



Territory of Guam
Territorio Guam

OFFICE OF THE GOVERNOR
LAPISMAN I MAGALANI
AGANA GUAM 96910 USA

OCT 15 1989



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Handwritten mark

The Honorable Joe T. San Agustin
Speaker, Twentieth Guam Legislature
Post Office Box CB-1
Agana, Guam 96910

Dear Mr. Speaker:

Transmitted herewith is Bill No. 715, which I have signed into law this date as
Public Law 20-105.

Sincerely,

Handwritten signature of Joseph F. Ada
JOSEPH F. ADA
Governor

Enclosure

200561




TWENTIETH GUAM LEGISLATURE
1989 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

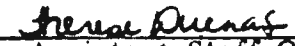
This is to certify that Substitute Bill No. 715 (LS), "AN ACT TO AMEND SECTIONS 12010, 12010.1 AND 12010.3 OF THE GOVERNMENT RELATING TO THE FARMER'S AND FISHERMEN'S SMALL LOAN REVOLVING FUND, TO APPROPRIATE FUNDS THERETO, TO APPROPRIATE FUNDS TO LAND RECORDS, AND TO MODIFY THE DOC SANCHEZ SCHOLARSHIP PROGRAM," was on the 28th day of September, 1989, duly and regularly passed.


JOE T. SAN AGUSTIN
Speaker

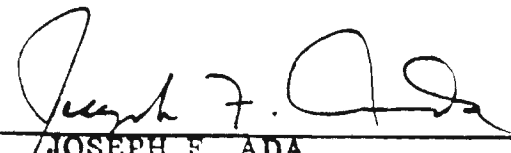
Attested:


PILAR C. LUJAN
Senator and Legislative Secretary

This Act was received by the Governor this 4th day of OCT., 1989
at 4:20 o'clock p.m.


Assistant Staff Officer
Governor's Office

APPROVED:


JOSEPH F. ADA
Governor of Guam

Date: October 16, 1989

Public Law No. 20-105

TWENTIETH GUAM LEGISLATURE
1989 (FIRST) Regular Session

Bill No. 715 (LS)
As substituted by the
Committee on Economic Development
and further substituted by the
Committee on Rules

Introduced by:

T. S. Nelson
C. T. C. Gutierrez
J. T. San Agustin

H. D. Dierking
J. P. Aguon
E. P. Arriola
M. Z. Bordallo
P. C. Lujan
G. Mailloux
D. Parkinson
F. J. A. Quitugua
E. D. Reyes
F. R. Santos
J. G. Bamba
D. F. Brooks
E. R. Duenas
E. M. Espaldon
M. D. A. Manibusan
M. C. Ruth
T. V. C. Tanaka
A. R. Unpingco

AN ACT TO AMEND SECTIONS 12010, 12010.1
AND 12010.3 OF THE GOVERNMENT CODE
RELATING TO THE FARMER'S AND
FISHERMEN'S SMALL LOAN REVOLVING
FUND, TO APPROPRIATE FUNDS THERETO,
TO APPROPRIATE FUNDS FOR LAND
RECORDS, AND TO MODIFY THE DOC
SANCHEZ SCHOLARSHIP PROGRAM.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:
2 Section 1. Sections 12010, 12010.1 and 12010.3 of the Government
3 Code are hereby amended as follows:
4 "§12010. Farmer's and Fishermen's Small Loan Revolving Fund.
5 There is hereby created the Farmer's and Fishermen's Small Loan
6 Revolving Fund (the "Fund") to grant loans to farmers and fishermen

1 of Guam. In granting such loans, the Director shall, subject to the
2 Administrative Adjudication Law, promulgate all rules and regulations
3 necessary for the operation of the Fund; provided, that loans granted
4 under the Fund shall not exceed Fifty Thousand Dollars (\$50,000) per
5 farmer or fishermen in either or both of the classes of loans in
6 §12010.1 below, and that interest charged on each loan shall not
7 exceed four percent (4%) per annum.

