I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2011 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'LAHEN GUÅHAN*

This is to certify that **Substitute Bill No. 138-31 (LS), "AN ACT TO *REPEAL* AND *RE-ENACT* ARTICLE 7, RELATIVE TO THE GUAM HOUSING CORPORATION'S FIRST-TIME HOMEOWNER ASSISTANCE PROGRAM, AND TO *ADD* A NEW ARTICLE 10, RELATIVE TO THE HOUSING TRUST FUND ACT, ALL OF CHAPTER 4, TITLE 12, GUAM CODE ANNOTATED; AND TO *AMEND* SECTION 5, SECTION 11(c), AS REPEALED AND RE-ENACTED BY PUBLIC LAW 26-123, AND SECTION 12, ALL OF PUBLIC LAW 20-210",** was on the 22nd day of December, 2011, duly and regularly passed.

Judith T. Won Pat, Ed.D.
Speaker

Attested:

Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'lahen Guåhan* this 23rd day of Dec., 2011, at 10:35 o'clock A.M.

Assistant Staff Officer
Maga'lahi's Office

APPROVED:

EDWARD J.B. CALVO
I Maga'lahen Guåhan

Date: _____
Public Law No. _____

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2011 (FIRST) Regular Session

Bill No. 138-31 (LS)
As substituted by the Committee on Municipal Affairs, Tourism, Housing and Recreation, and amended on the Floor.

Introduced by:

v. c. pangelinan
Judith T. Won Pat, Ed.D.
T. R. Muña Barnes
Judith P. Guthertz, DPA
T. C. Ada
V. Anthony Ada
F. F. Blas, Jr.
B. J.F. Cruz
Chris M. Dueñas
Sam Mabini, Ph.D.
Adolpho B. Palacios, Sr.
R. J. Respicio
Dennis G. Rodriguez, Jr.
M. Silva Taijeron
Aline A.Yamashita, Ph.D.

AN ACT TO *REPEAL* AND *RE-ENACT* ARTICLE 7, RELATIVE TO THE GUAM HOUSING CORPORATION'S FIRST-TIME HOMEOWNER ASSISTANCE PROGRAM, AND TO *ADD* A NEW ARTICLE 10, RELATIVE TO THE HOUSING TRUST FUND ACT, ALL OF CHAPTER 4, TITLE 12, GUAM CODE ANNOTATED; AND TO *AMEND* SECTION 5, SECTION 11(c), AS *REPEALED* AND *RE-ENACTED* BY PUBLIC LAW 26-123, AND SECTION 12, ALL OF PUBLIC LAW 20-210.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. With the impending population boom expected from the military buildup, housing and construction costs are expected to rise, leaving many of our Guam residents unable to afford a home for themselves and their families.

The median price of a single-family home on Guam has increased and interest rates have decreased since the creation of the Guam Housing Corporation's "First-time Homeowners Relief Program Act" (Program), and the enactment of Public Law 20-210, leaving many potential first-time homeowners unable to receive assistance through certain programs offered by the Guam Housing Corporation toward realizing their dream of owning a home.

It is the intent of *I Liheslaturan Guåhan* to provide assistance to qualified applicants who have been unable to benefit from the Program because of outdated guidelines and market conditions, and also to provide a balance as to protect the government of Guam from unnecessary risk related to the Program.

It is further the intent of *I Liheslaturan Guåhan* to repeal and re-enact provisions governing the Guam Housing Corporation's Program, and to amend certain sections of Public Law 20-210. Furthermore, the establishment of a Housing Trust Fund will assist the Guam Housing Corporation in further assisting Guam residents in achieving affordable and accessible housing. First-time homeowners will be well served by these adjustments due to the population increase as a result of the military buildup and its expected affect on the median price of a single family home and construction costs, as well as the decrease in interest rates. There is a need to provide legislative support that will lessen the financial impact these expected events will have on first-time homeowners.

Section 2. Article 7 of Chapter 4, Title 12 of the Guam Code Annotated is hereby *repealed* and *re-enacted* to read:

"ARTICLE 7

FIRST-TIME HOMEOWNER ASSISTANCE PROGRAM ACT

§ 4701. Establishment and Title.

§ 4702. Definitions.

§ 4703. First-time Homeowner Assistance Program.

§ 4704. Application for First-time Homeowner Assistance.

