



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: [Signature]

Time 11:45am

Date 10-7-97

Dear Speaker Unpingco:

Enclosed please find a copy of Bill No. 330 (COR), "AN ACT TO AMEND §§11 AND 11-A OF PUBLIC LAW NUMBER 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.", which I have signed into law today as Public Law No. 24-83.

This legislation allows a recipient of joint government of Guam and Federal Emergency Management Agency (FEMA) land, as well as other purchasers below market value of public land for housing purposes, to mortgage their properties for construction of a residential dwelling.

The legislation also allows, as is the practice in private sector loans, the consolidation of home loans with other consumer debt. This will allow those who have been able to purchase land or have received land, but who have been unable to obtain financing for their homes, to have the chance to obtain financing for the construction and expansion of their homes.

Very truly yours,

[Signature]  
Carl T. C. Gutierrez  
Governor of Guam

Attachment

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

00465

Office of the Speaker  
ANTONIO R. UNPINGCO

Date: 10/7/97

Time: 0930

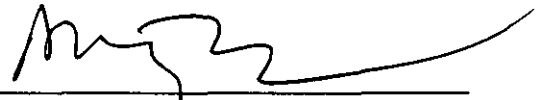
Rec'd by: [Signature]

Print Name: Charlene Jones

TWENTY-FOURTH GUAM LEGISLATURE  
1997 (FIRST) Regular Session

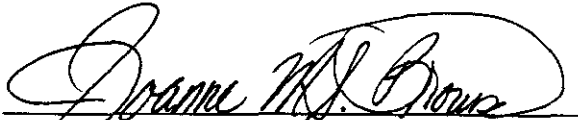
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Bill No. 330 (COR), "AN ACT TO AMEND §§11 AND 11-A OF PUBLIC LAW NUMBER 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," was on the 15th day of September, 1997, duly and regularly passed.

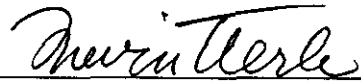


ANTHONY C. BLAZ  
Acting Speaker


Attested:

  
JOANNE M.S. BROWN  
Senator and Legislative Secretary

-----  
This Act was received by the Governor this 24th 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. 24-83

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

**Bill No. 330 (COR)**

As amended on the Floor.

Introduced by:

V. C. Pangelinan  
J. Won Pat-Borja  
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

**AN ACT TO AMEND §§11 AND 11-A OF PUBLIC  
LAW NUMBER 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.**

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

2           **Section 1. Legislative Statement.** The Guam Legislature finds that  
3 homeowners living in Sagan Lilayan Subdivision in Dededo, the joint  
4 government of Guam and Federal Emergency Management Agency  
5 subdivision ("FEMA") project, who petitioned for assistance in lifting of  
6 restrictions imposed by §11, P.L. No. 21-60, relative to their ability to  
7 mortgage their property for purposes of home improvements, are likewise  
8 burdened with existing loans, thus, their inability to mortgage their property  
9 with any lending institutions. In order for the homeowners to fully benefit  
10 from the amendments pursuant to P.L. No. 23-85, it is necessary to include the  
11 consolidation of consumer debt as part of home improvements as allowable  
12 exception to the restrictions pursuant to P.L. No. 21-60.

13           It is the intent of the Guam Legislature to extend this provision to the  
14 numerous other purchasers of public land for housing purposes at below fair  
15 market values who currently are prohibited from transferring or conveying  
16 their properties for ten (10) years, effectively prohibiting the buyers from  
17 mortgaging such properties to secure financing to construct or improve their  
18 homes.