8 §12010.1. Classes of loan. The following classes of loan are
9 hereby established in granting loans:

10 (1) Class A - Improvement of farm lands:

11 (a) Improvement of farm lands;

12 (b) Purchases, construction or improvement of
13 essential non-residential buildings on farm lands.

14 (2) Class B - Farm operating loans:

15 (a) Farm operating loans. To carry on and improve a
16 farming, manufacturing or fishing operation, including but
17 not limited to:

18 (1) Purchase of farm and fishing equipment, and
19 livestock.

20 (2) Payment of production, harvesting and
21 marketing expenses including materials, supplies, labor
22 and services.

23 (3) Loans for manufacturing, establishing and
24 developing agricultural products and processing plants,
25 using products grown on Guam as the principal
26 ingredient.

27 (b) Emergency loans. To provide immediate relief and
28 rehabilitation to qualified farmers and fishermen as follows:

29 (1) In areas stricken by extraordinary
30 rainstorms, winds, drought, tidal wave or other natural
31 catastrophe.

32 (2) On farmlands stricken by livestock disease
33 epidemic and crop blights.

1 §12010.3. Security of loans. Mortgages. Any loan in excess of
2 Five Thousand Dollars (\$5,000) shall be secured by duly recorded first
3 mortgage upon any of the following property within the territory:

4 (1) Fee simple farmland.

5 (2) Leaseholds of farmland where the lease has an
6 unexpired term of at least two (2) years longer than the term of
7 loan.

8 (3) Crops, livestock and equipment.

9 (4) Other chattels."

10 Section 2. Three Hundred Fifty Thousand Dollars (\$350,000) are
11 hereby appropriated to the Farmer's and Fishermen's Small Loan Revolving
12 Fund (the "Fund") from the funds appropriated in Sections 92 and 111 of
13 Public Law 19-5, which funds are hereby transferred and reappropriated to
14 the Fund, except that if any of such funds are the subject of pending loan
15 application, such subject funds shall not be so transferred. In addition,
16 the Fund shall consist of all moneys received from any person or
17 organization as compensation for services rendered or facilities supplied,
18 and all proceeds realized from the sale or other disposition of any
19 equipment or supplies purchased with moneys from the Fund.

20 Section 3. The Guam Economic Development Authority shall submit to
21 the Legislature within ninety (90) days of the effective date of this Act the
22 number of loans made from the Agricultural Development Fund, the current
23 status of such Fund, and the average length of time between application for
24 a loan therefrom and its granting.

25 Section 4. Notwithstanding any other provision of law, funds
26 appropriated to the Department of Land Management for Fiscal Year 1989
27 under the category of Operating Expenses for the Land Records Division
28 shall continue to be available until expended.

29 Section 5. Subparagraph (b) of Section 5 of Public Law 19-45 is
30 repealed and reenacted to read:

31 "(b) Employees enrolled in the program shall be allowed
32 administrative leave with pay to attend classes during working hours.
33 Annual leave charged recipients shall automatically be reinstated."

TWENTIETH GUAM LEGISLATURE
1989 (FIRST) Regular Session

ROLL CALL SHEET

Bill No. 715

Date: 9/28/89

Resolution No. _____

QUESTION: _____

	<u>AYE</u>	<u>NAY</u>	<u>NOT VOTING</u>	<u>ABSENT</u>
J. P. Aguon	✓			
E. P. Arriola	✓			
J. G. Bamba	✓			
M. Z. Bordallo	✓			
D. F. Brooks	✓			
H. D. Dierking	✓			
E. R. Duenas				✓
E. M. Espaldon	✓			
C. T. C. Gutierrez	✓			
P. C. Lujan	✓			
G. Mailloux	✓			
M. D. A. Manibusan	✓			
T. S. Nelson	✓			
D. Parkinson	✓			
F. J. A. Quitugua				✓
E. D. Reyes	✓			
M. C. Ruth	✓			
J. T. San Agustin	✓			
F. R. Santos	✓			
T. V. C. Tanaka	✓			
A. R. Unpingco	✓			

