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Subsidy Boost Of \$20 Million Expected Here

WASHINGTON — Rep. Antonio B. Won Pat says Guam's special housing subsidy program probably will receive an extra \$20 million in the fiscal 1975 federal budget, but he also noted that Program 20 mortgage money soon may cost more.

There also will be more money from the federal government for education here, he added.

Won Pat said he is asking colleagues in Congress to support a request to fund the Tandem Housing Program, which for many years has supported the majority of housing mortgage money on Guam.

Program 20, supported entirely by federal funds in providing low-cost mortgage money for the island, is being studied by the Government National Mortgage Association, which buys FHA-insured mortgages at par value.

Richard Dyas, vice president of GNMA, said the Office of Management and Budget, the federal watchdog on expenditures, is asking that Program 20 be supported partially by local sellers or other money institutions rather than completely by the U.S. government. This would result in local mortgages costing more, it was explained.

Program 20 is a special subsidy for local mortgage holders. The difference between the selling price of mortgages sold on the open market by the Federal Housing Administration and the amount loaned by the Bank of Guam is paid through the program.

Without the subsidy, the costs of closing mortgage transactions would be added to the total cost to the homeowner, producing higher down payments.

Program 20 tied Guam mortgages to the GNMA, which paid the difference between open market costs and FHA costs at the bank without penalizing home buyers.

Banks often sell mortgages to other lending institutions at a discount in order to free operating capital, it was noted.

Won Pat said the only way to preserve the present regulations for Program 20 would be for GovGuam to develop a strong argument showing Guam's housing program could not continue without full support from Washington.

The Democratic representative said Guam's Department of Education will receive two allotments totaling \$29,000 to strengthen instruction in public elementary and secondary schools.

The first grant of \$25,000 is earmarked for purchase of laboratory and other special equipment and for minor remodeling.

A second grant, for \$4,000, will pay for state administration of the instruction plan.