19           **Section 2.** Section 11 of P.L. No. 21-60, as amended by §2 of P.L. No. 23-  
20 85, is hereby further amended to read as follows:

21           **"Section 11. No Resale or Conveyance.** Notwithstanding any  
22 provision of law to the contrary, any qualified individual who  
23 purchases public land for housing purposes at below fair market values,

1 either through the Federal Emergency Management Agency's program,  
2 the 'Land for the Landless' programs or individually, including the lots  
3 within the subdivisions established in this Act, shall covenant and  
4 warrant to the government that for a period of ten (10) years from the  
5 date of purchase, the purchaser shall not sell, convey or otherwise  
6 transfer, by any means, title of interest in the lot, except the right to  
7 mortgage for purposes of construction of a residential dwelling or  
8 expansion of existing home, subject to the same material specifications  
9 and regulations and in compliance with the building codes of Guam  
10 and all other applicable government requirements. Any mortgage loan  
11 for construction of a residential dwelling or expansion of the existing  
12 home may include the consolidation of consumer debt if such  
13 consolidation would cause the applicant to qualify for the loan and the  
14 proceeds of the mortgage loan are used exclusively for the purpose of  
15 paying off the debt and the construction of a residential dwelling or the  
16 expansion of the existing home upon the disbursement of the loan  
17 proceeds. Any attempt to sell, or otherwise transfer, by any means, title  
18 of interest in the lot, subject to the exception therein, without the prior  
19 written consent of the Governor of Guam, shall constitute a violation of  
20 this Section and title to the property shall automatically revert to the  
21 government of Guam. The Attorney General of Guam shall incorporate  
22 provisions to effect the provisions of this Section in the instrument of  
23 conveyance issued by the government, and the certificate of title issued  
24 for each lot shall contain a notation of this restriction. The restrictions of

1           this Section do not apply to encumbrances to SBA as authorized by this  
2           Act.”

3           **Section 3.** Section 11-A of P.L. No. 21-60, as added by §3 of P.L. No. 23-  
4 85, is hereby amended to read as follows: -

5                   **"Section 11-A.** The Governor of Guam and the Department of  
6 Land Management shall ensure that the mortgage and loan agreements  
7 contain provisions to ensure that the disbursement of loan proceeds are  
8 used only for payments of loan consolidation and the cost of  
9 improvements.”



24<sup>th</sup> GUAM  
LEGISLATURE

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:

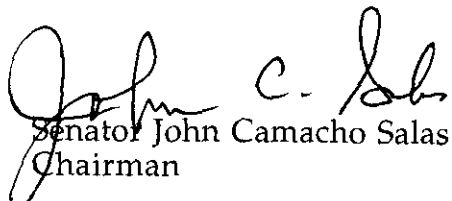
The Committee on Agricultural, Land, Housing, Community & Human Resources Development to which was referred Bill No. 330, has had the same under consideration and now wishes to report back the same with the recommendation **TO DO PASS**.

The Committee votes are as follows:

To Do Pass	<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,

  
 Senator John Camacho Salas  
 Chairman

Attachments



24th GUAM LEGISLATURE

# SENATOR JOHN CAMACHO SALAS

CHAIRMAN

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

### VOTING SHEET

Bill Number **330**

**Title** An Act to amend Section 11 and 11-A of PL 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.

	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 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.*

**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 Judith Won Pat-Borja

**III. BILL 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.

**IV. TESTIMONY:**

**Senator Ben Pangelinan**, author of the bill, gave an overview of Bill 330. He noted that the bill was created to assist landowners from these government programs that need to expand their homes as families grow. The current programs allow mortgages for home construction, but does not allow a 2nd mortgage for home improvement. Further, those that can get a 1st time mortgage must get permission from the Governor to secure a loan. This bill would allow for home construction and home improvement loans without the bureaucratic red tape to do so.

**Mr. John S. Penaflo**r testified in support of this bill as he felt it would make the dream of homeownership and expanding a home a reality.

**Mr. James Sablan, President - Guam Housing Corporation**, testified in support of the bill. He added that the bill will assist those in need in various government programs and will increase the number of qualified applicants at GHC.

**V. COMMITTEE FINDINGS**

The committee finds that Bill 330 will assist landowners from government landowners to qualify for first home loans and home improvement loans without having to deal with bureaucratic red tape to secure these loans.

**VI. COMMITTEE RECOMMENDATION**

Therefore, the committee recommends **TO DO PASS**, Bill 330.



