



**DEPARTMENT OF ADMINISTRATION**  
DIPATTAMENTON ATMENESTRASION

# DEPARTMENT OF ADMINISTRATION

## INTERNAL AUDIT SECTION

### Guam Homeowner Assistance Fund Program Internal Audit Section (Flash) Report No. 2022-03

**Scope**  
January 31, 2022  
to  
August 31, 2022

The Government of Guam received \$13,587,562 under the American Rescue Plan Act

to mitigate financial hardships associated with the coronavirus pandemic by providing funds to eligible entities for the purpose of homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020, through qualified expenses related to mortgages and housing.

The Homeowner Assistance Fund (HAF) covers qualified expenses for each program offered:

#### Mortgage Assistance Program

- Past due mortgage payments or delinquent amounts
- Prospective mortgage payments, association fees, or common charges
- Reduce monthly mortgage loan
- Payment assistance covering first and second mortgage loans, reverse mortgages, loans secured by manufactured housing, and contracts for deed or land contract
- Repay amounts advanced by mortgage lender or servicer on borrower's behalf

#### Utility Assistance Program

- Delinquent utility service payments
- Utility service fees, including interest or reasonably required legal fees
- Prospective charges for up until the maximum amount of assistance is reached

#### Property Assistance Program

- Delinquent property tax
- Property tax penalties (late fees, interests)

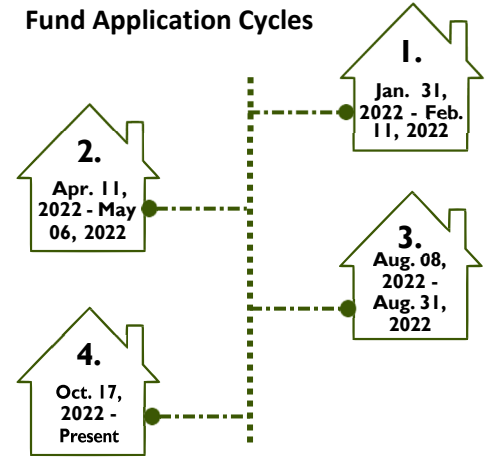
In January 2022, the Department of Administration (DOA) implemented and administered the Guam HAF Program on behalf of the territory. In order for an applicant to be eligible to receive assistance under the Guam HAF Program, an applicant must provide proof of the following:

1. Applicant must own and occupy a home in Guam as their primary residence;
2. Applicant must have experienced a financial hardship associated with the COVID-19 pandemic after January 21, 2020; **and**
3. Household income must be equal or less than 150% area median income.

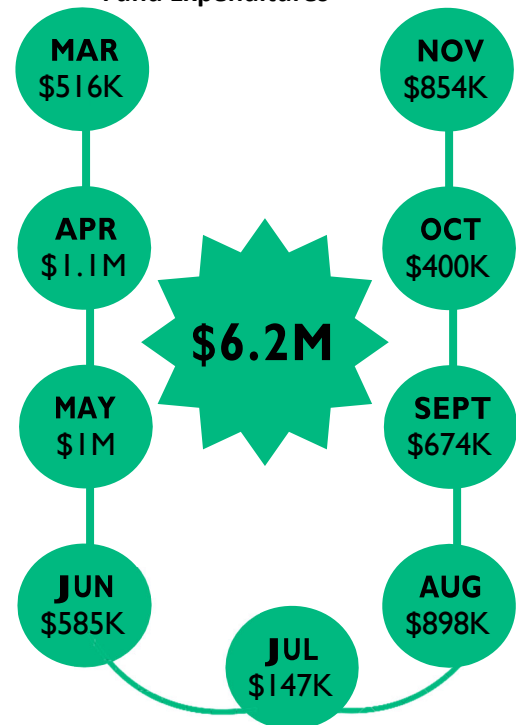
Between January 2022 through August 2022, eligible applicants were allowed to receive financial assistance of up to \$15,000. In October 2022, the relief assistance was increased to \$26,550. To ensure the proper review of applications, the Guam HAF Program implemented application cycles. See Figure 1.

