



Guam Housing Corporation

A Report to our citizens

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GHC's MISSION

Founded in 1965 Guam Housing Corporation was established for the purpose of providing mortgage financing for first time homeowners in the low to moderate income range, borrowers whom may otherwise not be able to obtain financing.

As part of its program Guam Housing Corporation owns 115 houses and 24 apartment units for providing rental opportunities to low to moderate income families.

Board of Directors

Francisco Florig
Chairman

Romeo Angel
Member

Juno Eun
Member

Thomas LG Flores
Member

Glenn Meno
Member

Sandra Santos
Member

GHC'S GOALS

- Ensure that everyone has the opportunity to be a home owner and that the corporation has the resources to fund these loans.
- To assist in securing funding sources for low to moderate income families with lower interest rates, infrastructure needs or to seek newer technologies for lower costs in home construction.
- To re-energize the First Time Homeowner Relief Act.
- To promote the development of affordable homes.

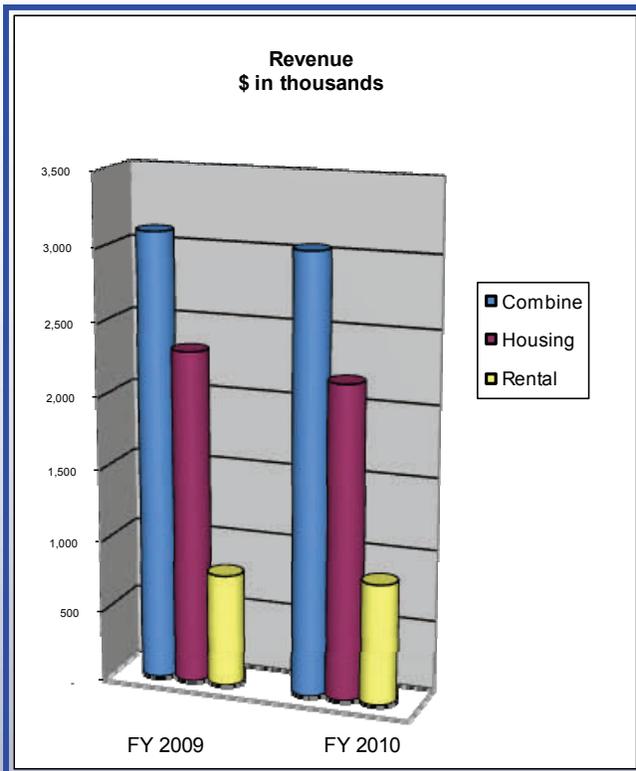


DEMOGRAPHICS

The corporation is servicing loans for approximately 477 first time homeowners which include families:

- From all professions, teachers, police, firefighters, nurses, etc....
- From partnerships with USDA
- In conjunction with other lending institution with reference to the Mortgage Revenue Bond
- In partnership with the Department of Housing and Urban Development with respect to the Down Payment and Closing Cost program

