

FILED  
SUPERIOR COURT  
OF GUAM

2026 FEB 19 PM 2:00

CLERK OF COURT

By: 

**IN THE SUPERIOR COURT OF GUAM**

FUMI HEPFER,

Plaintiff,

v.

BRYAN RICHARD HEPFER,

Defendant.

Child Support Case No. CS0027-22

**DECISION AND ORDER**

**INTRODUCTION**

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

**BACKGROUND**

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

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.  
13  
14  
15

#### 16 **I. The AHO Correctly Found That the Challenged Expenses Were Ordinary and** 17 **Necessary**


18 Courts evaluating rental income for child-support purposes consistently recognize that  
19 certain categories of expenses qualify as "ordinary and necessary" because they are required to  
20 produce income. In *Lawrence v. Tise*, the court expressly held that ordinary and necessary rental  
21 expenses include repairs, property management and leasing fees, real estate taxes, insurance, and  
22 mortgage interest, while excluding mortgage principal payments from deductible expenses. 107  
23 N.C. App. 140, 419 S.E.2d 176, 181–83 (1992).  
24

25 That authority frames the analysis here. The Guam Child Support Guidelines define  
26 income from rental property as "gross receipts, minus ordinary and necessary expenses required  
27  
28



Accordingly, the AHO's Recommended Findings of Fact and Order are **AFFIRMED**.

**SO ORDERED** FEB 19 2026

---

**HONORABLE ARTHUR R. BARCINAS**  
Judge, Superior Court of Guam