19

2



Twentieth Guam Legislature

163 Chalan Santo Papa Street
Agana, Guam 96910

18 September 1989

SPEAKER JOE T. SAN AGUSTIN
Twentieth Guam Legislature
163 Chalan Santo Papa
Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Economic Development, to which was referred BILL NO. 715 [An Act to Repeal Sections 1, 2 and 3 of Public Law 16-125 and Sections 92 and 111 of Public Law 19-5; to Repeal Sections 12010-12010.8 of the Government Code; to Repeal Sections 2201-2208 of Chapter 2, Article 2 of 12 GCA; to Enact a Farmer's Assistance Loan Fund Within the Department of Agriculture and to Appropriate Funds Thereto], wishes to report back to the Legislature with its recommendation to pass Bill No. 715, as substituted. The voting record is as follows:

TO PASS	<u>11</u>
NOT TO PASS	<u>0</u>
TO REPORT OUT ONLY	<u>1</u>
TO PLACE IN INACTIVE FILE	<u>0</u>
OFF-ISLAND	<u>0</u>

Copies of the Committee Report and other pertinent documents are attached.

Your attention to this matter is greatly appreciated.


EDWARD D. REYES

Attachments.



Twentieth Guam Legislature

163 Chalan Santo Papa Street
Agana, Guam 96910

12 September 1989

MEMORANDUM

TO: Members, Committee on Economic Development
FROM: Chairman, Committee on Economic Development
SUBJECT: Committee Report - Bill No. 715

Transmitted herewith for your information and action is the Committee on Economic Development's Report on Bill No. 715 [An Act to Repeal Sections 1, 2 and 3 of Public Law 16-125 and Sections 92 and 111 of Public Law 19-5; to Repeal Sections 12010-12010.8 of the Government Code; to Repeal Sections 2201-2208 of Chapter 2, Article 2 of 12 GCA; to Enact a Farmer's Assistance Loan Fund Within the Department of Agriculture and to Appropriate Funds Thereto].

The narrative report is accompanied by the following:

1. Bill No. 715;
2. Committee on Economic Development Voting Sheet;
3. Written Testimony; and
4. Substitute Bill No. 715.

Should you have any questions on the narrative report or the accompanying documents, I would be most happy to answer any of them.

Please take the appropriate action on the attached voting sheet and return the documents to my office for transmittal to the other members.

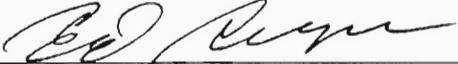

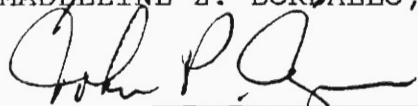

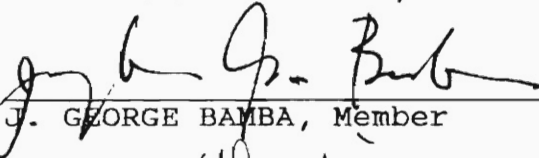
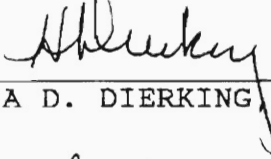



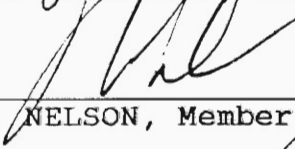
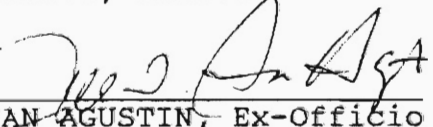
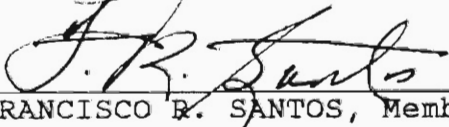
Your attention and cooperation in this matter is greatly appreciated.


EDWARD D. REYES

Attachments.