Martin C. Benavente
President



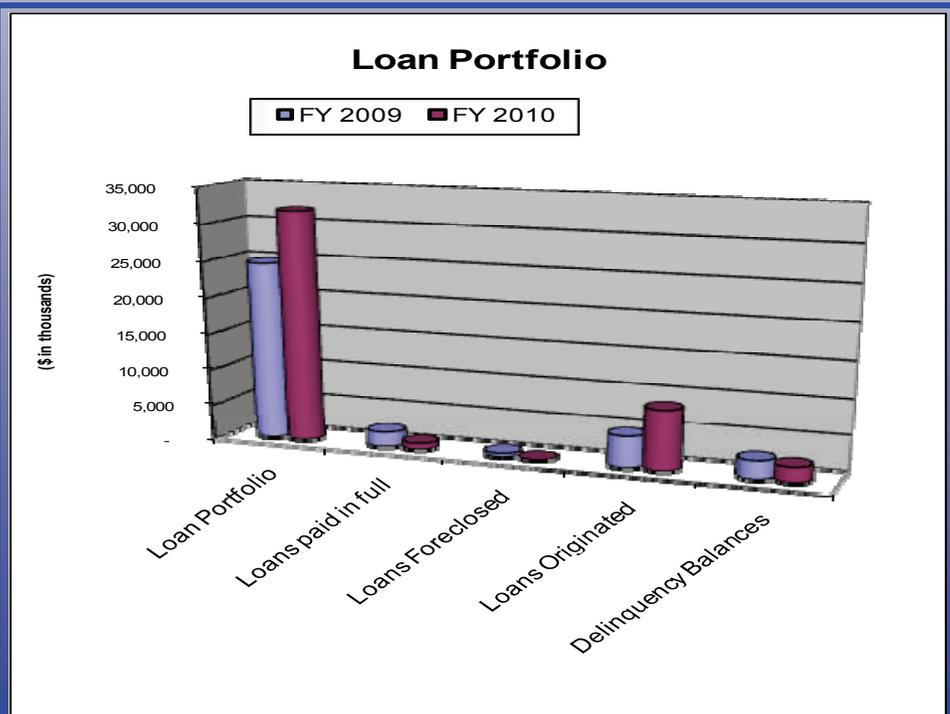
Inclusive of housing and rental operations the revenue for **FY 2010** would show **\$3 million** which reflects \$2.2 million from housing operations and \$854 thousand from rental operations. In FY 2009 the total revenue \$3.1 million. As the graph reflect, approximately \$2.3 million comes from housing operations with the balance of \$791 thousand from rental operations. It would show that approximately 28% of revenues are generated from rental operations for FY 2010.

A major renovation was completed for the 24 unit apartment complex with the first half being completed in FY 2009 and the second half completed in FY 2010. The Board of Directors approved an increase in rent for the newly renovated apartments to increase revenues that were lost during the renovation period. The new rates established were \$500 for a two bedroom unit and \$600 for a three bedroom unit.

The vacancy rate for rental operations in FY 2009 was 14.06% and 8.33% in FY 2010, it may be noted that this rate stems from the renovation period.

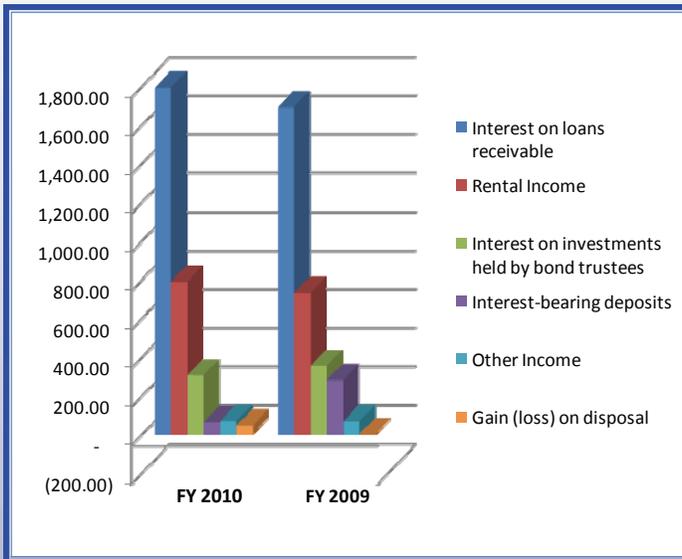
For the first time in over fifteen years the total loan portfolio increased. The loan portfolio increased by \$7.2 million or 29.21% from \$24.7 million in FY 2009 to \$31.9 million in FY 2010.

- Loan Origination increased by 93% or \$4.4 million from FY 2009 to \$8.6 million in FY 2010.
- Total paid off loans decreased from \$2.1 million in FY 2009 to \$869 thousand in FY 2010
- Delinquency decreased from \$2.5 million, (10.61%) in FY 2009 to \$2.1 million, (6.69%) in FY 2010



