Chairman Cruz noted that there are situations where people have already owned a home but may not have any equity or ownership due to divorce, etc. In this case they would still need a home but would not qualify under GHC's requirements. Mr. Sablan noted that it is very important to limit the bill to first time homeowners as there are limited funds available.

**Chairman Salas** asked **Senator Pangelinan** if his intent was for the bill to address first time homebuyers. Senator Pangelinan noted that it is, but that if you had owned a home previously but no longer have that as an asset, you may re-qualify under conventional loan programs for another "primary home" loan.

**Vice Chairman Cruz** asked if GHC would be competing with private banks. Mr. Sablan noted that they only cater to individuals who have been rejected by a regular bank, and these applicants are low to middle income. He added that last year, there were only 60 loans approved, so there would not be an impact on the private sector.



**V. COMMITTEE FINDINGS**

The committee finds that Bill 325 will assist new families and first time homebuyers to qualify for home mortgages that they would otherwise not qualify for due to consumer debts. The committee felt that a major goal of the Legislature is to assist the island's residents to own homes. This bill is one additional step closer to getting Guam renters towards home ownership. There is one amendment that is required in keeping with current law, that is to change the bills reference to 3 rejection letters to 1, a law passed by the 24th Guam Legislature.

**VI. COMMITTEE RECOMMENDATION**

Therefore, the committee agreed to amend the bill to indicate that applicants must have one (1) rejection notice. The committee recommends **TO DO PASS**, as substituted.



24<sup>th</sup> GUAM  
LEGISLATURE

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

**SENATOR JOHN CAMACHO SALAS**  
**CHAIRMAN**

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**Legislature Public Hearing Room**  
**Monday, August 25, 1997**  
**6:00 p.m.**

**AGENDA**

**Bill 325** An act authorizing the Guam Housing Corporation to include the payments of existing consumer debts from the proceeds of mortgage loans if it will cause the applicant to qualify for a home mortgage.

Sponsors: V.C. Pangelinan, T.C. Ada

Synopsis: This bill will amend current Guam Housing Corporation (GHC) law and allow GHC to consolidate consumer debt for mortgage loan purposes, as long as consolidation of consumer debts will qualify the applicant for a home loan.

**Bill 330** An act to amend Sections 11 and 11-A of P.L. 21-60, relative to allowing the recipients of joint government of Guam and Federal Emergency Management Agency Land for the Landless program and other purchasers of public land for housing purposes at below fair market values to mortgage their properties and to consolidate their loans as part of a home improvement loan.

Sponsors: V.C.Pangelinan, J. Won Pat-Borja

Synopsis: This bill will allow any individual who has purchased public land for housing purposes at below market value through FEMA, Land for the Landless or other programs, to transfer title for mortgage purposes of home construction or home improvement. This bill will also allow for consolidation of personal debts if this will qualify the applicant for a construction or home improvement loan



# SENATOR JOHN CAMACHO SALAS CHAIRMAN

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

### TESTIMONY SIGN IN SHEET

Bill Number 325

Title An Act to authorize the Guam Housing Corporation to include the payment of existing consumer debts from the proceeds of mortgage loans if it will cause the applicant to qualify for a home mortgage

NAME: James G. Sablan	ORGANIZATION: GHC - President	TESTIMONY: <input checked="" type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
CONTACT:	MAILING ADDRESS:	<input type="checkbox"/> AGAINST <input checked="" type="checkbox"/> ORAL
NAME:	ORGANIZATION:	TESTIMONY: <input type="checkbox"/> FOR <input type="checkbox"/> WRITTEN
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CARL T. GUTIERREZ  
Governor

MADELEINE Z. BORDALLO  
Lieutenant Governor

## DEPARTMENT OF LAND MANAGEMENT

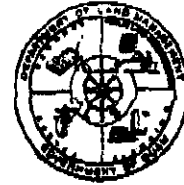
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Government of Guam

P.O. Box 2950

Agana, Guam 96932

Tel: (671) 475-LAND • Fax: (671) 477-0883



CARL J. C. AGUON  
Director

FRANCISCO P. SAN NICOLAS  
Deputy Director

August 22, 1997

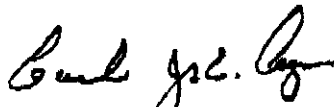
Senator John Camacho Salas  
Chairman  
Committee on Agriculture, Land, Housing,  
Community and Human Resources Development  
155 Hesler Street  
Agana, Guam 96910

Re: Request for Comments to Bill No. 325 and Bill No. 330

Hafa Adai Senator Salas:

In response to your request for comments to Bill No. 325: An Act Authorizing the Guam Housing Corporation to include the payments of existing consumer debts from the proceeds of mortgage loans if it will cause the applicant to qualify for a home mortgage; and, Bill No. 330: An Act to Amend Sections 11 and 11-A of P.L. 21-60, relative to allowing the recipients of joint government of Guam and Federal Emergency Management Agency Land for the Landless program and other purchasers of public land for housing purposes at below fair market values to mortgage their properties and to consolidate their loans as part of a home improvement loan, the Department of Land Management is in total support of both bills and supports the passage of these bills into law.

Thank you for the opportunity to comment on these bills.

  
CARL J.C. AGUON  
Director  
Department of Land Management



Commonwealth Now!

11

*Bill 325 proposes to authorize the Guam Housing Corporation to include the payment of existing consumer debts in the proceeds of mortgage loans if it will cause the applicant to qualify for a home mortgage. This bill will not only assure that consumer debt is repaid, but it will also stimulate housing activities thus improving the territory's economy, which in turn will support the economic development of the island.*

**FISCAL NOTE**  
**BUREAU OF BUDGET AND MANAGEMENT RESEARCH**

**BBMR-F7**

**Bill Number:** 325 (cor) **Date Received:** July 29, 1997  
**Amendatory Bill:** No **Date Reviewed:** August 15, 1997

**Department/Agency Affected:** Guam Housing Corporation  
**Department/Agency Head:** James Sablan, President  
**Total FY Appropriation to Date:** Autonomous

**Bill Title (preamble):** AN ACT TO AUTHORIZE THE GUAM HOUSING CORPORATION TO INCLUDE THE PAYMENT OF EXISTING CONSUMER DEBTS FROM THE PROCEEDS OF MORTGAGE LOANS IF IT WILL CAUSE THE APPLICANT TO QUALIFY FOR A HOME MORTGAGE.

**Change in Law:** N/A

**Bill's Impact on Present Program Funding:**  
 Increase \_\_\_\_\_ Decrease \_\_\_\_\_ Reallocation \_\_\_\_\_ No Change X

**Bill is for:**  
 Operations \_\_\_\_\_ Capital Improvement \_\_\_\_\_ Other X

**FINANCIAL/PROGRAM IMPACT**

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)			
PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
Autonomous	<u>1/</u>		

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL	<u>1/</u>					
OTHER						
TOTAL						

**FUNDS ADEQUATE TO COVER INTENT OF THE BILL?** Yes -- IF NO, ADD'L AMOUNT REQUIRED \$ \_\_\_\_\_  
**AGENCY/PERSON/DATE CONTACTED:** \_\_\_\_\_

ESTIMATED POTENTIAL MULTI-YEAR REVENUES						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND	<u>1/</u>					
OTHER						
TOTAL						

**ANALYST** M. Dizon **DATE** 8/15/97 **DIRECTOR** Joseph E. Rivera, Acting **DATE** SEP 05 1997

**FOOTNOTES:** See attached.