

CHAPTER 7
LOCAL ARTS REVOLVING FUND

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§7101. Authority. By virtue of P.L. 20-149, Guam Economic Development Authority (GEDA), has been appropriated the sum of \$100,000 to create a Local Arts Revolving Fund ("LARF"). GEDA is also mandated to adopt rules and regulations for the administration of that fund.

§7102. Purpose. The purpose of the LARF is to promote the preservation, development and production of Chamorro music and song. It is the finding of GEDA that Chamorro music and song is an important part of the heritage and culture of the Territory and must be recorded and preserved. Similarly, Chamorro music and songs must be encouraged to be produced and presented to all of the people of the Territory so that it may be enjoyed and appreciated by future generations. Finally, it is the find of GEDA that the LARF was partially intended to encourage commercial ventures in the recording and sale of Chamorro music and song.

§7103. Delegation to Administrator. The Administrator is directed to establish such procedures as he deems appropriate to make and administer loans to local artists and nonprofit associations consistent with the requirements of these rules.

§7104. Eligible Recipients. No loan shall be made from the LARF except to the following:

- (1) To an individual resident of the Territory of Guam that is either a U.S. citizen or permanent resident of the United States; and
- (2) To an individual with demonstrated artistic ability to record, produce, preserve, perform or otherwise enhance Chamorro songs and music; or

(3) To an association, corporation or partnership, whether for profit or nonprofit, formed under the laws of the Territory of Guam and registered with the Department of Revenue and Taxation, and which is involved with the production, promotion, development or recording of music and songs, including Chamorro music;

(4) The association, corporation or partnership has among its members shareholders individuals with the qualifications set forth in paragraph (2).

§7105. Permitted Purposes. Any loan made from the LARF shall be for at least one of the following purposes:

(1) For the approved expenses of recording and marketing Chamorro music and songs;

(2) For a specific project to study, research or analyze the history or character of Chamorro music or songs.

(3) For the approved expenses of an artist to produce and present Chamorro music and songs in concerts, work shops or other public presentations.

(4) For a specific project to educate the youth and people of Guam in the history, style or technique of Chamorro music and songs.

(5) For the expenses of such other specific project as the Board of GEDA shall determine uniquely benefits the objective to preserving or encouraging Chamorro music and song.

§7106. Maximum Loan. The amount loaned to a borrower shall be appropriate to the specific project approved by the Board, but in no event shall the amount loaned to any borrower or for any one project be more than \$15,000.

§7107. Loan Application and Review Process. (a) The Administrator shall prepare such application forms as he deems appropriate to be completed by all individuals and associations requesting loans;

(b) All applicants shall also complete and submit to the Guam Council of the Arts and Humanities an application for the approval of the loan and the specific project for which the loan is requested;

(c) In his decision to approve or disapprove any requested loan, the Administrator shall consider the recommendation of the Guam Council of the Arts and Humanities, if any;

(d) The Administrator shall have the authority to decline any application for a loan on the basis that the applicant does not qualify under these Rules or that the requested project does not sufficiently advance the objectives of the LARF;

(e) The Administrator shall approve and submit to the Board for its final approval reasonable terms and conditions for each loan including the following:

(1) Terms for the repayment of the loan.

(2) Conditions assuring the appropriate and intended use of the loan proceeds.

(3) A requirement that the loan recipients submit periodic reports or other evidence of the use of the funds and the success of the financed projects.

§7108. Requirements for Each Loan. (a) No interest shall be charged on any loan from the LARF;

(b) No loan shall be made to any applicant that does not have a verified source of income or collateral securing the repayment of the loan according to its terms;

(c) No loan shall be made to any association, corporation or partnership without the personal guarantee of one or more of its members that has the verified ability to repay the loan according to its terms;

(d) A one time closing fee shall be required in accordance with a schedule, to be established by the Administrator, and that such fee shall be paid based on the approved loan amount and upon execution of the closing documents. Any closing fee charged shall be in any amount appropriate to cover the administrative costs of processing and servicing the loan.

(e) Collateral shall not be necessary in order to obtain a loan from the LARF, provided that the requirements of §7108(2) are met.

§7109. Ineligible Applications. No loan shall be given to any applicant or association if the direct or indirect purpose or result of the loan would be any of the following:

- (1) To pay off existing creditors;
- (2) To provide funds for distribution or payment to the owners, association members, partners or shareholders for previously incurred expenses;
- (3) To replenish working capital funds used for previous operating expenses;
- (4) To pay delinquent withholding taxes, gross receipt taxes or social security taxes;
- (5) To promote or establish a gambling business;
- (6) To construct improvement on real property any part of which will be for the purposes of gambling.
- (7) To contribute to any illegal activity; or
- (8) To purchase recording or musical equipment; however, the purchase of materials incidental to the recording or marketing process shall not be excluded, such as tapes, liners, discs, boxes or replacement parts.

§7110. Definition. The definition of *Chamorro music and song* includes songs sung in the Chamorro language, music using the harmonies, melodies, rhythms or tempos traditional to the indigenous people of Guam and the Northern Mariana Islands and songs in languages other than Chamorro, which are accompanied by Chamorro music.