In March 2022, DOA initiated disbursements to eligible applicants. Of the \$12.2 million (M) allotted for program expenses, the Government of Guam expended \$6.2M (51%), with \$6M (49%) remaining to be disbursed to eligible homeowners in need as of November 30, 2022. See Figure 2 and Figure 3.

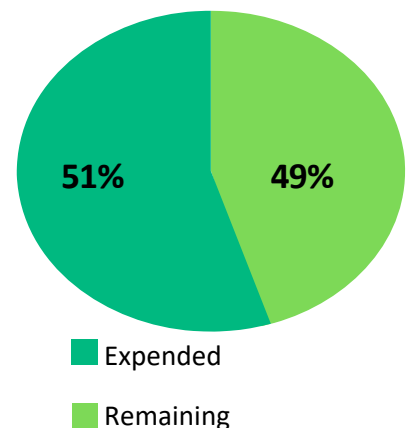
**Figure 1: Homeowner Assistance Fund Application Cycles**



**Figure 2: Homeowner Assistance Fund Expenditures**



**Figure 3: Total HAF Utilization**



## Guam Homeowner Assistance Fund Program

Between January 31, 2022 and August 31, 2022, DOA received 1,440 Guam HAF Program pre-applications for financial assistance from homeowners, of which 1,428 were deemed pre-eligible. By August 31, 2022, the Government of Guam awarded 448 eligible homeowners with financial assistance.

Based on the data received by DOA, the audit team selected and tested the adequacy of review controls of 32 awarded applicants against criteria determined by the Guam HAF Program Administrator and staff. These eligible homeowners received approximately \$253 thousand (K) in financial assistance as of September 30, 2022. See Table 2.

**Table 2: Financial Assistance Payout Summary of Selected Awarded Applicants**

HAF No.	Applicant	Mortgage	Utilities	Property Tax	Association	Private Lender	Total Assistance
407	Applicant 1	\$ 7,493	\$ 2,331	\$ 393	\$ -	\$ -	\$ 10,217
398	Applicant 2	\$ -	\$ 4,060	\$ 651	\$ 2,270	\$ -	\$ 6,981
39	Applicant 3	\$ 5,529	\$ 9,471	\$ -	\$ -	\$ -	\$ 15,000
468	Applicant 4	\$ 11,751	\$ 3,258	\$ -	\$ -	\$ -	\$ 15,009
49	Applicant 5	\$ 6,000	\$ 3,212	\$ 16	\$ -	\$ -	\$ 9,229
1126	Applicant 6	\$ -	\$ 249	\$ 447	\$ -	\$ 799	\$ 1,495
653	Applicant 7	\$ 5,035	\$ -	\$ -	\$ 2,014	\$ -	\$ 7,049
682	Applicant 8	\$ 9,818	\$ -	\$ -	\$ -	\$ -	\$ 9,818
414	Applicant 9	\$ -	\$ -	\$ 123	\$ -	\$ -	\$ 123
602	Applicant 10	\$ 6,310	\$ 390	\$ -	\$ -	\$ -	\$ 6,700
522	Applicant 11	\$ 6,076	\$ 3,743	\$ -	\$ -	\$ -	\$ 9,819
463	Applicant 12	\$ 12,264	\$ 2,736	\$ -	\$ -	\$ -	\$ 15,000
14	Applicant 13	\$ 6,140	\$ 176	\$ 89	\$ -	\$ -	\$ 6,405
589	Applicant 14	\$ 6,453	\$ 1,418	\$ -	\$ -	\$ -	\$ 7,871
2	Applicant 15	\$ -	\$ 6,502	\$ 529	\$ -	\$ -	\$ 7,031
779	Applicant 16	\$ -	\$ 2,008	\$ 683	\$ -	\$ -	\$ 2,691
934	Applicant 17	\$ -	\$ 884	\$ -	\$ -	\$ -	\$ 884
161	Applicant 18	\$ 4,620	\$ 10,307	\$ -	\$ -	\$ -	\$ 14,927
254	Applicant 19	\$ -	\$ 6,655	\$ 1,161	\$ -	\$ -	\$ 7,816
405	Applicant 20	\$ 3,323	\$ 5,058	\$ -	\$ -	\$ -	\$ 8,381
91	Applicant 21	\$ 13,616	\$ 1,384	\$ -	\$ -	\$ -	\$ 15,000
356	Applicant 22	\$ -	\$ 2,522	\$ -	\$ -	\$ -	\$ 2,522
1160	Applicant 23	\$ -	\$ 1,841	\$ -	\$ -	\$ -	\$ 1,841
22	Applicant 24	\$ -	\$ 3,928	\$ -	\$ -	\$ -	\$ 3,928
15	Applicant 25	\$ 4,404	\$ 1,870	\$ -	\$ -	\$ -	\$ 6,274
209	Applicant 26	\$ 6,596	\$ 7,177	\$ 1,227	\$ -	\$ -	\$ 15,000
948	Applicant 27	\$ 14,428	\$ 572	\$ -	\$ -	\$ -	\$ 15,000
970	Applicant 28	\$ -	\$ 600	\$ -	\$ -	\$ 3,295	\$ 3,895
1256	Applicant 29	\$ 3,076	\$ 4,024	\$ -	\$ -	\$ -	\$ 7,101
1093	Applicant 30	\$ 6,158	\$ 3,227	\$ -	\$ -	\$ -	\$ 9,385
1030	Applicant 31	\$ -	\$ 6,219	\$ -	\$ -	\$ -	\$ 6,219
347	Applicant 32	\$ -	\$ 2,644	\$ 1,430	\$ -	\$ -	\$ 4,074
<b>Grand Total:</b>		<b>\$ 139,092</b>	<b>\$ 98,468</b>	<b>\$ 6,747</b>	<b>\$ 4,284</b>	<b>\$ 4,095</b>	<b>\$ 252,686</b>

