Chapter 63

1959 REPLACEMENT PART
(1963 reprint)

State Development Credit Corporations

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63.010 [Repealed by 1959 c.580 §104]

63.020 [Repealed by 1959 c.580 §104]

63.030 [Repealed by 1959 c.580 §104]

63.040 [Repealed by 1959 c.580 §104]

63.050 [Repealed by 1959 c.580 §104]

63.060 [Repealed by 1959 c.580 §104]

63.070 [Repealed by 1959 c.580 §104]

63.080 to 63.100 [Reserved for expansion]

63.110 [Repealed by 1959 c.580 §104]

63.120 to 63.200 [Reserved for expansion]

63.210 Definitions. As used in this chapter:

(1) "State development credit corporation" means a corporation authorized by this chapter to be created.

(2) "Financial institution" means a bank, trust company, savings and loan association, mutual savings bank, insurance company and union health and welfare fund.
[1959 c.660 §1]

63.220 Organization of state development credit corporations authorized. Subject to the provisions of this chapter and of ORS 293.715, corporations to provide development credit in the manner provided in this chapter and in ORS 293.715 may be organized under the Oregon Business Corporation Act, with all the powers, privileges and immunities conferred upon corporations organized under such Act.
[1959 c.660 §2]

63.230 Corporate purposes. The purposes of a state development credit corporation are:

(1) To promote, aid and, through the united efforts of the financial institutions which from time to time become members of the state development credit corporation, develop and advance the industrial and business prosperity and welfare of the State of Oregon.

(2) To encourage new industries.

(3) To stimulate and help to expand all kinds of business ventures which tend to promote the growth of this state.

(4) To act in conjunction with other organizations, the objects of which are the promotion of industrial, agricultural or recreational developments within this state, when considered advisable by the state development credit corporation.

(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 in cases where a medium of credit is not otherwise readily available.
[1959 c.660 §3]

63.240 Corporate powers. In furtherance of the purposes set forth in ORS 63.230, and in addition to the powers conferred by the general laws relating to corporations, a state development credit corporation shall, subject to the restrictions and limitations set forth in this chapter and in ORS 293.715, have the following powers:

(1) To borrow money on secured or unsecured notes from the Federal Government and to pledge bonds, notes and other securities as collateral therefor.

(2) To borrow money on secured or unsecured notes from any financial institution, which financial institution shall be a member of the state development credit corporation, and to pledge bonds, notes or other securities as collateral therefor, except that in no case shall the amount so loaned to the state development credit corporation by any member exceed the limit established by ORS 63.290.

(3) To qualify for and participate in federal programs of the type provided under the Small Business Investment Act of 1958 and to that end to comply with all the laws of the United States and all the rules, regulations and requirements promulgated pursuant thereto.

(4) To lend money upon secured or unsecured applications, except that it is not the purpose of this chapter to take from other financial institutions within this state any such loans or commitments as may be desired by such institutions generally in the ordinary course of their business.

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

(6) To purchase shares in business or industrial corporations in need of assistance to finance their operations, growth, expansion or modernization.

(7) To purchase, hold, lease and otherwise acquire and to convey such real and personal property as may, from time to time, be acquired by the state development credit corporation in satisfaction of debts or may be acquired by it in the foreclosure of mort-

gages thereon or upon judgments for debts or in settlements to secure debts.
[1959 c.660 §4]

63.250 Requirement before commencing business; minimum stated capital. (1) A state development credit corporation shall not transact any business or incur any indebtedness, except such as is incidental to its organization or to obtaining subscriptions to or payment for its shares, until there has been paid in for the issuance of shares consideration in cash of at least $25,000.

(2) A state development credit corporation shall have a stated capital of not less than $25,000.
[1959 c.660 §5]

63.260 Board of directors. (1) All the corporate powers of a state development credit corporation shall be exercised by a board of not less than nine directors who shall be residents of this state. Subject to the requirement that there be at least nine directors, the number of directors shall be fixed by the bylaws, except as to the number constituting the first board of directors, which number shall be fixed by the articles of incorporation.