RECORDS OF GOVERNMENT OFFENSES

**COMMITTEE ON ECONOMIC DEVELOPMENT
TWENTIETH GUAM LEGISLATURE**

<u>COMMITTEE MEMBER</u>	<u>TO</u> <u>PASS</u>	<u>NOT TO</u> <u>PASS</u>	<u>REPORT</u> <u>OUT</u>	<u>INACTIVE</u> <u>FILE</u>	<u>OFF-</u> <u>ISLAND</u>
 EDWARD D. REYES, Chairman	✓				
 MADELEINE Z. BORDALLO, Vice-Chairman	✓				
 JOHN P. AGUON, Member	✓				
 ELIZABETH P. ARRIOLA, Member	✓				
 J. GEORGE BAMBA, Member	✓				
 HERMINIA D. DIERKING, Member	✓				
 PILAR C. LUZAN, Member			✓		
 GORDON MAILLOUX, Member	✓				
 MARILYN MANIBUSAN, Member	✓				
 TED S. NELSON, Member	✓				
 JOE T. SAN AGUSTIN, Ex-Officio Member	✓				
 FRANCISCO R. SANTOS, Member	✓				

COMMITTEE ON ECONOMIC DEVELOPMENT
 Twentieth Guam Legislature

REPORT ON BILL NO. 715 [An Act to Repeal Sections 1, 2 and 3 of Public Law 16-125 and Sections 92 and 111 of Public Law 19-5; to Repeal Sections 12010-12010.8 of the Government Code; to Repeal Sections 2201-2208 of Chapter 2, Article 2 of 12 GCA; to Enact a Farmer's Assistance Loan Fund Within the Department of Agriculture and to Appropriate Funds Thereto]

I. PREFACE

The Committee on Economic Development held a public hearing on Thursday, 17 August 1989, at 2:00 p.m. at the Legislative Session Hall. Members present were Chairman Edward D. Reyes, and Senators Elizabeth P. Arriola, Madeleine Z. Bordallo and Francisco R. Santos.

II. BACKGROUND

Bill No. 715 was introduced by Senators Ted S. Nelson. The bill proposes to repeal §§1, 2 and 3 of PL 16-125, §§92 and 111 of PL 19-05, §§12010-12010.8 of the Government Code, and §§2201-2208 of Chapter 2 Article 2 of 12 GCA. Additionally, Bill No. 715 seeks to enact the Farmer's Assistance Loan Fund within the Department of Agriculture and appropriate funds.

III. TESTIMONY

There were four individuals who testified at the public hearing: Antonio D. Roberto, Chairman of the Board of Trustees of the Farmer's Small Loan Revolving Fund; Carlos Noquez, Acting Director of the Department of Agriculture; Joaquin Naputi, former Director of the Department of Agriculture; and Felix D. Quan, Chairman of the Northern Soil and Water Conservation District. Messrs. Roberto, Noquez and Naputi testified against the passage of the bill; Mr. Quan testified for Bill No. 715, with some modifications.

The following represents a synopsis of the testimony:

A. ANTONIO D. ROBERTO, CARLOS NOQUEZ, and JOAQUIN NAPUTI all testified that while Bill No. 715 would aid the farmers and fishermen of Guam, the bill would duplicate and overlap with the existing and working Farmer's Small Loan Revolving Fund program set up by PL 11-119. Mr. Roberto testified that what is needed is the reinforcement of the existing program by:

1. increasing the maximum amount of the loan from \$10,000 to \$40,000;
2. increasing the annual interest rate of the loan from 2% to 4% per annum; and
3. supplementing the Revolving Fund in order that more money is made available for loans (the amount appropriated since its inception in 1972, \$350,000, has not been supplemented).

Messrs. Noguez and Naputi reiterated that these three elements are essential in strengthening the existing program.

D. FELIX QUAN testified in favor the Bill No. 715, but recommended that:

1. the maximum loan granted for the various Classes be amended to:
 - a. Class A \$100,000
 - b. Class B \$ 50,000

Additionally, a new Class for manufacturing and refinancing should have a maximum loan amount of \$100,000; and

2. the security offered should be any one (although not more than one) of the four items listed.

