Chamorro Land Trust Commission

(Kumision Inangokkon Tano' Chamoru)

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Joseph I. Cruz
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Amanda L.G. Santos
Commissioner

Pascual V.A. Sablan
Commissioner

(Vacant)
Commissioner

Michael J.B. Borja
Administrative Director

PUBLIC HEARING MINUTES FOR THE PROPOSED RULES AND REGULATIONS FOR THE CHAMORRO LOAN GUARANTEE FUND
Department of Land Management Conference Room
3rd Flr., ITC Building, Tamuning
Thursday, September 17, 2015; 1:03pm – 1:20pm

I. CALL TO ORDER

The public hearing was called to order at 1:03pm by Acting Chairman David Matanane. Present were Acting Chairman David Matanane, Commissioner Pascual Sablan, Legal Counsel Kristan Finney and Administrative Director Michael Borja.

II. OPENING STATEMENT

Acting Chairman David Matanane – We would like to get all of the information we can in order for us to you know shift through the things that we need and actually pick up what we need and hopefully that it turns out okay for our home loan, right?

Administrative Director Michael Borja – No loan guaranty.

Acting Chairman David Matanane – Loan guaranty okay.

Administrative Director Michael Borja – This is the public hearing for the Chamorro Land Trust Commission rules and regulations for the Chamorro Loan Guarantee Program, today is September 17th. Written and oral comments will be accepted until October 2nd at the close of business. They can submit their testimonies and comments to the Chamorro Land Trust Commission here on the third floor of the ITC Building or mail it to P.O. Box 2950 Agana, Guam 96932 or email it to dlmdir@land.guam.gov or fax it to 649-5383. The public comments are being recorded and any discussions by the viewing public are asked to refrain comments because you could be heard on the microphones and could be difficulty to transcribe the comments. So at this time we're opening for any comments on the rules and regulations. It's called an act to approve the regulations of the Chamorro Land Trust Commission pursuant to Section 75112 of Chapter 75, Title 21, Guam Code Annotated relative to the Chamorro Loan Guarantee Program. It appears that we do not have anybody here to give any kind of testimony at this time. We do have members from Senator Ada's Office present and members of the media.

Acting Chairman David Matanane – Anyone? Mr. Borja on your side do you have anything coming from the Senator?

Joseph Borja – No not coming from the Senator for me as a former Director.

Acting Chairman David Matanane – As a former Director we would appreciate that.

Joseph Borja – I'd just like to comment that the Commission has moved in these last couple of years since Mike has been here maybe chronologically two years but in terms of getting work done more like probably six or seven years. But that's just a personal thing that's not coming from our office.

Acting Chairman David Matanane – We always you know kind of look up and say hey there's Mr. B. over there and I was commenting to the Director here I said how's the B and B connection. Thank you Mr. Borja.

Administrative Director Michael Borja – I was kind of hoping and I'm still going to try and seek written comments from the Guam Housing Corporation. The Guam Housing Corporation works directly with the Chamorro Land Trust Commission for the loan guaranties of our applicants our lessees who are applying for home loans. There may be some issues we have that could be improved upon in discussions with them there may be some other methods to do certain things that can lighten this up. I also discussed with an actual applicant going through the loan guaranty program some of the issues he's had to go through and the things that he has had to endure in the process encumbered him to a large sum of money and obligated him to a contract with a contractor that if the loan doesn't go through then he has those issues that he has to deal with. So we're trying to also seek alternate ways that we can do things without having to have a full fledge loan guaranty by having some kind of mortgage insurance program available as well but that's work in progress. But in the meantime the rules and regulations would be helpful in setting the responsibilities of the borrower and the lender because what we've found from review of our historical activity is that lenders tend to change quickly and without notice which confuses and all kinds of correspondence abilities by us as the guarantor and by even the borrower. So we need to really place a big hold on that and not allow lenders to sell their loans that we're guarantying without any notice at all.

Acting Chairman David Matanane – I got a question on that Mr. Borja on 8.2(c) on that amount has that changed?

Administrative Director Michael Borja – Well what we're saying is that our loan guaranty fund it currently has a little bit over $500,000. It has like five hundred and I think twenty five thousand dollars. What we're saying is that the funds we have should be no less than 5% of what we're guarantying and no less than $500,000 whichever is greater. So the more we're going to guaranty the more we need to have in this fund and the more of the reason why we have to have rules and regulations in place because if we're going to be asking the Legislature to divert funds we're collecting from other ways either commercial leases or through property taxes that we need to have controls in place for that trust fund to grow. This fund is not intended for us to be able to just have a check book and write checks on but it's intended to back up the guaranties we give. That's why we're also trying to find other ways to guaranty funds without having to have an increase in this trust fund. Because you know if we begin to do quite a bit of housing subdivision development let's say we build

a subdivision of 200 houses at a $100,000 each you're talking about 20million dollars easy on those houses and you're going to really need to have 5% of that you're going to have to have quite a bit of money in place.

Acting Chairman David Matanane – Would CLTC sustain those? What is our; we don't have a cap on it because of course it's moving target on that one.

Administrative Director Michael Borja – Right but I mean if I have a trust fund that's holding 2million dollars that's a lot of money and all its doing is sitting there just to back up just to be a backup. So you know that's why we got to find other things but as we grow and we get more and more subdivisions built we're going to have to guaranty unless we come up with other ways to allow people to get loans without a guaranty. That's why we're looking at the mortgage insurance kind of possibilities because I don't want to be sitting on you know 10million dollars in a fund where we can't touch it.

Acting Chairman David Matanane – Everybody has a copy of the draft proposed? Any other comments from anyone? Mr. Sablan do you have anything?

Commissioner Pascual Sablan – No not at this time.

Administrative Director Michael Borja – Well we will allow comments to be submitted until October 2nd and I will be going back up to Guam Housing and to this one applicant this one person who's going through the loan program to try and get some written comments from them so we can improve this process. One of the things we also saw yesterday at the Veteran's Symposium is that I'm going to try and also get the VA's loan guaranty program and see how we can probably make it like a, see if there's any similarities or if there are things that they're doing that might be better. But the VA is backed up by the Treasury of the United States so there's a little bit of (interrupted).

Acting Chairman David Matanane – We don't make money, we don't make the money.

Administrative Director Michael Borja – Okay.

Acting Chairman David Matanane – There's no other comments I guess we can call this hearing adjourned at 1:20pm.

Transcribed by: Teresa Topasna, WPSII: Teresa Topasna

Approved by Board motion in meeting of: Nov. 19, 2015

Michael J.B. Borja, Administrative Director: _____ Date: 11/19/15

Joseph I. Cruz, Vice-Chairman: _____ Date: 11/19/15