Based on the requirement set forth by the U.S. Treasury, the Guam HAF Program was intended to assist homeowners with incomes equal to or less than the 150% of the area median income for their household size or 100% of the median income for the U.S., whichever is greater. Of the 32 awarded applicants we selected for testing, the audit team noted that 2 awarded applicants fell under the 150% Area Median Income. See Table 3 below.

**Table 3: Income Limit Category of Selected Awarded Applicants**

HAF Case No.	Applicant	Household Size	Household Income	Income Limit Category (Area Median Income)
407	Applicant 1	5	\$ 30,000.00	> 100% Area Median Income
398	Applicant 2	4	\$ 82,000.00	> 150% Area Median Income
039	Applicant 3	4	\$ 49,000.00	> 100% Area Median Income
468	Applicant 4	6	\$ 12,000.00	> 100% Area Median Income
049	Applicant 5	7	\$ 35,000.00	> 100% Area Median Income
1126	Applicant 6	3	\$ -	> 100% Area Median Income
653	Applicant 7	5	\$ 5,843.00	> 100% Area Median Income
682	Applicant 8	3	\$ 59,702.00	> 100% Area Median Income
414	Applicant 9	2	\$ 90,000.00	> 150% Area Median Income
602	Applicant 10	6	\$ 79,044.00	> 100% Area Median Income
522	Applicant 11	2	\$ 52,321.00	> 100% Area Median Income
463	Applicant 12	7	\$ 11,136.00	> 100% Area Median Income
014	Applicant 13	2	\$ 20,000.00	> 100% Area Median Income
589	Applicant 14	4	\$ 49,903.00	> 100% Area Median Income
002	Applicant 15	6	\$ 44,044.99	> 100% Area Median Income
779	Applicant 16	1	\$ -	> 100% Area Median Income
934	Applicant 17	3	\$ 10,035.00	> 100% Area Median Income
161	Applicant 18	12	\$ 52,000.00	> 100% Area Median Income
254	Applicant 19	8	\$ 38,400.00	> 100% Area Median Income
405	Applicant 20	9	\$ 29,571.18	> 100% Area Median Income
091	Applicant 21	1	\$ 10,000.00	> 100% Area Median Income
356	Applicant 22	3	\$ 14,000.00	> 100% Area Median Income
1160	Applicant 23	2	\$ 53,649.36	> 100% Area Median Income
022	Applicant 24	2	\$ 16,744.00	> 100% Area Median Income
015	Applicant 25	5	\$ 19,000.00	> 100% Area Median Income
209	Applicant 26	5	\$ 97,180.00	> 150% Area Median Income
948	Applicant 27	2	\$ 52,800.00	> 100% Area Median Income
970	Applicant 28	2	\$ 26,000.00	> 100% Area Median Income
1256	Applicant 29	4	\$ 61,000.00	> 100% Area Median Income
1093	Applicant 30	2	\$ 49,000.00	> 100% Area Median Income
1030	Applicant 31	1	\$ 8,000.00	> 100% Area Median Income
347	Applicant 32	5	\$ 42,904.00	> 100% Area Median Income

