

RCW 31.24.010 Definitions. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Applicant" means a person who files with the director an application for organization as, or conversion to doing business as, a business development company under this chapter, or who is making application for a material change that requires approval of the director under this chapter.

(2) "Assessable stock" means any stock or class of stock, or equity interest or class of equity interest, in a business development company that:

(a) Has been authorized pursuant to the articles of incorporation of the business development company as approved by the department;

(b) Has been created pursuant to an authorized plan of assessment;

(c) Has been agreed to by a stockholder pursuant to the stockholder's subscription or similar agreement; and

(d) Has been disclosed as being subject to assessment on the face of the stock certificates or certificates of equity interest.

(3) "Board of directors" means the board of directors of a business development company created under this chapter.

(4) "Borrower" means a person, including a controlling person of such person, who obtains a qualified loan from a business development company.

(5) "Business" means a person, including a controlling person of such person, who obtains a qualified loan or qualified investment, or both, from a business development company.

(6) "Business development company" means a company created for the purpose of engaging in any activity authorized by this chapter. A "business development company" created under this chapter is either:

(a) A "general business development company," which is a business development company that may engage in any activity authorized by this chapter; or

(b) A "historic business development company," which is a business development company organized to encourage and stimulate the preservation of historic buildings or historic commercial areas or neighborhoods, and may only engage in activities consistent with the purposes of the limited charter as set forth in RCW 31.24.190.

(7) "Business development project" means a project controlled by a business, in which a business development company may make a qualified investment, qualified loan, or both.

(8) "Control," "controlled," or "controls," in relation to a borrower or business, has the same meaning as "control of a bank" has under Federal Reserve Regulation O, 12 C.F.R. Sec. 215.2, as it existed on June 7, 2006, or such subsequent date as may be provided by the department by rule, consistent with the purposes of this chapter.

(9) "Controlling person" means a person, including an executive officer or director as defined in Federal Reserve Regulation O, 12 C.F.R. Sec. 215.2, as it existed on June 7, 2006, or such subsequent date as may be provided by the department by rule, consistent with the purposes of this chapter, who controls a borrower or business.

(10) "Department" means the Washington state department of financial institutions, or its successor.

(11) "Director" means the director of the department of financial institutions, unless used in the context of a member of the board of directors of a business development company created under this chapter.

(12) "Financial institution" means any federally chartered or state-chartered bank or trust company, savings bank or savings and loan association, or credit union.

(13) "Insider transaction" means a transaction between a business development company and a person who is (a) an affiliate of a business development company or (b) an executive officer, director, or principal shareholder, or a related interest of, such a person. As used in this subsection, "affiliate," "executive officer," "director," "principal shareholder," and "related interest" have the same meaning, in relation to a business development company, as such terms have in relation to a member bank pursuant to Federal Reserve Regulation O, 12 C.F.R. Sec. 215.2, as it existed on June 7, 2006, or such subsequent date as may be provided by the department by rule, consistent with the purposes of this chapter.

(14) "Other financial entity" means an insurance company authorized to do business in Washington state, or any other company, limited liability company, partnership, limited partnership, or foundation, other than a financial institution, engaged as a primary activity in the business of lending or investing funds, and which holds a charter or license from an applicable federal or state regulatory authority to engage in such activity.

(15) "Person" means a natural person, partnership, limited partnership, limited liability company, corporation, association, foundation, or other legal or commercial entity.

(16) "Plan of assessment" means a plan for assessment of stockholders, or a class of stockholders, which is part of the business plan of a business development company that has been approved by the department, and which provides for the periodic, equal assessment of all stockholders, or an affected class of stockholders, according to their interest in the business development company, as provided for in RCW 31.24.066.

(17) "Qualified investment" means any equity investment, or debt investment other than a qualified loan, authorized by this chapter to be made by a business development company to a business:

(a) The principal intent of which:

(i) In the case of a general business development company, is to promote or enhance small business or improvement of the economy of one or more localities within this state, consistent with the general intent and purpose of a business development company, as set forth in RCW 31.24.005, and with its approved business plan; or

(ii) In the case of a historic business development company, is to promote and/or enhance the special purpose and intent of a historic business development company as set forth in RCW 31.24.190, consistent with its approved business plan; and

(b) Which investment, at the time of its origination, has a reasonable likelihood of being used for such purpose.

(18) "Qualified loan" means any loan authorized by this chapter to be made by a business development company to a borrower:

(a) The principal intent of which:

(i) In the case of a general business development company, is to promote or enhance small business or improvement of the economy of one or more localities within this state, consistent with the general intent and purpose of this chapter, and with its approved business plan; or

(ii) In the case of a historic business development company, is to promote or enhance the special purpose and intent of a historic

business development company as set forth in RCW 31.24.190, consistent with its approved business plan; and

(b) Which loan, at the time of its origination, has a reasonable likelihood of being used for such purpose.

(19) "Qualified loan participant" means a financial institution or other financial entity, as defined in this section, or any other person engaged in the business of lending, who participates as a funder of a qualified participation loan.

(20) "Qualified participation loan" means a loan to a borrower or business, in relation to a business development project, made, in whole or in part[,] by qualified loan participants, which has been facilitated, arranged, or partially funded by a business development company.

(21) "Stock" means, in relation to a business development company, any stock or equity interest, of whatever class, in a business development company.

(22) "Stockholder" means, in relation to a stockholder of a business development company, any person authorized either by Title 23B RCW to be a shareholder of a corporation or by chapter 25.15 RCW and this chapter to hold an equity interest in a limited liability company, and may include, without limitation, a financial institution or other financial entity. [2006 c 87 § 2; 1963 c 162 § 1.]