IV. FINDINGS

The Committee on Economic Development finds that:

- A. the Farmer's Small Loan Revolving Fund, established by PL 11-111, is a viable and functional program that needs to be strengthened to better assist farmers and fishermen;
- B. the Fund has never received supplemental funding from its original appropriation of \$350,000, and this original appropriation is insufficient to accommodate the farmers' and fishermen's needs;
- C. the maximum amount of a loan, based on testimony presented, should be increased from \$10,000 to \$40,000 for the Farmer's Small Loan Revolving Fund;
- D. the annual interest rate should be increased from 2% to 4% per annum for the Fund;
- E. a new class for manufacturing loans needs to be included in the existing program for the establishment and development of agricultural products and processing plants, using products grown on Guam as the principal ingredient; and
- F. the security offered as detailed in the existing program should specify that any one, but no more than one, of the items listed would be sufficient.

V. RECOMMENDATIONS

The Committee on Economic Development recommends that a substitute Bill No. 715, incorporating all findings listed above, be passed by the 20th Guam Legislature.

TESTIMONY ON BILL 715

Senator Edward D. Reyes
Chairman, Economic Development
Agana, Guam 96910

Mr. Chairman and Members of the Committee:

My name is Antonio D. Roberto, Chairman of The Board of Trustees of the Farmer's Small Loan Revolving Fund at the Department of Agriculture. I have been Chairman for over a year and I am proud to say that we have accommodated the farmers and fishermen of Guam with limited money resources.

Let me at this time commend the author, committee members and sponsors for taking time from their busy schedule to once again come to the aid of the farmers as evidenced by the intent of Bill 715.

This bill however tends to duplicate and overlapped the existing and working programs as set forth by P.L. 11-119 dated February 3, 1972.

A brief history follows:

\$350,000 initial amount appropriated to fund P.L. 11-119, supplemented by \$83,892 or transfer of funds under P.L. 9-121 to P.L. 11-119 a grand total of \$433,892 and later disbursed to 56 farmers from 1969 thru 1982.

In June of 1988 processing of loan applications resumed and announcement made by the Governor in the various news media. Twenty-two (22) applications were then processed with disbursement amount of \$136,474. Total receipts under the PSLRP account is 78 with a grand total of funds disbursed of \$570,367.00. Of the 78 recipients, 19 were paid in full. Presently we five loan applications in the amount of \$50,000 awaiting boards action. Funds available at this time is \$45,000.

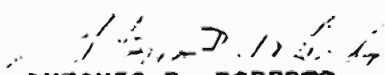
Let me offer suggestion to enhance that is conducive to the program
1) Amend Section 12010 of P.L. 11-119 line 12 to read Forty Thousand (\$40,000) and line 14 to read 4% per annum.

2) Transfer the fund indentified under Section 12010.8 of Bill 715 to P.L. 11-119 and add new section if necessary.

There are other items of concern I would like to express in detail but time does not permit me to do so since there are others who would want to comment on Bill 715.

The Board of Trustees of the PSLRP Department of Agriculture will give their full cooperation to the committee members and your staff in order to stream lined the above upon request.

Thank you for giving me the opportunity to testify on Bill 715.


ANTONIO D. ROBERTO

TESTIMONY ON BILL NO. 715

Mr. Chairman and Members of the Committee, my name is Carlos L.T. Noquez, Acting Director of Agriculture. Thank you for giving me the opportunity to testify on Bill 715. I support the intent of this bill, however, the Department has P.L. II-119 with the same purpose as intended for this Bill.

In this regard, the Department recommends the following:

- 1) Repeal the proposed Section and transfer all funds to the Farmer's Small Loan Revolving Fund as authorized by Public Law II-119, Section 12010 of the Government Code.
- 2) Amend Section 12010 of the Government Code of Guam to include the loan authorized from \$10,000 to \$40,000 per farmer or fisherman and that the interest should be amended from 2% to 4%.