§ 4705. Administration.

§ 4706. Funding.

§ 4701. Establishment and Title.

The Guam Housing Corporation (GHC) *shall* develop, implement, and administer the *First-time Homeowner Assistance Program* (Program) to provide assistance to first-time homeowners toward the purchase or construction of a home in accordance with this Act.

§ 4702. Definitions.

For purposes of this Act, *except* as otherwise specifically provided, the following words and phrases, together with all of the common derivatives thereof (i.e. verbs, plurals, gender, etc.), *shall* have the meaning ascribed to them in this Section.

(a) *Accredited* means as recognized by the Council for Higher Education Administration (CHEA); for vocational schools, an accrediting agency as recognized by the United States Department of Education, such as the Accrediting Commission of Career Schools and Colleges (ACCSC);

(b) *Applicant* means any individual or family who is applying for First-time Homeowner Relief;

(c) *Commencement date* of an eligible transaction: see §4703(e);

(d) *Completed* for completion of an eligible transaction: see §4703(f);

(e) *Comprehensive home building contract* means a contract under which a builder undertakes to build a home on land, from the inception of the building work to the point where the home is ready for occupation; and if, for any reason, the work to be carried out under such a contract is not completed, includes any further contract under which the work is to be completed;

(f) *Construction cost* means the final and total amount paid, or to be paid, by a homeowner for the construction of a home, and *shall* include all monies paid for labor and material, contractor's fees, fees of an architect and engineer, survey costs, utility hook-up costs, broker's commissions, and attorney's fees;

(g) *Down payment* means the equity requirements of the homeowner needed to initiate the mortgage for the purchase or construction of a home. It *shall* include points and fees charged by the financial institution;

(h) *Eligibility criteria*: see §4703(b);

(i) *Eligible transaction:* see §4703(d);

(j) *Family* means two (2) or more persons related by blood, adoption, or marriage, living together in a household;

(k) *First-time Homeowner* means any individual or family who has *not* had any ownership interest in a home within the five (5)

years preceding the commencement date of an eligible transaction for which the First-time Homeowner is applying;

(l) *Financial institution* means any financial institution authorized to make mortgage loans on Guam, as approved by the GHC;

(m) *Full-time basis* means the minimum of twelve (12) or more credit hours per semester or quarter equivalent to twelve (12) semester hours, for degree-seeking undergraduate or graduate studies; for vocational schools, the minimum credits or hours or its equivalent per, semester or quarter or equivalent term, necessary for the school to certify full-time status;

(n) *Home* means a permanent, single family dwelling, or single family condominium or town house, but *does not* include semi-permanent dwellings made of wood and tin, and is to be physically occupied by the homeowner on a regular and continuous basis and in which the homeowner intends to exclusively reside;

(o) *Natural Person* means a human being.

(p) *Land costs* means costs to purchase land toward the construction of a home;

(q) *Off-island institution of higher education* means a United States Department of Education accredited vocational school, or college or university *not* physically located in Guam;

(r) *Occupancy requirement* means the requirement that an applicant for First-time Homeowner Assistance must occupy the home to which the application relates as the applicant's principal

place of residence within six (6) months after the completion of the eligible transaction;

(s) *Owner* means having absolute dominion (as defined in 21 GCA, Chapter 1, §1211) over land or a home;

(t) *Assistance* means the financial assistance granted to First-time Homeowners established under this Act;

(u) *Spouse* is the person who is legally married to the applicant.

§ 4703. First-time Homeowner Assistance Program.

(a) Entitlement to Assistance. Assistance is payable on an application under this Act if:

(1) the applicant complies with the eligibility criteria; and

(2) the transaction for which the Assistance is sought is an eligible transaction.

Only one (1) First-time Homeowner Assistance is payable for the same eligible transaction.

(b) Eligibility Criteria for Applicants.

(1) An applicant for first-time homeowner assistance must be a natural person.

(2) Applicant must be a United States citizen or permanent resident alien who is a Resident of Guam. However, unless advised otherwise by the Attorney General of Guam, Guam Housing Corporation shall satisfy demand by U.S. citizens before considering permanent resident aliens who are residents of Guam for the program.