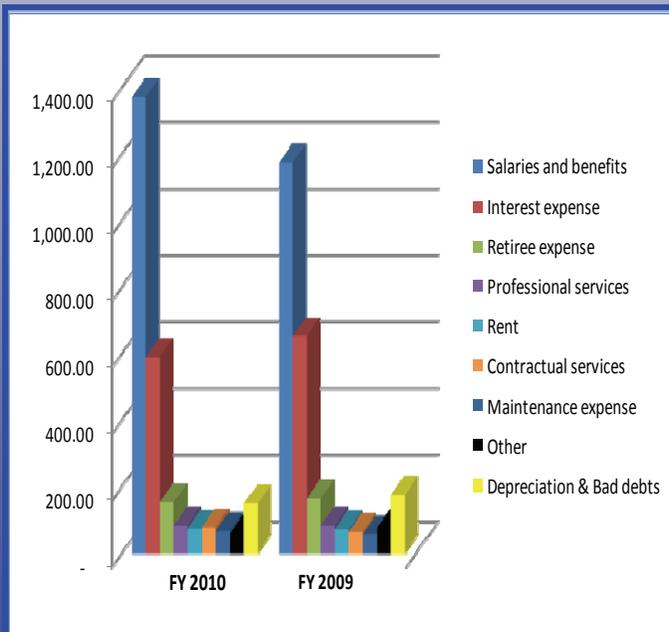
Guam Housing Corporation's Revenue and Expenses

Revenue Sources (In Thousands)



Revenue Sources	FY 2010	FY 2009
(\$ in thousands)		
Interest on loans receivable	\$ 1,790.00	\$ 1,686.00
Rental Income	\$ 786.00	\$ 728.00
Interest on investments held by bond trustees	\$ 301.00	\$ 351.00
Interest-bearing deposits	\$ 60.00	\$ 276.00
Other Income	\$ 66.00	\$ 65.00
Gain (loss) on disposal	\$ 43.00	\$ (0.50)
Total Revenue	\$ 3,046.00	\$ 3,105.50

Expenses (In Thousands)



Expenses	FY 2010	FY 2009
(\$ in thousands)		
Salaries and benefits	\$ 1,372.00	\$ 1,175.00
Interest expense	\$ 589.00	\$ 654.00
Retiree expense	\$ 154.00	\$ 165.00
Professional services	\$ 84.00	\$ 84.00
Rent	\$ 75.00	\$ 73.00
Contractual services	\$ 79.00	\$ 66.00
Maintenance expense	\$ 68.00	\$ 57.00
Other	\$ 59.00	\$ 77.00
Depreciation & Bad debts	\$ 150.00	\$ 175.00
Total Expenses	\$ 2,630.00	\$ 2,526.00

An independent audit was conducted, resulting in a clean audit opinion

Challenges Moving Forward

Guam is surfacing from economic hard times that probably started with the Base Realignment and closure Commission, however, in line with this military expansion Guam now appears to be moving up the economic ladder *fast*, demonstrating a bright future with long term growth, strong employment, and increasing wages, however it is also seeing higher prices on everything from food to real estate.

Some of the issues the Corporation continues to struggle with is in meeting these demands is in securing lending capital. In the early years \$30 million was sufficient to fund greater than 600 first time homeowners, a time when the typical loan was a mere \$ 50k. With the routine mortgage currently hovering around \$275 thousand we can now assist only around 109 families, a mere 18%.

The corporation remains alert to possible solutions including soliciting funds from the Federal Home Loan Bank of Seattle whom has been a major player in the past. The concern with this approach is that the cost of funds associated with long term financing is usually greater than the rate of the mortgage it is intended to service.

Another primary challenge is in the rising cost of real estate, i.e. the cost of land, cost of construction and cost of infrastructure. For a large part many potential borrowers in the low to moderate income range are priced out of the market. There are programs to assist the lowest income families, high income families are self sufficient, but the moderate income folks are left out.

One possible solution, as is practiced in numerous municipalities across the nation, is in the implementation of an excise on real estate sales and capturing interest on tenant security and earnest money deposits. Funds from these such programs can be used for funding sources for mortgages, interest rate subsidies, or infrastructure projects.

GHC is also pursuing the development aspect of it's mission. Currently it has identified an existing subdivision which may have additional sixty lots for new construction and over fifty homes in desperate need of repair. Through collaborative efforts between GHC, GHURA, Land Management, Dededo Mayor & the Guam Energy Office possible funding sources have been identified. This project has been classified as priority.

In addition, GHC is re-evaluating public law 21-146, (the As Atdas rental project) to include homeownership.

The Corporation is hopeful that the Lada Estates litigation will come to a final settlement thus making available units for homeownership.