Thank you for allowing me to testify on Bill 715.


CARLOS L.T. NOQUEZ
Acting Director

August 17, 1989

Senator Edward D. Reyes
Chairman, Economic Development
Twentieth Guam Legislative
Agana, Guam 96910

Mr. Chairman and Members of the Committee:

My name is Joaquin Naputi and I am testifying on BILL 715. As the former Director of Agriculture, I applaud the committee for taking interest in the growth of the agricultural sector. It is my contention that with sufficient funding for our farmers of Guam, the agricultural sector will be a major economic contributors to the Territory, thus increasing the gross Island product. Let's not stop here. Let's fund the slaughterhouse and other infrastructural requirements to insure success.

On Bill 715, I offer the following:

- 1) Since there is a small Farmer's Revolving Fund that is in operation, BILL 11-119 should be amended only to increase the limit of loan per farmer from \$10,000 to \$40,000 and to Raise the interest rate from 2% to 4%.
- 2) Eliminate the agricultural fund under GEDA and transfer funds to the Farmer's small loan Revolving Fund under the Department of Agriculture.

With these changes, Farmers on Guam are afforded the necessary funds to succeed.

THANK YOU!


JOAQUIN NAPUTI

NORTHERN GUAM SOIL AND WATER CONSERVATION DISTRICT
P.O. Box 2950
Agana, Guam 96910

Mr. Chairman and members of the committee.

My name is Felix P. Quan. I am a farmer. My presence here today as a representative of the Northern Guam Soil and Water Conservation District, is to testify in favor of Bill 715 with the following amendments:

First. Section 12010 should include a maximum of 2% interest rate for emergency loan. The maximum loan that may be granted should be \$100,000 for class (A), \$50,000 for class (B), \$100,000 each for manufacturing and refinancing.

Second. Section 12010.1 should include two (2) additional classes of loans.

- Manufacturing loan for establishing and developing agricultural products and processing plant using products grown in Guam as the principal ingredient.
- Refinancing Loan to refinance any existing farm loan that falls within the definition of any of the three classes of loan.

Third. Section 12010.3. Security offered should be one of any of the four items listed, and not more than one.

Fourth. Section 12010.5. Add a paragraph whereby repayments may be made either monthly, annually or by crop season.

The appropriation and transfers of \$2.15 million as stipulated in section 12010.8 is definitely a great "Shot in the arm" for the farming industry.

Thank you.

TWENTIETH GUAM LEGISLATURE
1989 (First) Regular Session

Bill No. 715
As substituted by the Committee
on Economic Development

Introduced By: T.S. Nelson
C.T.C. Gutierrez
J.T. San Agustin
H.D. Dierking

M. Manibusan *mdm* *J.A.*

AN ACT TO AMEND SECTIONS 12010, 12010.1
AND 12010.3 OF THE GOVERNMENT CODE AND TO
APPROPRIATE FUNDS THERETO

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 SECTION 1. Sections 12010, 12010.1 and 12010.3 of the Government
3 code are hereby amended as follows:

4 "§12010. Farmer's Small Loan Revolving Fund. There is hereby
5 created the Farmer's Small Loan Revolving Fund to grant loans to
6 farmers and fishermen of the territory of Guam. In granting such
7 loans, the Director shall, subject to the Administrative
8 Adjudication Act, promulgate all rules and regulations necessary
9 for the operation of said Fund; provided, that loans granted under
10 said Fund shall not exceed [Ten Thousand Dollars (\$10,000)] Forty
11 Thousand Dollars (\$40,000) per farmer or fisherman and that
12 interest charged on each loan shall not exceed [two percent (2%)]
13 four percent (4%) per annum.

14 §12010.1. Classes of Loan. The following classes of loan are
15 hereby established in granting loans:

- 16 (1) Class A - Improvement of farm lands;
17 (a) Improvement of farm lands;
18 (b) Purchases, construction or improvement of essential
19 buildings on farm lands.