(A) Subject to Subsection (B), an applicant for first-time homeowner assistance must be a United States citizen or permanent resident alien who has been a resident of Guam for a period of *not less than* five (5) years immediately preceding the commencement date of the eligible transaction for which the applicant is applying;

(B) An applicant who has *not* been a five (5) year resident for the period immediately preceding the commencement date of the eligible transaction for which the applicant is applying, may qualify for these programs if the applicant's residency change was due to active service in the United States Armed Forces *or* for attendance, on a full-time basis, at an off-island institution of higher education; *provided,* that the applicant was a five (5) year resident for the period immediately preceding the start of such active duty or education.

(3) Applicant must certify, under penalty of perjury, of being a First-time Homeowner in accordance with §4702 of this Act, and must receive a Certificate of First-time Homeownership.

(4) Applicant must receive clearance from the Director of Revenue & Taxation that all income tax returns, business privilege tax returns and withholding tax returns which are due from the applicant have been filed (or an

extension has been approved or granted thereon by the Director of Revenue & Taxation, which extension has not expired), and that all taxes thereon have been paid or arrangements have been made with the Director for payment thereon and such arrangements are current.

(5) Applicant must attend and complete a home ownership education program and/or workshop or other similar program, as approved or provided by the GHC.

(6) Applicant or (applicant's spouse) must *not* have received earlier assistance under this Program:

(A) Subject to Subsection (B), an applicant is ineligible if:

(i) the applicant or the applicant's spouse has been a party to an earlier application under this Act; and

(ii) assistance was paid on the application.

(B) An applicant is *not* ineligible if the assistance was paid but later paid back to the GHC under the conditions on which the assistance was made, unless payment back to the GHC was due to fraud or other illegal acts.

(c) Occupancy Requirement. Applicant must occupy the home to which the application relates as the applicant's principal place of residence within six (6) months after completion of the

eligible transaction. Payment of Assistance *shall* be paid pursuant to §4705(c) of this Act.

(d) Eligible Transactions. An eligible transaction is:

(1) a contract made for the purchase of a home in Guam *not* to exceed Two Hundred Fifty Thousand Dollars ($250,000), and *shall* include down payment and closing costs;

(2) a comprehensive home building contract made by the owner of land in Guam, or a person who will on completion of the contract be the owner of land in Guam, to have a home built on the land *not* to exceed Two Hundred Fifty Thousand Dollars ($250,000), and *shall* include down payment, land, and closing costs;

(3) an eligible transaction *shall* include all the money paid, or to be paid, by a homeowner or the construction cost, inclusive of the land value, for the home.

(e) Commencement Date. The commencement date of an eligible transaction is:

(1) in the case of an applicant purchasing a home,the date when the contract is signed between the buyer and seller; or

(2) in the case of an applicant building a home,the date when the construction contract for which the home is to be built is signed.

(f) Eligible Transaction. An eligible transaction is completed when:

(1) in the case of an applicant purchasing a home:

(A) the purchaser becomes entitled to possession of the home under the contract; and

(B) if the purchaser is to obtain a registered title to the land on which the home is situated, the necessary steps to obtain registration of the purchaser's title have been taken.

(2) in the case of an applicant building a home, the building is ready for occupation as a place of residence as identified by the issuance of a certificate of occupancy by the Guam Department of Public Works, or the execution of the contract for the purchase of a home, whichever occurs first.

(g) Eligible Transaction Amount Adjustment. The Board *shall* from time to time, but *not* less than every five (5) years, conduct a study to determine the cost of the median price of housing on Guam, and *shall* by resolution adopted by the Board increase or decrease the amount of the eligible transaction to reflect changes in market price.

§ 4704. Application for First-time Homeowner Assistance. An application for the First-time Homeowner Assistance is to be made to the GHC. An application must be in a form approved by the GHC, and must contain the following:

(a) whether the applicant intends to purchase or construct a home;

(b) the legal description of the property intended for the home;

(c) if the applicant intends to construct a home, applicant must submit the following:

(1) a certificate of title, policy of title insurance, warranty deed or other evidence of fee simple title, or lease to a *Chamorro* Land Trust lot, to the unimproved land intended for construction; and

(2) construction plans and specifications certified by a licensed professional engineer or architect authorized to practice on Guam by the Professional Engineers, Architects, and Land Surveyors Board of Guam; and

(3) a completed construction contract with construction cost of the home to be built.