# SENATOR JOHN CAMACHO SALAS CHAIRMAN

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

### TESTIMONY SIGN IN SHEET

Bill Number **330**

**Title** An Act to amend Section 11 and 11-A of PL 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

<b>NAME</b> James E. Sablan	<b>ORGANIZATION</b> GHC	<b>TESTIMONY</b>	
<b>CONTACT #</b> 475-4906	<b>MAILING ADDRESS</b> P.O. Box 3457 Ag.	<input checked="" type="checkbox"/> FOR	<input checked="" type="checkbox"/> WRITTEN
		<input type="checkbox"/> AGAINST	<input checked="" type="checkbox"/> ORAL
<b>NAME</b> John S. Rinaflor	<b>ORGANIZATION</b>	<b>TESTIMONY</b>	
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		<input type="checkbox"/> AGAINST	<input type="checkbox"/> ORAL



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

Global  
Consumer  
Bank

Citibank, N.A.  
402 E. Marine Drive  
P.O. Box 99  
Agaña, Guam  
96910

671-477-2484  
Fax:  
671-477-9441

Russell D. Andersen  
Vice President  
Country Credit Manager

**CITIBANK** 

August 26, 1997

Senator John Camacho Salas  
Chairman  
Committee on Agriculture, Land, Housing,  
Community & Human Resources Development  
Twenty-fourth Guam Legislature

Re: Testimony on Bill 330

Dear Mr. Chairman:

Citibank commends the initiative taken by the authors of this bill to correct a problem which has existed for some time, and which has had a detrimental effect on the ability of many land recipients to finance construction of their homes. The ability to include the consolidation of personal debts as part of the construction financing "package" will mean that many more people will be able to qualify for construction loans. In fact, Citibank's experience with even its *standard* construction lending program is that nearly all of our loans have included at least some amount of debt consolidation.

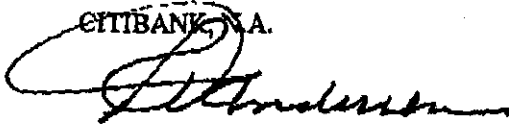
However, even though the bill, as it is presently drafted, corrects a major deficiency in the present law, it still leaves some other issues unresolved. Those issues are the following:

- 1) Applicability to all GovGuam deeded properties. The bill appears to focus on the properties deeded either through FEMA or the 'Land for the Landless' programs, but does not cover the other GovGuam deeded properties, such as GHURA, Guam Housing, or Land Management, which all contain similar restrictive covenants pertaining to alienation. The bill should include the same exemption for *all* public lands deeded to individuals for housing purposes.
- 2) Retroactive application of the legislation. The phrase that says that an individual land recipient "...shall covenant and warrant..." implies that the bill would be applied only prospectively, and not retroactively to previously deeded properties. The bill should clearly state that the legislation would also override the provisions contained in property deeds that were previously granted by the various government entities.
- 3) Exemption for permanent financing to "takeout" construction loans. Frequently the financing of the construction of a dwelling is two-step process; with a short-term construction loan that is then refinanced ("taken out") at completion of construction by a permanent long-term mortgage loan. Because the bill refers to "...mortgage loan for construction of a residential dwelling...", it appears to exclude the two-step scenario described above. Since this type of financing structure is becoming more prevalent, the alienation exemption should be extended to construction "takeout" loans as well.

- 4) Exemption for "turnkey" financing by builders. A fairly new concept in home construction that is also becoming more prevalent, particularly for lower-priced "affordable" homes, is "turnkey" financing provided by builders. In such instances, the builder and not a financial institution provides the construction financing, that is then "taken out" by a permanent loan from a traditional lender upon completion of construction. While the issue of the type of lender is not addressed in the bill, typical terminology in the government deeds that I have seen limits the alienation exemption to "bona fide financial institutions" or similar phraseology. Since this approach can save a borrower significant costs, such as construction loan and bonding fees, it would be advantageous to incorporate an alienation exemption for "turnkey" financing by non-traditional lenders as well.

It is our hope, since this bill has been introduced to eliminate one of the impediments to the financing of home construction on government deeded lands, that it can be amended to also correct the other deficiencies that I have described. Please let me know if you would like further elaboration of any of the points that I have raised.

Sincerely,

CITIBANK, N.A.  