1 (2) Class B - Farm operating loans;

2 (a) Farm operating loans. To carry on and improve a
3 farming, manufacturing or fishing operation,
4 including but not limited to:

5 (1) Purchases of farm and fishing equipment, and
6 livestock.

7 (2) Payment of production, harvesting and marketing
8 expenses including materials, supplies, labor
9 and services.

10 (3) Manufacturing loan for establishing and
11 developing agricultural products and processing
12 plants, using products grown on Guam as the
13 principal ingredient.

14 (b) Emergency loan. To provide immediate relief and
15 rehabilitation to qualified farmers and fishermen
16 as follows:

17 (1) in areas stricken by extraordinary rainstorms,
18 winds, drought, tidal wave or other natural
19 catastrophe.

20 (2) On farmlands stricken by livestock disease
21 epidemic and crop blights.

22 §12010.3. Security of loans. Mortgages. Any loan in excess
23 of Five Thousand Dollars (\$5,000) shall be secured by duly recorded
24 first mortgage upon any of the following property within the
25 territory:

26 (1) Fee simple farmland.

27 (2) Leaseholds of farmland where the lease has an unexpired
28 term of at least two (2) years longer than the term of

1 loan.

2 (3) Crops, livestock and equipment.

3 (4) Other chattels."

4 SECTION 2. There is hereby appropriated the sum of Three Hundred
5 Fifty Thousand Dollars (\$350,000) from the General Fund to supplement
6 the Farmer's Small Loan Revolving Fund created by Public Law 11-119.

MAY 24 '89

TWENTIETH GUAM LEGISLATURE
1989 (FIRST) Regular Session

Bill No. 715 (LS)

Introduced by:

T. S. Nelson

C. T.C. Gutierrez

J. T. San Agustin

AN ACT TO REPEAL SECTIONS 1, 2 AND 3 OF PUBLIC LAW 16-125 AND SECTIONS 92 AND 111 OF PUBLIC LAW 19-5; TO REPEAL SECTIONS 12010 - 12010.8 OF THE GOVERNMENT CODE; TO REPEAL SECTIONS 2201 - 2208 OF CHAPTER 2, ARTICLE 2 OF 12 GCA; TO ENACT A FARMER'S ASSISTANCE LOAN FUND WITHIN THE DEPARTMENT OF AGRICULTURE AND TO APPROPRIATE FUNDS THERETO.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. Sections 1, 2, and 3 of Public Law 16-125, Sections 92 and 111 of Public Law 19-5, Sections 12010 - 12010.8 of the Government Code and Sections 2201 - 2208 of Chapter 2, Article 2, of 12 GCA are hereby repealed in their entirety.

Section 2. New Sections 12010 - 12010.8 are hereby enacted to read:

"§12010. Farmer's Assistance Loan Fund: Established, Purpose. There is hereby established within the Department of Agriculture a "Farmer's Assistance Loan Fund," hereinafter referred to as the "Fund," which shall be maintained separate and apart from any other funds of the Department of Agriculture, and independent records and accounts shall be maintained in connection to the Fund. The purpose of the Fund, is to grant loans to bona fide farmers and fishermen of the Territory. The Director shall promulgate all rules and regulations necessary for the operations of the Fund; provided, however, that loans granted under the Fund shall not exceed Forty Thousand Dollars (\$40,000) per farmer or fishermen and that interest charged on each loan shall not exceed four percent (4%) per annum.

1 §12010.1. Classes of Loan. The following classes
2 of loans are hereby established:

3 (1) Class A - Improvement of Farm Lands:

4 (a) Improvement of farm lands;

5 (b) Purchases, construction and/or improvement
6 of essential buildings on the farm lands.

7 (2) Class B - Farm Operating Loans:

8 (a) Farm operating loans. To carry on and improve
9 a farming or fishing operation, including but not limited
10 to:

11 1. Purchase of farm and fishing equipment,
12 and livestock.