(d) If the applicant intends to purchase a home, applicant must submit the following:

(1) an executed contract for the purchase of a home with selling price; and

(2) certificate of title, warranty deed, policy of title insurance or other evidence of ownership by the intended seller.

(e) An applicant must provide the GHC with any further information the GHC requires to decide on the application.

(f) Information provided by an applicant in or in relation to an application must, if the GHC so requires, be verified and supported by other evidence required by the GHC.

(g) An application can only be made on or after the commencement date of the eligible transaction to which the application relates and before the eligible transaction is completed.

(h) An applicant may, with the GHC's consent, amend an application.

(i) Any applicant who intentionally supplies false information on the application for assistance under this Act *shall* automatically be disqualified from the First-time Homeowner Assistance Program. In the event that funds are disbursed on behalf of such an applicant, the applicant *shall* be assessed a penalty of ten percent (10%), in addition to repaying the amount disbursed by the GHC. The funds that were disbursed on behalf of such an applicant that are repaid *shall* be deposited back into the First-time Homeowner Assistance Fund. The funds from the ten percent (10%) penalty *shall* be deposited into the GHC's bank account(s) for operational uses.

(j) In the case where an applicant is denied assistance, the GHC *shall* provide the applicant a written denial notice within thirty (30) days of the submission of the application.

(k) Appeal. An applicant may appeal a denial of application within thirty (30) days of receipt of the written denial notice. The applicant *shall* submit to the GHC Board appropriate documentation disputing the basis of the denial. The Board *shall* render a decision within fifteen (15) days after receipt of an appeal, or at the next meeting of the Board following the denial, whichever is sooner. The decision of the Board *shall* be final.

§ 4705. Administration.

(a) Certificate of First-time Homeownership. GHC *shall* issue a Certificate of First-time Homeownership (Certificate) to an applicant if the applicant meets all the eligibility requirements set forth in this Article. This Certificate *shall not* be transferable, *except* between joint holders of an original Certificate, and it *shall not* be transferred to a new and separate home. In case of the death of the holder of an original Certificate, the Certificate *shall* terminate, unless the home covered by the Certificate becomes the home of the decedent's heirs, and they acquire the title to the property within two (2) years of the death.

(b) Amount of Assistance. The amount of the First-time Homeowner Assistance is four percent (4%) of the eligible transaction.

(c) Payment of Assistance. First-time Homeowner Assistance *shall* be paid by electronic funds transfer, by check, or in any other way the GHC finds appropriate. First-time Homeowner Assistance *shall* be paid to the financial institution authorized by the GHC and selected by the applicant to which a mortgage loan or construction loan, or both, has been approved for the applicant toward his or her eligible transaction. The GHC *shall* develop and maintain, on a semi-annual basis, a list of authorized financial institutions as identified in this Section, and *shall* be made readily accessible to the public.

(d) Payment in Anticipation of Compliance with Occupancy Requirement. The GHC may authorize payment of First-time Homeowner Assistance in anticipation of compliance with the

occupancy requirement. If the occupancy requirement is *not* complied with, the applicant must, within fifteen (15) days after the relevant date, give written notice of that fact to the GHC and repay the amount of assistance.

The relevant date is the earlier of the following:

(1) the end of the period allowed for compliance with the occupancy requirement; or

(2) the date on which it first becomes apparent that the occupancy requirement will *not* be complied with during the period allowed for compliance.

Where the first-time homeowner fails to comply with the occupancy conditions and does *not* repay the amount of assistance, the GHC may approve, by resolution, a Memorandum of Understanding between the GHC and the Department of Revenue and Taxation to garnish the income tax refunds of recipients of the First-time Homeownership Assistance. The GHC *shall* adopt a policy to govern the referral of such tax refund garnishment requests to the Department of Revenue and Taxation.

(e) Development of Rules and Regulations. Within ninety (90) days after enactment of this Act, the GHC *shall* adopt such rules and regulations as may be necessary to implement the provisions of this Act and Subsection (f) of § 4103.

(f) Repayment of Assistance. A first-time homeowner *shall* repay to the First-time Homeowner Assistance Fund an amount equal to the total assistance received by the homeowner with interest at the rate of ten percent (10%) per annum if, within five (5) years after receipt of the assistance, the home is:

(1) transferred or conveyed;

(2) sold; or

(3) occupied exclusively by any individual or individuals other than the homeowner or the homeowner's children.

