

CHAPTER 2
GUAM HOUSING CORPORATION

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NOTE: Rule-making authority cited for the formulation of regulations of the Guam Housing Corporation, 12 GCA §§4109, 4112 and 4114. These rules were filed with the Legislative Secretary on October 27, 1983.

§2101. General Provisions. These Rules and Regulations are promulgated pursuant to the authority vested in the Guam Housing Corporation by the terms of 12 GCA Chapter 4.

§2102. Definitions. Unless the context requires otherwise, the definitions hereinafter set forth govern the construction of these Rules:

(a) *Code* means the Guam Code Annotated.

(b) *Board* means the Board of Directors of the Corporation as provided in 12 GCA §4112.

(c) *President* means the officer supervising the day-to-day operations of the Corporation.

(d) *Applicant* shall mean and include any person, firm or corporation who files an application with the Corporation in accordance with these Rules and Regulations.

(e) *Borrower* shall mean and include any person,

firm or corporation who has filed an application as herein required and which such application has been approved by the Corporation.

(f) *Capital Assets* means all tangible property of a permanent character and of a type subject to depreciation allowances, all real property or any private dwelling house.

(g) *Direct Loan* means a loan made directly to borrowers pursuant to the provisions of 12 GCA §§4103 and 4109.

(h) *Domestic Corporation* shall mean and include any corporation organized and incorporated under the laws of Guam.

(i) *Corporation* means the Guam Housing Corporation.

(j) *Fund* means the Housing Corporation Guarantee Fund contained in 12 GCA §4108.

(k) *Insured Loan* means a loan by a lending agency which loan is insured by the Corporation pursuant to the provisions of 12 GCA §4108.

(l) *Lending Agency* shall mean the person, firm or corporation which loans or agrees to loan money to a borrower under the loan insurance and guarantee provisions of 12 GCA §4108.

§2103. Citation of Rules. Each section of these Rules is a rule of the Corporation and may be cited as such.

§2104. Effect of Headings, Article and Section Heading. Effect of headings, article and section headings shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions of any article, section or part hereof.

NOTE: Although the original section headings have been retained by the Editor, "Article" and "Part" designations have been omitted. The "Part" and "Article" divisions used in the Guam Housing Corporation rules as originally filed are listed as follows:

Part I. General Provisions (§9100).*

Article 1. Definitions (§9101).

Article 2. General Provisions (§§9102-9107).

Article 3. Administration (§§9108-9113).

Article 4. Hearings (§9114).

Part II. Insured and Guaranteed Loans (§9115).

Part III. Loans (§§9116-9116.14).

Miscellaneous (§§9117-9123).

*Section [§] numbers refer to those used in the Guam Administrative Rules.]

§2105. Loans. The rules and regulations of this Part shall apply to loans made pursuant to the provisions of 12 GCA §4110.

§2106. Same: General Provisions. Loans made pursuant to the provisions of this Part shall be subject to the following provisions:

(a) Loans may be made only for the purpose of acquisition, construction or improvement of capital assets as defined hereof;

(b) Loans may be made only to legal residents of Guam or corporations duly organized and existing under the laws of Guam;

(c) No loans may be made to any applicant who is in default or in arrears of payment of any tax or other obligation due and owing the government of Guam, unless satisfactory arrangement has been made to satisfy the obligation.

§2107. Same: Application. Loan applications shall be completed with all pertinent attachments and exhibits. Applicants shall be required to submit proof of citizenship or certification of permanent residency status. Applicants shall also be required to furnish any and all other and further information as the Corporation shall request. In the event an application is approved, the applicant shall be required to execute such instruments and documents as may be reasonable required by the Corporation, including without limitation the execution of appropriate mortgages, notes, contracts and agreements.