Russell D. Andersen  
Vice President

cc. Rashid M. Habib  
Country Corporate Officer



CARL T. GUTIERREZ  
*Governor*

MADELEINE Z. BORDALLO  
*Lieutenant Governor*

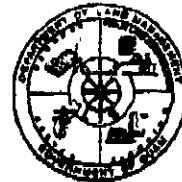
**DEPARTMENT OF LAND MANAGEMENT**  
**(DIPATTAMENTON TANO')**

*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

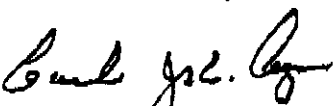
Senator John Camacho Salas  
Chairman  
Committee on Agriculture, Land, Housing,  
Community and Human Resources Development  
155 Hesler Street  
Agana, Guam 96910

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





# Guam Housing Corporation

P.O. Box 3457 Agana, Guam 96932

August 22, 1997

Carl T.C. Gutierrez  
Governor

Madeleine Z. Bordallo  
Lieutenant Governor

James G. Sablan  
President

Jose R. Duenas  
Chairman

Vicente Q. Finona  
Vice-Chairman

Lorraine S. Okada  
Member

Nita C. Baldovino  
Member

Jessie S. Pendon  
Member

Jose M. Guzman  
Member

Jesus M. Siguenza  
Member

**Senator John C. Salas**  
Chairperson, Committee on Agriculture, Land, Housing,  
Community, Planning and Human  
Resources Development  
Twenty-Fourth Guam Legislature  
Agana, Guam 96910

**Re: BILL NO. 330 - AN ACT TO AMEND SECTIONS 11 and 11-A  
OF PUBLIC LAW 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 MORTGAGE LOAN.**

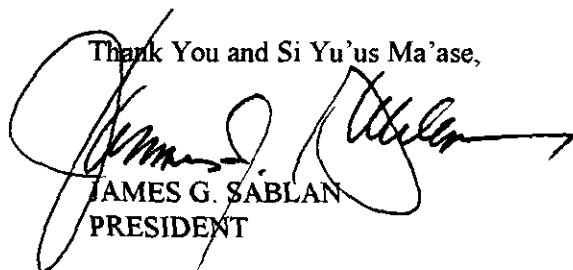
Dear Senator Salas:

Hafa Adai. Guam Housing Corporation supports any endeavor that better serves the homeowners living in Sagan Linayan and other purchasers of public land for housing purposes.

Bill 330 allows homeowners in the Sagan Linayan Project and other purchasers under the Land for the Landless Program to mortgage their property and to use the proceeds therefrom for debt consolidation, for construction of the residential development, or expansion of the existing home. This amendment is beneficial to the homeowners as it will reduce the homeowners' debt service and provide needed funds to improve existing residential homes.

In addition, we foresee that passing of this bill will result in a great increase in the number of qualified applicants applying for a mortgage loan from the corporation. The Legislature may wish to protect this program in the event that low interest financing from FHLB becomes unavailable by amending this legislation or introducing separate legislation authorizing a loan from GHC from the general fund at a low interest rate.

Thank You and Si Yu'us Ma'ase,



JAMES G. SABLAN  
PRESIDENT

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

**BBMR-F7**

Bill Number: 330 (COR)  
 Amendatory Bill: Yes

Date Received: 8/13/97  
 Date Reviewed: 8/26/97

Department/Agency Affected: Department of Land Management  
 Department/Agency Head: Carl Aguon  
 Total FY Appropriation to Date: \$3,694,501 (General Fund)

Bill Title (preamble): AN ACT TO AMEND SECTIONS 11 AND 11-A OF PUBLIC LAW 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.

Change in Law: To amend Sections 11 and 11-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
Natural Resources Recreation & Arts			11

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL						
OTHER						
TOTAL						11

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

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

ANALYST A. Flores DATE 9/9/97 DIRECTOR Joseph E. Rivera DATE 9/10/97  
Joseph E. Rivera, Acting

FOOTNOTES: 11 The legislation will allow the home owners to consolidate unsecured loans under a home improvement loan. This exception might also lead to abuses wherein the home owner may consolidate existing unsecured loans, under the home improvement loan and then assuming new unsecured loans, increasing the likelihood of default and the government losing interest in the dwelling.