(2) Subject to subsection (1) of this section, the number of directors may be increased or decreased from time to time by amendment to the bylaws, but no decrease shall have the effect of shortening the term of any incumbent director. In the absence of a bylaw fixing the number of directors, the number shall be the same as that stated in the articles of incorporation. The names and addresses of the members of the first board of directors shall be stated in the articles of incorporation. Such persons shall hold office until the first annual meeting, and until their successors have been elected and qualified, unless removed in accordance with the provisions of the bylaws and this chapter. At the first annual meeting, and at each annual meeting thereafter, the shareholders shall elect one-third of the directors and the members of the corporation provided for in ORS 63.270 shall elect the remaining two-thirds of the directors, each member having one vote. Each director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified, unless removed in accordance with the provisions of the bylaws and this chapter. In addition to other causes of vacancy, upon any director becoming a nonresident of this state, his office automatically becomes vacant.
[1959 c.660 §6]

63.270 Members of corporation to consist of financial institutions. The members of a state development credit corporation shall consist of such financial institutions as may, in their discretion, make accepted applications to the corporation to lend funds to it upon call and up to the limit provided in ORS 63.290.
[1959 c.660 §8]

63.280 Members may lend funds to corporation. Any member, as set forth in ORS 63.270, may loan funds to a state development credit corporation of which it is a member, subject to the restrictions as set forth in ORS 63.290, notwithstanding any laws to the contrary pertaining to such member.
[1959 c.660 §7]

63.290 Restrictions on member's lending funds to corporation. (1) In addition to any amount authorized to be invested in shares under ORS 708.430, each member of a state development credit corporation shall lend funds to the state development credit corporation as and when called upon by it to do so, but the total amount on loan by any member at any one time shall not exceed the following limits:

(a) For a bank, trust company, savings and loan association, or insurance company, three percent of its capital and surplus.

(b) For a mutual savings bank, three percent of its guaranty fund.

(c) For a union health and welfare fund, three percent of the fund.

(2) All loan limits shall be established at the thousand dollar amount nearest to the amount computed on an actual basis. All calls when made by the state development credit corporation shall be prorated among the members on the same proportion that the maximum lending limit of each bears to the aggregate maximum lending limit of all members.
[1959 c.660 §9]

63.300 Withdrawal from membership in corporation. Upon notice given 90 days in advance, a member of the state development credit corporation may withdraw from membership in the state development credit corporation at the expiration date of such notice and from such expiration date shall be free

from obligations under this chapter and ORS 293.715 except as to those accrued prior to the expiration date.
[1959 c.660 §10]

63.310 Surplus. (1) A state development credit corporation shall set apart a surplus not less than 10 percent of its net earnings in each and every year until such surplus, with any unimpaired surplus paid in, amounts to one-half of its stated capital.

(2) The surplus set aside under subsection (1) of this section shall be kept secure against losses and contingencies and, whenever it becomes impaired, it shall be reimbursed in the manner provided in subsection (1) of this section for its accumulation.
[1959 c.660 §11]

63.320 Restriction on deposit of corporate funds. A state development credit corporation shall not deposit any of its funds in any financial institution unless such financial 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.
[1959 c.660 §12]

63.330 Receiving money on deposit prohibited. A state development credit corporation shall not receive money on deposit.
[1959 c.660 §13]

63.340 Exemption from corporate excise and income taxes. State development credit corporations are exempt from the provisions of ORS chapters 317 and 318.
[1959 c.660 §15]

63.350 Audits and examinations. A state development credit corporation is subject to examination by the Division of Audits of the office of the Secretary of State and shall make such reports of its condition from time to time as the Division of Audits shall require. Annually, and at such other times as the Division of Audits requires, the state development credit corporation shall have an audit and examination made of its financial records and transactions by a certified public accountant or a firm of certified public accountants.
[1959 c.660 §16]

CERTIFICATE OF LEGISLATIVE COUNSEL

Pursuant to ORS 173.170, I, Sam R. Haley, Legislative Counsel, do hereby certify that I have compared each section printed in this chapter with the original section in the enrolled bill, and that the sections in this chapter are correct copies of the enrolled sections, with the exception of the changes in form permitted by ORS 173.160 and other changes specifically authorized by law.
Done at Salem, Oregon,
on November 1, 1959.

Sam R. Haley
Legislative Counsel