Cyngor Celfyddydau Cymru
Arts Council of Wales

CYNLLUN CASGLU
COLLECTORPLAN

Conditions of Membership of Collectorplan

1. Introduction

1.1 These guidelines describe the Collectorplan service and the conditions and procedures governing gallery membership. All descriptions of Collectorplan and all advertisements, statements and announcements relating to it will be based on and be consistent with the Collectorplan service as outlined in these guidelines.

1.2 Any changes or amendments to the policies, procedures, rules and regulations governing Collectorplan shall be issued by The Arts Council of Wales (at its sole discretion) as amendments to this booklet.

1.3 Collectorplan is a service operated by Arts Council of Wales. Through Collectorplan private individuals may borrow money (interest-free) to assist with the purchasing of works of art from galleries in Wales which are MEMBERS of the Collectorplan service.

1.4 Member galleries and, in particular, buyers, should note that Arts Council of Wales does not warrant (under any circumstances) the authenticity or the value or the condition of the works of art that are the subject of any transaction and agreement through Collectorplan. This does not affect the Buyer's statutory rights.

2. The Gallery

2.1 Only galleries registered with Arts Council of Wales as Members of the Collectorplan service and who are in possession of and can produce current and valid authorisation from the Financial Conduct Authority enabling them carry out consumer credit activities may operate the Collectorplan service.

2.2 A gallery becomes a Member of the Collectorplan service by applying to Arts Council of Wales for registration and by providing appropriate information so that the application may be considered. A gallery's membership is accepted or rejected by Arts Council of Wales in accordance with the eligibility criteria set out below. A gallery's membership of the Collectorplan service may be terminated by Arts Council of Wales at any time if it does not continue to comply with the conditions of membership.

2.3 Scheme Membership is open to individuals, partnerships or companies; however where an applicant is an individual, the Member must be over 18 years of age

2.4 A gallery's membership of the Collectorplan service shall automatically cease if the gallery fails to comply with the requirements and obligations put upon it by Financial Conduct Authority as authorised to carry out consumer credit activities

2.5 In accepting membership of the Collectorplan service, a gallery and its directors, management, committees and staff shall thereby be taken to have accepted and agreed to all the conditions and procedures of the Collectorplan service as herein provided. A member gallery's failure to comply will be assessed via the monitoring procedure set out in paragraph 5.

2.6 Membership shall also cease if there is a change in ownership of the gallery. If the new owner wishes the gallery to become a Collectorplan member, they must re-apply and will be considered as a new applicant.

2.7 All members must be capable of operating a UK bank account, and be capable of administering standard banking procedures on regular payments and BACS payments from their trading premises or Gallery.

2.8 A gallery may withdraw from membership of the Collectorplan service at any time by giving three months' prior notice, in writing, to Arts Council of Wales.

2.9 In accepting Membership of the Collectorplan service, a gallery and its directors, management and staff shall agree to provide to Arts Council of Wales, from time to time, and as required, details of the volume and value of sales of works of art by living artists, whether or not these sales are part of the Collectorplan service. This information (essential to Arts Council of Wales' monitoring of the effects of the Collectorplan service) will be for Arts Council of Wales' own internal use only and will be treated in absolute confidence.

3. Becoming a member

3.1 Applications from galleries wishing to join Collectorplan may be made at any time and galleries should, in the first instance, submit a completed application form to Arts Council of Wales. Application packs are available from the Coordinator (Collectorplan). Arts Council of Wales will acknowledge receipt of the gallery's application. The applicant will be assessed for suitability for membership as soon as possible after the application has been received. The decision regarding the applicant's suitability will be communicated to the applicant, in writing, at the earliest opportunity.

3.2 Upon application, Arts Council of Wales will make reasonable enquiries of applicants, the individuals or employees or officers of a company behind a membership application, in order to ensure that applicants are not un-discharged bankrupts, disqualified directors or persons holding unsatisfactory County Court Judgements or police convictions which would at our sole discretion, adversely impact upon the administration of the Scheme and jeopardise the goodwill of the Scheme.

3.3 Applicants deemed to be suitable for membership will be incorporated into the scheme by Arts Council of Wales when sufficient financial and administrative resources become available.