13 2. Payment of production, harvesting and
14 marketing expenses including materials, supplies,
15 labor, and services.

16 (b) Emergency loan. To provide immediate relief
17 and rehabilitation to qualified farmers and fishermen:

18 1. In areas stricken by extraordinary
19 rainstorms, winds, drought, tidal waves, typhoons,
20 or other natural catastrophe.

21 2. On farmlands stricken by livestock disease
22 epidemic and crop blights.

23 §12010.2. Eligibility Requirements. To be eligible
24 for loans an applicant must be:

25 1. A bona fide qualified farmer or fishermen.

26 2. A citizen of the United States who has resided
27 in Guam for at least five (5) consecutive years.

28 3. Willing to carry out recommended farm and
29 fishing managemnet practices.

30 §12010.3. Security When Required. Any loan below
31 Five Thousand Dollars (\$5,000) shall be secured only by
32 the signature of the bona fide applicant. Loans in excess
33 of Five Thousand Dollars (\$5,000) shall be secured by the
34 following:

35
36

1 1. Fee simple to the farmland.

2 2. Leasehold of the farmland where the lease
3 has an unexpired term of at least one (1) year longer
4 than the term of the loan.

5 3. Crops, livestock and equipment.

6 4. Other chattels.

7 §12010.4. Conditions. Every borrower who is granted
8 a loan under this Act shall comply with the following:

9 (a) Expend no portion of his loan for purposes
10 other than those sanctioned by the Department of
11 Agriculture.

12 (b) Carry out recommended farm management
13 practices, including the keeping of proper records.

14 (c) Not sell or otherwise dispose of the mortgaged
15 property except on written consent of the lender and
16 upon written conditions as may be prescribed by the
17 lender.

18 §12010.5. Repayment and Refinancing. (a) Loans made
19 under this Act shall be repaid in accordance with a payment
20 plan specified by the Department with payments applied first
21 to the interest and then to the principal.

22 (b) Additional payments in any sums, or the payment
23 of the entire principal may be made at any date within the
24 time period of the loan.

25 (c) The Department may, for satisfactory cause and
26 at its discretion, extend the time within which the
27 installment payment on the principal may be paid for a period
28 not to exceed one (1) year.

29 (d) For loans made for crops, poultry and livestock
30 requiring six (6) months or more before maturing or in
31 production, the Department may defer the first payment of
32 the principal until the crop, poultry or livestock matures
33 or is in production, but not to exceed one (1) year.

1 §12010.6. Fund Trustee. There is within the Department
2 of Agriculture a Board of Trustees to administer the Fund.
3 The Board shall be comprised of five (5) members appointed
4 by the Governor, three (3) of which must be bona fide farmers,
5 and the Director of Agriculture, who shall serve as Executive
6 Secretary of the Board and shall be the disbursing officer
7 of the Fund. The Director shall serve as an ex-officio
8 member and have no voting power. The members shall select
9 from among its membership a Chairman and Vice Chairman.
10 The duties of the Board shall be:

- 11 1. To establish administrative loan policies;
- 12 2. To review and act on all loan applications;
- 13 3. To require periodic examination and audit
14 of books and accounts of the Fund.

15 §12010.7. Loans. All loans issued by the Board shall
16 be signed by the Director of Agriculture.

17 §12010.8. Appropriation: Source of Money. There is
18 hereby appropriated the sum of Two Hundred Thousand Dollars
19 (\$200,000) from the General Fund to the Farmer's Assistance
20 Loan Fund. The funds appropriated in Sections 92 and 111
21 of Public Law 19-5 and Section 3 of Public Law 16-125, are
22 hereby transferred and appropriated to the Farmer's Assistance
23 Loan Fund. In addition, the Fund shall consist of all moneys
24 received from the United States for the administration of
25 the the Fund, or from any person, organization as compensation
26 for services rendered or facilities supplied, and all proceeds
27 realized from the sale or other disposition of any equipment
28 or supplies purchased with moneys from the Fund."