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Guam Adds Dedicated Revenue Source to Housing Trust Fund

by Michael Anderson // 2013, Summer



Responding to a housing market that is pricing out many working families, the Guam Legislature dedicated revenue from dormant and unclaimed bank account funds to the Guam Housing Corporation (GHC) Housing Trust Fund. On July 10, Guam Senator Ben Pangelinan announced that Treasurer had transferred \$1.4 million to the Housing Trust Fund toward the First Time Homeowner Assistance Program, and that the funds were immediately available for qualified applicants.

Guam Governor Eddie Calvo signed Bill 79 into law in June, establishing a dedicated funding source for the Housing Trust Fund. Bill 79 allows GovGuam to transfer dormant and unclaimed bank account funds from the treasurer of Guam to the Housing Trust Fund. Prior to the passage of Bill 79, funding from the dormant and unclaimed bank account had gone directly to the General Fund.

The Housing Trust Fund provides up to \$10,000 through grant funds to approved mortgage loan recipients to assist with down-payment and closing costs. Through an initial funding allocation in 2012, the Housing Trust Fund has provided grants to 70 families. The amount of Housing Trust Fund financial assistance is 4% percent of the eligible transaction cost of homes that are \$250,000 or below, which is inclusive of the cost of the land, down payments, and closing costs. The Guam Legislature established the Housing Trust Fund in 2007 in order to assist first-time homeowners with moderate and low incomes. Due in part to impact of the realignment of the U.S. Armed Services, the legislature amended the Housing Trust Fund in 2012 to increase the amount of assistance per household.



Eligible applicants must be a bona fide resident of Guam for not less than five years preceding the commencement date of the eligible transaction. Applicants for the program must complete a training

course before they are eligible for a grant. If within five years the home purchased with assistance from the Housing Trust Fund is transferred, conveyed, sold, or occupied exclusively by an individuals or individuals other than the homeowners or the homeowner's children, the Housing Trust Fund grant recipient is required to repay the Housing Trust Fund an amount equal to the total assistance with an interest rate of 10% per annum.

In addition to dedicating revenue to the Housing Trust Fund, Bill 79 amended a 1986 law that directs unclaimed deposits to the Treasury. After a specific waiting period (10 years for unclaimed savings accounts and 2 years for unclaimed checking accounts) banks transfer the unclaimed deposits to the Treasury of Guam. Bill 79 reduced from five years to one year before escheatment occurs, and the Treasury releases the funds.

Contact: guamhousing.org



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