3.4 Applications are not normally considered from galleries with a trading record of less than twelve months.

3.5 When Arts Council of Wales is ready to consider a gallery's application for membership the procedure will be as follows:

i. a nominee of Arts Council of Wales will visit the gallery, meet with appropriate staff and ask further questions;
ii. an evaluation report will be produced, based on the criteria set out in paragraph 4;
iii. on the basis of the above report, recommendations will be made to Arts Council of Wales' Portfolio Manager with responsibility for Collectorplan as to whether the gallery's application should be approved or rejected;

if unsuccessful, galleries will be informed of which criteria they fail to meet.

4. Criteria in Assessing Galleries

4.1 In assessing a gallery's application for membership the nominee of Arts Council of Wales will require that:

i. a significant function of the business must be the exhibition and sale of original art and/or craft-works;
ii. the gallery must be committed to promoting and selling contemporary art and craft work that will raise the profile of visual art and craft in Wales;
iii. the gallery programme must include a significant number of exhibitions or a changing display of work by a range of professional artists and makers. If temporary exhibitions are not arranged, the normal displays of work must be changed from time to time;
iv. the applicant's exhibition area should be a clearly differentiated, assigned space, not open solely by appointment but with clearly advertised, regular opening hours;
v. a member of the gallery's staff should always be available in the gallery, able and ready -
    a) to talk about work and the exhibition, and
    b) to effect a sale;
vi. the gallery should stock and exhibit a higher proportion of original works of art and craft (stocking very long-edition prints (250+), signed reproductions, giclée prints and posters or mass produced giftware should not be the priority of the gallery);
vii. the gallery should have a commitment to, and strategy for, marketing and encouraging sales, including the appropriate mix of
    a) a researched and maintained visitor database,
    b) regular mail shots, e-newsletters and/or social media updates to visitors
    c) regular press releases to media,
    d) regular exhibitions,
    e) gallery involvement with and input to pricing;
viii. the gallery should make every effort to allow access for disabled people into the exhibition space;
ix. when agreeing to exhibit artists' work, the gallery must produce a written agreement signed by the gallery and the artist, stating 1) that the gallery is acting on the artist's behalf, 2) whether work is to be on exhibition or held in store, 3) the period for which work will be held by the gallery, 4) the agreed selling price, and 5) the commission rate to be charged by the gallery as a result of a sale; a list of works held must be produced and given to the artist;

x. a bill of sale must be produced by the gallery once a sale has been agreed and copies given to the purchaser and the artist (the gallery need not forward a copy of this to The Arts Council of Wales although it should be available on request);
xi. the gallery must aim to forward to the artist all monies due to him/her for works sold on Collectorplan within fifteen days of the gallery receiving its settlement payment from Arts Council of Wales, or within a reasonable time period pre-agreed with the artist – see ix. The maximum time period must be no more than thirty days.

4.2 In assessing a gallery's application for membership the nominee of Arts Council of Wales will also take into account the overall appearance of the gallery. Particular attention will be paid to the manner in which the works of art and craft are displayed to ensure advantageous viewing conditions. The availability of information about the work on display will also be noted.

4.3 In assessing a gallery's application for membership the nominee's visit will be informal, and need not involve the interviewing of staff.

5. Monitoring

5.1 Monitoring of Collectorplan member galleries will occur at least biannually and will comprise visits by an Arts Council of Wales nominee. A member gallery assessment form will be completed in order that Arts Council of Wales may be satisfied that the gallery continues to comply with the conditions of membership.

5.2 If the member gallery assessment provides evidence that the gallery no longer complies with the Collectorplan conditions of membership, an Arts Council of Wales nominee will make an appointment to discuss specific areas of concern. A final decision will then be made as to cessation or continuance of Collectorplan membership.

5.3 A Collectorplan member gallery should make available to Arts Council of Wales on request a list of all artists represented by the gallery and to inform Arts Council of Wales of any changes made. All information will be treated as confidential.

5.4 A Collectorplan member gallery should make audited accounts available to Arts Council of Wales on request. All information will be treated as confidential.

