



Fiscal Year 2011

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 for low to moderate income families.

GHC's Goals

- Ensure that everyone has the opportunity to be a homeowner 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

	2010	2011
Loans at the end of the fiscal year	477	465
Tenants at the end of the fiscal year	135	133
Employees	23	26
Tenant Nationality Breakdown		
Chamorro	43	42
Federated States of Micronesia Citizen	33	35
Filipino	24	22
Palauan	28	28
White	5	6
African American	1	0
Bengali	1	0

Performance at a glance

	2010	2011	% Change
Housing			
Loans originated	62	15	-75.81%
Foreclosures	0	2	200.00%
Sold foreclosures	3	1	-66.67%
Delinquents loans - 30 days & over	33	54	63.64%
Loans paid off	25	25	0.00%
Rental			
Applicants	95	118	24.21%
Evictions	7	11	57.14%
Delinquent tenants - 30 days & over	90	90	0.00%
Vacancy rate	8.33%	4.75%	-42.98%



There was a decrease in loan origination due to the lack of funds available for loans under the Direct Loan Program and P.L. 20-210 set the interest rate at six percent for the Revolving Loan Program. This interest rate is considered high at this time and made it difficult for applicants to qualify for the loan amounts needed to purchase a house.

Total delinquencies increased by twenty one (21) loans during the year. The Corporation has had several borrowers come in over the last fiscal year to request for a workout plan to cure their delinquency which has resulted due to medical treatments and loss of income.

The higher Vacancy rate in FY 2010 is attributed to one of the buildings, at the At-Atdas apartments, being vacated from October 2009 to March 2010 due to renovations



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Revenue Sources

FY 2011	Revenue Sources	FY 2011	FY 2010	% Change
	Interest on loans receivable	\$ 1,937,190	\$ 1,789,211	8.27%
	Rental Income	\$ 828,821	\$ 785,213	5.55%
	Interest on investments held by bond trustees	\$ 159,827	\$ 301,404	-46.97%
	Interest-bearing deposits	\$ 23,915	\$ 60,492	-60.47%
	Other Income	\$ 147,367	\$ 66,276	122.35%
	Gain (loss) on disposal	\$ 52,887	\$ 43,203	22.42%
	Total Revenue	\$ 3,150,007	\$ 3,045,799	3.42%

Funds received in fiscal year 1998 for the Hazardous Mitigation Program was previously recorded as a liability. However in fiscal year 2011 the funds were recorded as a revenue. As a result \$108,200 was recorded under Other Revenue causing the total Other Income (which normally consist of late charges, former tenant collection and other fees) to increase by 122% in fiscal year 2011.

Interest on Investment Held by Bond Trustees decreased due to the decrease in market value.

Interest –bearing deposit decreased due to the decrease in interest rates on investments. The weighted average interest rate for TCDs decreased from .407% in FY 2010 to .295% in FY 2011.

Expenses

FY 2011	Expenses	FY 2011	FY 2010	% Change
	Salaries and benefits	\$ 1,491,649	\$ 1,371,809	8.74%
	Interest expense	\$ 518,743	\$ 588,771	-11.89%
	Impairment loss	\$ 392,385	\$ -	
	Retiree expense	\$ 185,347	\$ 153,752	20.55%
	Depreciation & Bad debts	\$ 165,643	\$ 150,408	10.13%
	Contractual services	\$ 99,615	\$ 79,441	25.39%
	Rent	\$ 95,226	\$ 74,508	27.81%
	Professional services	\$ 90,332	\$ 84,048	7.48%
	Other	\$ 81,038	\$ 59,453	36.31%
	Maintenance expense	\$ 30,235	\$ 67,736	-55.36%
	Total Expenses	\$ 3,150,213	\$ 2,629,926	19.78%

Retiree Expense increased due to the increase in the cost of the government's share of medical and dental insurance.

Contractual Expense increased by \$20,174 or 25.4%. The rental units and Lada Estates were insured for building and liability only for the last seven months in FY 2010 whereas in FY 2011 they were insured for the whole fiscal year. Also, there was an increase in trash removal and fuel expenses.

Rent Expense increased by \$20,718 in FY11. Effective March 2011, office space leased increased from \$1.24 to \$1.85 per square feet.

Other Expense increased by \$21,585 or 36.3% in FY 2011. The increase is due to the purchase of nine (9) computers, software, Back Ups and one (1) printer in FY 2011. Also \$4,394 was expensed for Emergency Housing in FY 2011 whereas there was none recorded in FY 2010.

Challenges Moving Forward

A year ago on this date it appeared it was clear sailing for Guam, economically; employment was improving, Guam Housing Corporation was underwriting many new home mortgages, delinquencies were declining and foreclosures were a thing of the past, then, the bottom fell through in Japan, Guam's largest tourist market, the earthquake, tsunami, reactor melt down etc.

Of course this was merely the start of economic uncertainty. Guam is now trying to determine where it fits in with the newly revised military realignment program. It is looking as though there is going to be a sufficient reduction in the numbers, with this, unemployment is on the rise but home prices seem to be holding stable while waiting for better days, sales however have slowed.

The corporation is using this slow down period to prepare for the next upward trend, which inevitably will occur. It is seeking methods of refurbishing its rental properties or acquiring additional properties otherwise in need of repair.

The corporation is continuing to pay down its debt while soliciting other sources of funding. One of the bigger challenges with respect to funding is that normally only short term money is available. However, the corporation provides long term loans making it expensive to pay back. It is also seeking funding sources in support of its newly established Trust Fund while writing new programs in which it will serve.

The corporation is also continuing to review and upgrade its lending programs and rental policies.

GHC is also continuing the pursuit of developing affordable homes. 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. GHC has classified this project as priority.

In addition, GHC is continuing its development plans for the, As-Atdas rental project neighborhood to include homeownership.

