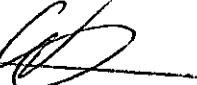


FILED
SUPERIOR COURT
OF GUAM

2026 FEB 19 PM 2:00

CLERK OF COURT

By: 

5 **IN THE SUPERIOR COURT OF GUAM**

6 FUMI HEPFER,

7 Child Support Case No. CS0027-22

8 Plaintiff,

9 v.

10 **DECISION AND ORDER**

11 BRYAN RICHARD HEPFER,

12 Defendant.

15 **INTRODUCTION**

16 This appeal turns on a single, practical question: whether the Child Support Administrative
17 Hearing Officer correctly determined which rental-property expenses qualify as “ordinary and
18 necessary” under the Guam Child Support Guidelines. The Child Support Enforcement Division asks the
19 Court to characterize routine rental-property expenses and, in doing so, to narrow the practical meaning
20 of “ordinary and necessary” under the Guam Child Support Guidelines. The Administrative Hearing
21 Officer declined that invitation, instead applying the Guidelines as written and as they operate in real
22 life—by asking whether the expenses were required to produce rental income. Because that approach is
23 both legally sound and supported by the record, the Court affirms.

24 **BACKGROUND**

25 This appeal arises from the Child Support Administrative Hearing Officer’s (“AHO”)
26 Recommended Findings of Fact and Order entered on October 25, 2024. The Child Support
27 Enforcement Division (“CSED”) seeks review of discrete aspects of the AHO’s calculation of
28 income for child-support purposes.

1 The dispute centers on the proper treatment of Defendant's rental income and claimed
2 expense deductions under the Guam Child Support Guidelines. Defendant purchased a
3 residence in Guam in January 2019, which initially served as his personal residence. In March
4 2023, Defendant relocated to Japan for employment and vacated the property. Following storm
5 damage caused by Typhoon Mawar in May 2023, Defendant undertook repairs and maintenance
6 to restore the property and bring it into rentable condition. The property was first rented in
7 December 2023 for \$2,950 per month.

8 In calculating Defendant's income, the AHO considered Defendant's rental income for
9 December 2023 and 2024 and addressed which expenses qualified as "ordinary and necessary
10 expenses required to produce income" under the Guidelines. CSED objected to several
11 categories of expenses claimed by Defendant and now challenges the AHO's rulings regarding
12 those objections. First, CSED objects to the AHO's allowance of certain pre-rental expenses
13 incurred in November 2023, which the AHO permitted to be carried forward and deducted
14 against rental income received in December 2023. CSED contends that expenses incurred
15 before the property was rented cannot qualify as deductible ordinary and necessary expenses
16 under the Guidelines. Second, CSED objects to the AHO's determination that mortgage interest
17 paid on the property constituted an ordinary and necessary expense deductible from rental
18 income. CSED argues that because the mortgage was originally obtained to purchase
19 Defendant's personal residence, the associated interest remains non-deductible for child-support
20 purposes notwithstanding the subsequent rental of the property. Third, CSED challenges the
21 AHO's treatment of painting and roof maintenance expenses incurred in 2024, asserting that
22 these costs were capital improvements rather than ordinary maintenance expenses and therefore
23 should not have been deducted in calculating Defendant's net rental income. In addition to the
24 rental-income objections, CSED does not challenge the AHO's finding that Plaintiff is
25 voluntarily underemployed. The AHO determined that Plaintiff, who works part-time as a
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1 customer service agent, had not demonstrated reasonable cause for her reduced earnings and
2 imputed full-time income at her current hourly rate. That determination is not at issue on appeal.
3 The Court reviews the AHO's Recommended Findings and Order on the record and the parties'
4 written submissions.

5 DISCUSSION

6 The Court begins by identifying the governing legal framework for calculating rental
7 income under the Guam Child Support Guidelines and the persuasive authority addressing
8 ordinary and necessary rental expenses. It then applies those principles to the specific objections
9 raised by CSED—pre-rental expenses, mortgage interest, and painting and roof maintenance—
10 and explains why each falls within the category of expenses required to generate rental income.
11 Viewed as a whole, the AHO's analysis reflects a proper exercise of discretion grounded in law
12 and supported by the record.

15 I. The AHO Correctly Found That the Challenged Expenses Were Ordinary and 16 Necessary

17 Courts evaluating rental income for child-support purposes consistently recognize that
18 certain categories of expenses qualify as “ordinary and necessary” because they are required to
19 produce income. In *Lawrence v. Tise*, the court expressly held that ordinary and necessary rental
20 expenses include repairs, property management and leasing fees, real estate taxes, insurance, and
21 mortgage interest, while excluding mortgage principal payments from deductible expenses. 107
22 N.C. App. 140, 419 S.E.2d 176, 181–83 (1992).

23 That authority frames the analysis here. The Guam Child Support Guidelines define
24 income from rental property as “gross receipts, minus ordinary and necessary expenses required

1 to produce income," and grant the factfinder discretion to determine which expenses are
2 appropriate for calculating child support. 19 GAR § 1203(a)(3). Applying that standard, the
3 AHO determined that the challenged expenses—including mortgage interest, insurance, taxes,
4 maintenance, and repair costs incurred to place and maintain the property in rentable condition—
5 were ordinary and necessary expenses required to produce rental income.
6

7 The Court has reviewed the objections attached to CSED's submission and concludes that
8 each challenged expense qualifies as an ordinary and necessary expense required to produce
9 rental income under the Guam Child Support Guidelines. As the AHO correctly found, the
10 expenses at issue—including pre-rental costs incurred to place the property in rentable condition,
11 mortgage interest, and routine maintenance such as painting and roof work—were directly
12 related to generating and preserving rental income and were not personal, discretionary, or
13 capital expenditures undertaken for unrelated improvement purposes. Consistent with established
14 child-support principles, these expenses fall within the category of costs courts routinely
15 recognize as necessary to operate rental property as an income-producing asset.
16

17 Because the AHO applied the proper legal standard and the record supports the
18 determination that these expenses were ordinary and necessary, CSED's objections provide no
19 basis to disturb the Recommended Findings and Order.
20

21 CONCLUSION

22 The AHO applied the correct legal standard, reasonably evaluated the evidence, and
23 permissibly concluded that the challenged expenses were required to generate rental income.
24 CSED has not shown legal error or a basis to disturb those findings.
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1 Accordingly, the AHO's Recommended Findings of Fact and Order are **AFFIRMED**.
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3 **SO ORDERED** FEB 19 2026

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HONORABLE ARTHUR R. BARCINAS
Judge, Superior Court of Guam