The funds that were disbursed on behalf of such an applicant that are repaid *shall* be deposited back into the Housing Trust Fund. The funds from the ten percent (10%) penalty *shall* be deposited into the GHC's bank account(s) for operational uses.

§ 4706. Funding. Funding for the First-time Homeowner Assistance Program *shall* be provided through the Housing Trust Fund established pursuant to §41004(a), Article 10, Chapter 4, Title 12 of the Guam Code Annotated."

Section 3. A new Article 10 of Chapter 4, Title 12 of the Guam Code Annotated is hereby *added* to read:

"HOUSING TRUST FUND ACT

§ 41001. Establishment and Title.

§ 41002. Purpose.

§ 41003. Housing Trust Fund Authorized Programs.

§ 41004. Funding for Authorized Programs.

§ 41005. Administration.

§ 41006. Annual Audit.

§ 41001. Establishment and Title. There is hereby created, separate and apart from any other funds of the government of Guam, and under the administration and control of the GHC, the *Housing Trust Fund* (Fund).

§ 41002. Purpose. The purpose of the Fund is to support the affordability and accessibility of housing for the residents of Guam, and to finance support services that assist low-income households in obtaining and maintaining affordable housing.

§ 41003. Housing Trust Fund Authorized Programs. Programs established or planned to be established by the GHC and funded through the Housing Trust Fund *shall* require appropriate legislative action and authorization. Before such legislative action and authorization, the GHC *shall* provide a written report of each program established or planned to be established by the GHC to the Speaker of *I Liheslaturan Guåhan*. Such report *shall* detail the funding mechanism(s) or source(s) to fund each program, the missions, objectives, and goals of each program, the annual amount necessary to fund each program, descriptions of the targeted population such program intends to assist, use or inclusion of any *Chamorro* Land Trust properties in achieving the missions, objectives, and goals of each program, and any other information *I Liheslaturan Guåhan* sees fit in determining the viability, feasibility, and necessity of such programs.

(a) Authorized Program #1 - the First-time Homeowner Assistance Program established by Article 7, Chapter 4, Title 12 of the Guam Code Annotated is hereby authorized and approved by *I Liheslaturan Guåhan* and funded by the Housing Trust Fund established herein.

§ 41004. Funding for Authorized Programs. Funding for authorized programs *shall* be identified by the GHC pursuant to §41003 of the Housing Trust Fund Act, and is subject to appropriate legislative authorization and approval. *I Liheslatura* may, from time to time, make

appropriations to the Fund to be used for programs authorized by the GHC Board of Directors, and approved by *I Liheslatura* in accordance with this Act. *I Liheslatura* may enact laws specifically designating revenue sources, which *shall* be deposited directly into the Fund.

(a) Authorized Program #1 - Funding for the First-time Homeowner Assistance Program.

(1) The GHC *shall* provide the funding source for the First-time Homeowner Assistance Program within the Fund, pursuant to the Housing Trust Fund Act, from its current operating and/or non-operating revenues and/or income.

(2) In the fiscal year of the enactment of the Housing Trust Fund Act, Five Hundred Thousand Dollars ($500,000) is hereby appropriated from the GHC's annual operating and/or non-operating revenues and/or income to the Fund as seed capital for the Programs authorized in §41003 of the Housing Trust Fund Act.

(3) If, in the fiscal year of the enactment of the Housing Trust Fund Act, the GHC's annual operating and/or non-operating revenues and/or income are *not* sufficient to fully fund the seed capital, such seed capital of Five Hundred Thousand Dollars ($500,000), or the difference between such amount and what is appropriated from the GHC's operating and/or non-operating revenues and/or income, is hereby appropriated from the GHC's fund balance or its equivalent.

(4) For the fiscal years thereafter, up to Five Hundred Thousand Dollars ($500,000) is hereby appropriated from the

GHC's annual operating and/or non-operating revenues as needed to ensure the reserved balance of the Fund required in Subsection (6) is *at least* Five Hundred Thousand Dollars ($500,000) at the beginning of each fiscal year.

(5) If, in the fiscal years thereafter, the GHC's annual operating and/or non-operating revenues and/or income are *not* sufficient to provide the funding necessary to fulfill the requirements set forth in §41004(a)(4), the difference between what is required and what is appropriated from the GHC's annual operating and/or non-operating revenues and/or income, is hereby appropriated from the GHC's fund balance or its equivalent.