We selected and reviewed awarded applicants' files, which included application packets and required documentation, and compared the information against the Guam HAF Program standard operating procedures and U.S. Treasury guidelines. Through our review, we found that 18 awarded applicants were in full compliance and 14 awarded applicants were in partial compliance. See Table 4.

We deemed the 14 awarded applicants in partial compliance due to missing documentation that could substantiate the income determination for the adult household members listed on the application form on file. This included, but was not limited to:

- Initial application was not signed as reviewed and certified by Guam HAF Program staff.
- Lack of documentation to substantiate income.
- Not all adult household members' income noted on the initial application.

Based on the U.S. Treasury's guidance to allow self-attestation as to financial hardship and income, we did not question the amounts awarded to the partially compliant applicants.

**Table 4: Guam Homeowner Assistance Fund Program Eligibility Requirement Compliance**

HAF No.	Applicant	Initial Application Review	Compliance
407	Applicant 1	4/12/2022	Partial Compliance
398	Applicant 2	3/8/2022	Partial Compliance
39	Applicant 3	2/21/2022	Full Compliance
468	Applicant 4	4/7/2022	Partial Compliance
49	Applicant 5	2/28/2022	Partial Compliance
1126	Applicant 6	-	Full Compliance
653	Applicant 7	3/14/2022	Full Compliance
682	Applicant 8	3/11/2022	Partial Compliance
414	Applicant 9	2/22/2022	Full Compliance
602	Applicant 10	2/22/2022	Partial Compliance
522	Applicant 11	3/24/2022	Partial Compliance
463	Applicant 12	2/14/2022	Partial Compliance
14	Applicant 13	4/4/2022	Full Compliance
589	Applicant 14	3/1/2022	Full Compliance
2	Applicant 15	2/8/2022	Full Compliance
779	Applicant 16	2/28/2022	Full Compliance
934	Applicant 17	4/4/2022	Partial Compliance
161	Applicant 18	2/23/2022	Partial Compliance
254	Applicant 19	6/20/2022	Partial Compliance
405	Applicant 20	2/22/2022	Full Compliance
91	Applicant 21	2/15/2022	Full Compliance
356	Applicant 22	2/28/2022	Full Compliance
1160	Applicant 23	6/17/2022	Full Compliance
22	Applicant 24	2/8/2022	Full Compliance
15	Applicant 25	2/8/2022	Partial Compliance
209	Applicant 26	-	Full Compliance
948	Applicant 27	-	Partial Compliance
970	Applicant 28	3/10/2022	Full Compliance
1256	Applicant 29	6/23/2022	Full Compliance
1093	Applicant 30	5/23/2022	Partial Compliance
1030	Applicant 31	4/27/2022	Full Compliance
347	Applicant 32	3/4/2022	Full Compliance

### Conclusion and Recommendation

Our review of the Guam HAF Program revealed effective internal controls were designed to ensure that standard operating procedures related to the administration of the program are updated and implemented for staff accountability, program requirements were adhered to, and there are opportunities for improvement in the tracking of financial assistance of awarded applicants.

As a result of this review, the team made 1 recommendation to the Guam HAF Program Administrator to improve the tracking processes moving forward. The Guam HAF Program Administrator acknowledged the recommendation and designed improvement actions to address it.

The full report has been prepared solely for the use of the Guam HAF Program Management. The information in the full report is deemed confidential and not for public distribution.