§2108. Same: Loan Disbursements. All loans approved by the Board shall show disbursements of fifteen percent (15%) or more of the sum approved within thirty (30) days after date of approval; the remaining portion thereof shall be disbursed within a period specified by the Corporation and, further, upon violation of this Rule, the Corporation shall advise the applicant that within thirty (30) days from the date of notification, if no action is taken

to comply herewith, the loan commitment of the Board shall be cancelled. Appeal, if any, must be submitted in writing to the Board within thirty (30) days after notification by the Corporation. After the commitment is cancelled, any attempt thereafter by the applicant concerned to secure Guam Housing Corporation financial aid shall be presented as a new application.

§2109. Same: Legal Approval Requirement. All instruments executed according to the preceding section, as well as all legal documents of whatsoever nature entered into by the Corporation, under any rule, regulation or law applicable to the Corporation, shall be prepared or approved by the Corporation's counsel or other attorneys designated by the Board before the Corporation executes the instruments or enters into the agreement.

§2110. Same: Security. As security for all loans made pursuant to the terms hereof, the Corporation may require appropriate mortgages on all the assets of the entity to which the loan is made and such mortgages shall recite the interest of the Corporation in the business, operation and assets of such entity.

§2111. Same: Encumbrances - Restriction. Any contract or agreement entered into by the Corporation must contain a provision to the effect that any and all encumbrances of whatsoever nature placed after the date of the loan upon the capital assets covered by the loan may be so placed only after written approval of the Board; further, that upon violation of such provisions of the loan immediately shall become due and payable both as to principal and interest at the option of the Corporation.

§2112. Same: Financial Statement. the Corporation may require with the application, and at any time thereafter, a complete financial statement of the applicant made by a person or firm to prepare such financial statement, provided, however, that in either case the expense of preparation of any and all financial statements shall be borne by the applicant.

§2113. Insured and Guaranteed Loans. The rules and regulations of §2105 hereof shall apply to all insured and guaranteed loans:

(a) The Corporation shall insure or guarantee loans under the Code only through the deposit of interest bearing securities of a nature acceptable to the lender or through the giving or a mortgage on property owned by the Corporation.

(b) The Corporation shall require such other terms and conditions as it may deem to be in the best interest of the public for each individual case and said Corporation is empowered to enter into binding agreements in pursuance of such power with the Lending Agency, the applicant or both as may be necessary.

(c) Upon approval of an application, the Corporation shall enter into a written agreement with the applicant setting forth all the terms and conditions of the Agreement; the Corporation may also require the applicant to secure the Lending Agency's signature on such written agreements as the Corporation may specify.

§2114. Disqualification - Applicant Already Owns Concrete House. Any individual applicant applying for a housing loans should be considered disqualified if he already owns one or more habitable, safe and decent concrete houses.

§2115. Home Improvement Defined. *Home Improvement* is defined as a valuable addition made to property or an amelioration in its condition, amounting to more than mere repairs or replacement of waste, costing labor or capital, and intended to enhance its value, beauty or utility.

§2116. Home Repair Defined. *Home Repair* is defined to mean to mend, remedy, restore, renovate, to restore to a sound or good state after decay, injury, dilapidation or partial destruction. The term "home repair" contemplates an existing structure which has become imperfect and means to supply in the original existing structure that which is lost or destroyed, and thereby restore it to the condition in which it originally existed, as near as may be.

§2117. Loan Priorities. Home improvement loans for the purposes of construction of structures such as carports, patios, outdoor kitchens, fences or landscaping and home repair loans for repair of same shall be placed in the lowest priority for consideration by the Board for loan approval.

§2118. Financial Disclosure. The Corporation shall disclose to each approved loan applicant the total amount of interest, fees, charges and expenses that shall be incurred by the applicant by virtue of the loan undertaking.

§2119. Priorities. Guam Housing Corporation in recognition of the limitation of funds available for its

statutorily defined purposes, herein establishes the following priorities for granting of loan requests:

(a) First Priority: Homeless and Landless applicants.

(b) Second Priority: Loan applicants with land but who are homeless.

(c) Third Priority: Loan applicants with physically sub-standard dwellings who either seek new dwellings or monies to bring their dwelling up to standard.

(d) Fourth Priority: Loan for home repair projects as defined in §2116 herein.

(e) Fifth Preference: Loan applicants for home improvement projects as defined in §2115 herein.