(6) The funds authorized for the First-time Homeowner Assistance Program *shall* be reserved within the Housing Trust Fund, and *shall only* be authorized for the use of the First-time Homeowner Assistance Program, and for *no* other program.

(b) Continuing Appropriation. The appropriations made to the Fund *shall not* lapse and *shall* continue until fully expended for the purposes pursuant to this Act.

(c) The funds transferred to the Fund under this Act *shall not* be subject to *I Maga'lahi's* transfer authority.

§ 41005. Administration. The Fund *shall* be administered by the GHC. The GHC *shall*:

(a) Administer the Fund.

(b) Develop and implement appropriate rules, procedures, guidelines, and regulations for the proper operation of the Fund, including the necessary internal controls over the Fund.

(c) Review requests for funding from the Fund and make program funding recommendations pursuant to §41003 of this Act.

(d) Prepare and submit an annual report to *I Maga'låhen Guåhan* and the Speaker of *I Liheslaturan Guåhan* concerning the administration and activities of the Fund.

§ 41006. Annual Audit. An annual audit *shall* be conducted on the Fund and *shall* be submitted to *I Maga'låhen Guåhan* and the Speaker of *I Liheslaturan Guåhan* within ninety (90) days after the end of each fiscal year. Such annual audits *shall* be conducted or cause to be conducted by the Office of Public Accountability. The funding for each annual audit *shall* be *no more than* Fifteen Thousand Dollars ($15,000) subject to adjustments made by the Guam Housing Corporation Board of Directors, and *shall* be funded by the GHC."

Section 4. Section 5 of Public Law 20-210 is hereby *amended* to read:

"**Section 5.** Loans to be made: rate of interest. The fifteen (15) and thirty (30) year loans to be made by the Corporation to its qualified moderate and low income families and individuals *shall* bear interest at the rate of up to two percent (2%) above the average of the annual mortgage interest rates for fifteen (15) and thirty (30) year mortgage loans of the three (3) largest mortgage loan lenders on Guam, but *not* lower than four percent (4%) per annum. Interest revenue that exceeds six percent (6%) per annum *shall* be deposited back into the Fund. All other terms and

conditions shall be in accordance with the Corporation's lending programs as authorized in Chapter 4, Title, 12, Guam Code Annotated."

Section 5. Section 11(c) of Public Law 20-210, as repealed and re-enacted by Public Law 26-123, is hereby *amended* to read:

"**Section 11. (c) Loans Made From Fund.** All fifteen (15) and thirty (30) year mortgage loans made from revenues generated from this fund *shall* be made at a rate of up to two percent (2%) above the average of the annual mortgage interest rates for fifteen (15) and thirty (30) year mortgage loans of the three (3) largest mortgage loan lenders on Guam, but *not* lower than four percent (4%) per annum. Interest revenue *not* to exceed four percent (4%) per annum *shall only* be used for debt service. Interest revenue that exceeds six percent (6%) per annum *shall* be deposited back into the Fund."

Section 6. Section 12 of Public Law 20-210 is hereby *amended* to read:

"**Section 12.** Loans from Fund. *I Maga'lahi* (the Governor) may, from time to time, enter into an agreement with the Corporation for additional loans from the Fund. Such loans *shall* be for the purpose of making loans under the Corporation's lending programs as allowed by Chapter 4, Title 12, Guam Code Annotated. Such loans *shall* bear interest at the rate of four percent (4%) per annum, and *shall* be for periods *not* exceeding thirty (30) years. All principal and interest payments on loans made under this Section *shall* be to the Fund. Fifteen (15) and thirty (30) year loans made by the Corporation to its qualified moderate and low income borrowers from the proceeds of loans made to the Corporation hereunder *shall* bear interest at the rate of up to two percent (2%) above the average of the annual mortgage interest rates for fifteen (15) and thirty (30)

year mortgage loans of the three (3) largest mortgage loan lenders on Guam, but *not* lower than four percent (4%) per annum. Interest revenue that exceeds six percent (6%) per annum *shall* be deposited back into the Fund."

Section 7. Severability. *If* any provisions of this Law or the application thereof to any person or circumstance is held invalid, such invalidity *shall not* affect any other provision or application of this Law which can be given effect without the invalid provision or application, and to this end the provisions of this Law are severable.