5.5 Where membership is terminated, a gallery may re-apply after a period of twelve months.

6. Eligible Works

6.1 Collectorplan loans are available to assist only with the purchase of original works of art and craft by living professional artists and makers. Should the artist pass away before or during an exhibition, after already having arranged the exhibition, works will still be eligible for Collectorplan for the duration. In this context, "original" means that the work in question has been produced by the named artist or maker using production processes over which the artist or maker has exercised personal control. 'Professional' means that the artist has received training, gained qualifications and is a practicing artist with a track record of producing and/or selling original work. If there is any doubt, the artist's CV may be submitted to Arts Council of

Wales for consideration. The name of the artist or maker must be entered by the gallery on the loan agreement form, so as to ensure the work is produced by a named artist as opposed to collective work. Where the work is a print, the gallery must also enter on the loan agreement form its edition number, the size of the edition and the nature of the print process (e.g. lithograph, etching, screen-print etc).

6.2 Works **eligible** for loans through Collectorplan are those which:

i. demonstrate originality (see 6.1 above);
ii. illustrate contemporary practice or re-appropriate traditional methods and styles beyond reproduction.

6.3 Works **ineligible** for loans through Collectorplan include:

i. works created through the assemblage or decoration of bought-in components;
ii. mass-produced giftware (which may include items made or finished by hand);
iii. works that are not produced by the named artist or craftsperson exercising personal control over the production processes;
iv. signed reproductions / posters / photographic or giclée prints of a work originally created in another medium;
v. print runs of over 150.

6.4 In all cases of doubt, adjudication will be given by a specialist officer of Arts Council of Wales, whose decision on whether a particular work qualifies for a Collectorplan loan will be final.

6.5 In the case of an artist dying **after** an application for a Collectorplan loan has been made, the application will be processed as if the artist were still living. In such a case, it is the responsibility of the gallery, where acting as agent for the deceased artist, to ensure that the work in question is still available for sale and to notify Arts Council of Wales immediately if the work is withdrawn from sale. It will also be the responsibility of the gallery to inform The Arts Council of Wales immediately upon the death of one of their stable artists.

6.6 The death of the artist after the completion of the purchase of a work, but before the balance due under the Collectorplan loan has been paid, shall in no way affect the contractual relationship between the Buyer and Arts Council of Wales.

6.7 In all cases, a work that is to be purchased must exist and have been complete at the time of an application for a Collectorplan loan. Collectorplan loans are not available for the commissioning of works of art and craft.

Cyngor Celfyddydau Cymru
Arts Council of Wales

CYNLLUN CASGLU
COLLECTORPLAN

Operation of Collectorplan

1. Introduction

1.1 These guidelines describe the Collectorplan service and the conditions and procedures governing its operation. All descriptions of Collectorplan and all advertisements, statements and announcements relating to it will be based on and be consistent with the Collectorplan service as outlined in these guidelines.

1.2 Any changes or amendments to the policies, procedures, rules and regulations governing Collectorplan shall be issued by Arts Council of Wales (at its sole discretion) as amendments to this booklet.

1.3 Collectorplan is a service operated by Arts Council of Wales. Through Collectorplan, private individuals may borrow money (interest-free) to assist with the purchasing of works of art from galleries in Wales which are MEMBERS of the Collectorplan service.

1.4 Member galleries and, in particular, buyers, should note that Arts Council of Wales does not warrant (under any circumstances) the authenticity or the value or the condition of the works of art that are the subject of any transaction and agreement through Collectorplan. This does not affect the buyer's statutory rights.

1.5 Member galleries should as a matter of fair business practice, emphasise to the buyer that the artist has represented that the artist has proof of authenticity as to the work of art being an original work. However, if a gallery repeats any false or inaccurate description, gives a false assurance or misstates a condition as to the authenticity, it is either a statement for which the gallery is liable as the agent of the artist who made the description, assurance or condition, or a statement for which the gallery is liable as author of the statement.

1.6 Member galleries must not represent in any manner, that we or any paperwork we produce or loan application we approve (directly or indirectly), represents any independent confirmation or statement of validity of any authenticity claims. Customers must satisfy themselves as to the merit, value, investment opportunity, authenticity and condition of any work of art purchased through the scheme.

2. The Buyer

2.1 Only private individuals may apply for and receive a Collectorplan loan.

2.2 Collectorplan loans are only available to UK residents over the age of eighteen and works of art purchased under the scheme shall not be removed from the United Kingdom within the period of the loan without the written consent of Arts Council of Wales.

