

remainder of this amendatory act, which shall remain in full force and effect.

Passed the Senate March 6, 1959.

Passed the House March 5, 1959.

Approved by the Governor March 20, 1959.

CHAPTER 213.

[Sub. S. B. 58.]

DEVELOPMENT CREDIT CORPORATIONS.

AN ACT authorizing the creation of development credit corporations in the state of Washington; prescribing their purposes, powers, supervision and control; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Development credit corporations authorized.

SECTION 1. Organizations to provide development credit are authorized to be created under the general corporation laws of the state, with all of the powers, privileges and immunities conferred on corporations by such laws.

Purpose.

SEC. 2. The purposes of development credit corporations as authorized herein shall be: (1) To promote, aid, and, through the united efforts of the institutions and corporations which shall from time to time become members thereof, develop and advance the industrial and business prosperity and welfare of the state of Washington; (2) to encourage new industries; (3) to stimulate and help to expand all kinds of business ventures which tend to promote the growth of the state; (4) to act whenever and wherever deemed by it advisable in conjunction with other organizations, the objects of which are the promotion of industrial, agricultural or recreational developments within the state; and (5) to furnish for approved and deserving applicants ready and required money for the carrying on and development

of every kind of business or industrial undertaking whereby a medium of credit is established not otherwise readily available therefor.

SEC. 3. In furtherance of the purposes set forth in section 2 of this act, and in addition to the powers conferred by the general laws relating to corporations, this corporation shall, subject to the restrictions and limitations set forth in this act, have the following powers:

(1) To borrow money on secured or unsecured notes from any bank, trust company, savings bank, mutual savings bank, savings and loan association, building and loan association, credit union, insurance company or union funds which shall be members of this corporation and to pledge bonds, notes and other securities as collateral therefor: *Provided*, In no case shall the amount so loaned by any member exceed the limit as hereinafter defined;

(2) To lend money upon secured or unsecured applications: *Provided*, It shall not be the purpose hereof to take from other institutions within the state any such loans or commitments as may be desired by such institutions generally in the ordinary course of their business;

(3) To establish and regulate the terms and conditions of any such loans and charges for interest or service connected therewith;

(4) To purchase, hold, lease and otherwise acquire and to convey such real estate as may, from time to time, be acquired by it in satisfaction of debts or may be acquired by it in the foreclosure of mortgages thereon or upon judgments for debts or in settlements to secure debts.

SEC. 4. No development credit corporation shall be organized with a capital stock of less than twenty-five thousand dollars, which shall be paid into the treasury of the corporation in cash before the cor-

Powers.

Stock requirement.

poration shall be authorized to transact any business other than such as relates to its organization.

Board of
directors—
Members—
Terms.

SEC. 5. All the corporate powers of a development credit corporation shall be exercised by a board of not less than nine directors who shall be residents of this state. The number of directors and their term of office shall be determined by the stockholders at the first meeting held by the incorporators and at each annual meeting thereafter. In the first instance the directors shall be elected by the stockholders to serve until the first annual meeting. At the first annual meeting, and at each annual meeting thereafter, one-third of the directors shall be elected by a vote of the stockholders and the remaining two-thirds thereof shall be elected by members of the corporation herein provided for, each member having one vote. The removal of any director from this state shall immediately vacate his office. If any vacancy occurs in the board of directors through death, resignation or otherwise, the remaining directors may elect a person to fill the vacancy until the next annual meeting of the corporation. The directors shall be annually sworn to the proper discharge of their duties and they shall hold office until others are elected or appointed and qualified in their stead.

Vacancies.

Authority of
corporation
members
to loan.

SEC. 6. Any member, as set forth in section 7 of this act, shall have power and authority to loan any of their funds to any development credit corporation of which they are a member, subject to the restrictions as set forth in section 8 of this act, notwithstanding any laws to the contrary pertaining to such member.

Corporation
members
enumerated.

SEC. 7. The members of a development credit corporation shall consist of such banks, trust companies, savings banks, mutual savings banks, savings and loan associations, building and loan associations,

credit unions, insurance companies or union funds as may make accepted applications to this corporation to lend funds to it upon call and up to the limit herein provided.

SEC. 8. Each member of a development credit corporation shall lend funds to the development credit corporation as and when called upon by it to do so to the extent of the member's commitment, but the total amount on loan by any member at any one time shall not exceed the following limit: (1) For banks, trust companies, or insurance companies, three percent of capital and surplus; (2) for mutual savings banks, savings and loan associations, or credit unions, three percent of guaranty and reserve funds; and (3) comparable limits for other institutions. All loan limits shall be established at the thousand dollars amount nearest to the amount computed on an actual basis. All calls when made by this corporation shall be prorated among the members on the same proportion that the maximum lending commitment of each bears to the aggregate maximum lending commitment of all members.

Loans by members limited.

SEC. 9. Upon notice given one year in advance a member of the corporation may withdraw from membership in the corporation at the expiration date of such notice and from said expiration date shall be free from obligations hereunder except as to those accrued prior to said expiration date.

Withdrawal of membership.

SEC. 10. A development credit corporation shall set apart a surplus of not less than ten percent of its net earnings in each and every year until such surplus, with any unimpaired surplus paid in, shall amount to one-half of the capital stock. The said surplus shall be kept to secure against losses and contingencies, and whenever the same becomes impaired it shall be reimbursed in the manner provided for its accumulation.

Reserve as security for losses.

Depository designated by note.

SEC. 11. A development credit corporation shall not deposit any of its funds in any institution unless such institution has been designated as a depository by a vote of a majority of the directors, exclusive of the vote of any director who is an officer or director of the depository so designated.

No money on deposit.

SEC. 12. A development credit corporation shall not receive money on deposit.

Annual report, assets and liabilities.

SEC. 13. A development credit corporation, on or before February 15 of each year, shall publish in three consecutive issues of a newspaper of general circulation in the area or areas where the corporation is located a statement of assets and liabilities as of December 31 of the preceding year.

Participation in federal act authorized.

SEC. 14. Any development credit corporation desiring to qualify and participate in the federal Small Business Investment Act of 1958 and as hereafter amended may do so and to that end may comply with all the laws of the United States and all the rules, regulations and requirements promulgated pursuant thereto.

Emergency.

SEC. 15. This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the Senate February 20, 1959.

Passed the House March 10, 1959.

Approved by the Governor March 20, 1959.