2.3 The buyer must have a bank account or building society account which can accept direct debits.

2.4 Collectorplan loans will not be available to Arts Council of Wales' Chief Executive, or other members of the Senior Management Team or the Head of Finance and Accounting.

3. The Licence

3. 1 Arts Council of Wales is a body corporate established by Royal Charter in March 1994. In operating the Collectorplan service, Arts Council of Wales is governed by the Consumer Credit Legislation of 1974, and is authorised by the Financial Conduct Authority to engage in consumer credit activities and to trade under the names of "Arts Council of Wales", "Cyngor Celfyddydau Cymru", "Collectorplan" and "Cynllun Casglu".

3.2 Under the terms of the Consumer Credit Act of 1974, any individual or organisation introducing a buyer to a source of credit such as that being offered through Collectorplan becomes, by law, a Credit Broker, just as Arts Council of Wales, in making available the loans, becomes a Finance House. Authorisation is required from the Financial Conduct Authority to cover these activities, and it would be an offence for a gallery or The Arts Council of Wales to engage in business as Credit Broker or Finance House respectively, without the required authorisation. This authorisation does not need to be in place when the gallery makes its application for membership to the scheme, but should be purchased upon notice that their application is successful.

3.3 Under Section 21(2) of the Consumer Credit Act 1974 "Local Authorities" are exempted from the need to apply for authorisation to carry on business covered by the Act. This exemption covers District and County Borough Councils in Wales, but not Community or Parish Councils.

3.4 The Financial Conduct Authority provides a range of information describing the workings and effects of the Consumer Credit Act 1974 and the authorisation process. These are available from their website: http://www.fca.org.uk/ e

4. The Loan

The Credit Limit

4.1 Credit from £50 to a maximum of £2,000 can be made available towards any one purchase or group of purchases. The buyer can apply for a loan to cover the whole or any part of the price of one or more works to a maximum personal credit limit of £2,000. The credit limit of £2,000 relates to both any new application being made by the Buyer, and any existing debt he or she may have to Arts Council of Wales in respect of outstanding loans.

4.2 A buyer may apply for Collectorplan loans to buy one or more works on one occasion, or on different occasions and from any number of Collectorplan member galleries, provided the total amount owed to Arts Council of Wales never exceeds £2,000.

4.3 If the purchase price is more than the loan available the buyer must pay any difference (between the purchase price and the Collectorplan loan) to the gallery at the time the purchase takes place.

4.4 Single item purchases cannot be less than £50.

4.5 The purchaser must pay a minimum 10% deposit, direct to the gallery, on all loans. Where the purchase price exceeds that of the maximum loan available of £2,000, the minimum 10% deposit will apply on purchases up to £2,222. For purchases in excess of £2,222, section 4.3 will apply.

The Repayments

4.6 The Collectorplan loan is repaid in monthly instalments by direct debit.

4.7 The maximum period for repayment of the Collectorplan loan is fifteen months for loans from £1,001 to £2,000 and ten months for loans from £50 to £1,000. The buyer may choose to repay the loan over any number of months, providing they adhere to the above maximum periods for repayment.

4.8 The minimum monthly repayment is £10.

5. The Allocation

5.1 Arts Council of Wales has a limited sum available for loans, hence it is necessary to earmark amounts of money to galleries in terms of an "allocation". An allocation is an amount of money earmarked for loans to customers of the gallery and is effective for a twelve month period commencing 1 April.

5.2 Each gallery accepted into membership of Collectorplan is given an allocation calculated by Arts Council of Wales.

5.3 A gallery will be notified of its allocation annually, which may be adjusted in the light of demands for loans from purchases from the gallery and the resources available to Arts Council of Wales for use as loans.

5.4 Arts Council of Wales hopes to be able to support loans in excess of the allocation to a particular gallery where demand proves greater than anticipated, but this will always depend on the balance of demand from all galleries and pressures on the resources of Arts Council of Wales.

5.5 If, from time to time, pressures on the resources of Arts Council of Wales make it necessary to restrict the support for loans even within a particular gallery's allocation, the gallery will be informed of the position by the Coordinator (Collectorplan).

6. Charges

6.1 All member galleries are charged according to their usage of Collectorplan at the rate of 4% of the value of each loan.

6.2 The charge will be invoiced four times each year on 1 January, 1 April, 1 July and 1 October and will be calculated on the value of loans during the preceding three month period.

6.3 The invoice will normally be sent to the gallery with their next credit statement, in which case the charge will have been deducted from the amount due in respect of the value of the loan(s) on that occasion. Where, however, no payment is due to the gallery within a reasonable period after the raising of the charges invoice, the invoice will be sent to the gallery and the gallery undertakes to settle it within 14 days.

6.4 Note that this charge is to be borne by the gallery, and must not, under any circumstances, be passed on to the artist. This would be directly against the spirit and regulations governing the scheme. Contravention of this condition would result in the immediate withdrawal of membership from the gallery.

6.3 In all cases the cash price and the credit price of a work offered for sale by a member gallery must be identical.

7. The Gallery and the Buyer

7.1 The gallery and the buyer complete a Pre-Contract Information and Loan Agreement Form as follows:

7.2 The gallery completes the Buyer's details and the sections, Key Financial Information and Other Financial Information, and gives the Pre-Contract Information page of the form (the top page) to the buyer, and asks the buyer to read it.

7.3 If, after reading the Pre-Contract Information page, the buyer wishes to proceed with the agreement, the buyer signs and dates the four copies of the other page of the form, where indicated, and completes the section asking for additional information about him/herself, including the 3rd Party Declaration line.

7.4 The Gallery completes signs and dates the Declaration by the Gallery/Supplier section, also deleting whichever of points 1 and 2 does not apply.

7.5 The buyer completes and signs the separate direct debit mandate. The gallery fills in its name and address on the same mandate.

7.6 After checking that the buyer has correctly completed and signed his/her sections of both forms, and that all copies of both are legible, the gallery also gives the blue copy of the credit agreement to the buyer, retains the green copy and forwards the remaining two copies of the completed Loan Agreement to Arts Council of Wales, together with the main part of the direct debit mandate

7.7 Upon receipt, the whole of the completed Loan Agreement and direct debit forms are checked by the Accounts Assistant (Collectorplan) and Arts Council of Wales instigates a

credit search. If this proves satisfactory, the Agreement form is checked by the Authorising Officer, who then signs and dates it.

7.8 The Accounts Assistant will then arrange a payment by BACS to the gallery's bank account and will also send a remittance advice direct to the gallery. The Accounts Assistant will forward the direct debit mandate to the buyer's bank and will forward the pink copy of the Loan Agreement to the buyer, within seven working days of the date of signing by the Authorising Officer.

7.9 The buyer must be in possession of his/her pink copy of the Loan Agreement before he/she can collect the work from the gallery. It follows, therefore, that the gallery should not release the work until Arts Council of Wales has completed the credit search and processed the application. If the work is released before completion of this process then Arts Council of Wales does not warrant (under any circumstances) to pay any sum to the gallery or artist.

7.10 Finally, the gallery forwards the agreed amount to the Artist within thirty days of the gallery receiving its money from Arts Council of Wales. (Failure to comply with this condition could result in the gallery's membership being terminated and the gallery may be required to produce evidence of such payment to the Artist if so requested by Arts Council of Wales.)

8. Authorisations and Checks

8.1 When an application for a loan is received by Arts Council of Wales, the following checks are made:

i. that there remains sufficient money within the gallery's allocation to issue the loan;
ii. that the Buyer, if they have purchased before, will not exceed the overall limit of £2,000 on loans by taking out a further loan, and if the buyer has had a previous loan and/or has a current loan, that the loan has been/is being repaid in accordance with the terms of the Loan Agreement;
iii. an enquiry is made of a credit reference agency as to any known County Court Judgments or problems. Where a problem does arise as a result of the credit enquiry, Arts Council of Wales will write direct to the Buyer advising that it will not be possible to proceed with the application (the gallery will also be sent a copy of the letter);
iv. where the loan is for £1,000 or more a reference may be asked for through the buyer's bank.

8.2 When all the checks have been completed by the Accounts Assistant the whole Loan Agreement form is checked and signed by the authorising officer.

8.3 The "authorising officer" shall normally be the Head of Finance and Accounting, the officer given day-to-day responsibility for the financial management of Collectorplan. In his or her absence, Loan Agreements shall be authorised by any one of the Accountant, the Compliance and Information Manager, the Portfolio Manager (with responsibility for Collectorplan) or by any member of the Senior Management Team.