

CHAPTER 656

AN ACT to create chapter 225 of the statutes, relating to business development credit corporations.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

Chapter 225 of the statutes is created to read:

CHAPTER 225

BUSINESS DEVELOPMENT CREDIT CORPORATIONS

225.01 INCORPORATORS. Five or more natural persons of the age of 21 years or more, may act as incorporators by signing, acknowledging, filing and recording articles of incorporation for such corporation.

225.02 PURPOSES. Corporations may be organized under this chapter to promote, assist, encourage and through the co-operative efforts of the institutions and corporations which are members thereof, develop and advance the business prosperity and economy of the state to encourage new industries and to rehabilitate existing industries in the state; to promote and stimulate the expansion of Wisconsin business ventures which tend to increase the growth and thrift of the state; to co-operate and act in conjunction with other organizations, the objects of which are the promotion of industrial, agricultural and recreational developments within the state and to lend to approved and deserving applicants money for the carrying on and development of all kinds of business undertakings in the state, thereby establishing a medium of credit not otherwise readily available therefor; and in furtherance of such purposes and in addition to the powers conferred by the general laws relating to business corporations, any such corporation shall, subject to the restrictions and limitations herein contained, have the following powers:

(1) To borrow money on secured or unsecured notes from any bank, savings and loan association, trust company or insurance company which is a nonstockholder member of the corporation and from other nonmember persons, firms or corporations; and to pledge bonds, notes and other securities as collateral therefor.

(2) To make secured or unsecured loans; but it is not the intention hereof to take from the lending institutions within the state any loans or commitments 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 the charges for interest or service connected therewith.

(4) To purchase, hold, lease and otherwise acquire and to convey such real and personal estate as it may acquire in the satisfaction of debts, or pursuant to the terms and conditions of loans, or which it acquires in the foreclosure of mortgages thereon, or upon judgments for debt or in settlements to secure debts.

(5) To promote the establishment of local industrial development corporations in the various communities of the state, to enter into agreements with them, and to co-operate with, assist and otherwise encourage such local foundations.

(6) To participate with any duly authorized federal lending agency in the making of loans.

225.03 CAPITAL STOCK. At least 25 per cent of the capital stock authorized in the articles of incorporation shall be paid into the treasury of the corporation in cash before the corporation shall be authorized to transact any business other than such as relates to its organization. At least a majority of the common stock shall at all times be held by residents of this state or by persons, firms or corporations engaged in doing business therein. Common stock shall at all times be held by stockholder members who have their residences or principal places of business in not less than 36 counties in this state.

225.04 DIRECTORS. The corporate powers of any such corporation shall be exercised by a board of directors. The number of directors and their term of office shall be determined in a manner prescribed in the by-laws. At no time shall there be less than 5 directors. The initial board of directors shall consist of the incorporators and they shall serve until the first annual meeting. The first annual meeting shall occur at a date to be fixed by the board of directors as soon as reasonably possible after a minimum of 25 per cent of the capital stock of the corporation is paid into its treasury and a minimum of 10 stockholder members of the corporation have qualified as provided in s. 225.05; and such annual meeting and subsequent annual meetings shall be called and the directors shall be elected in the manner provided in the by-laws.

225.05 MEMBERS: LIMITATION AND APPORTIONMENT OF LOANS BY MEMBERS; WITHDRAWAL. There shall be 2 classes of members in the corporation with voting rights specified in the articles of incorporation.

(1) Stockholder members include individuals, corporations, and organizations who qualify by the purchase of common stock.

(2) Nonstockholder members include banks, savings and loan associations, trust companies and insurance companies who qualify by making application to lend funds to the corporation upon call.

(a) Each nonstockholder member shall establish a line of credit to the corporation as determined in the articles of incorporation.

(b) All calls of funds which nonstockholder members are committed to lend to the corporation shall be prorated by the corporation among the nonstockholder members in the same proportion that the individual lines of credit bear to the aggregate line of credit.

(c) Upon written notice given 60 days in advance, a nonstockholder member of the corporation may withdraw from such membership at the expiration date of such notice and after said expiration date shall cease to exercise any of the powers and privileges incidental to such membership and shall be free of any obligations in connection therewith except those obligations which have accrued or for which commitments have been made before said expiration date.

(d) Nonstockholder members do not assume any liability for the debts of the corporation.

(e) Nonstockholder members shall not share in any surplus of the corporation in excess of the obligations due such nonstockholder members.

(f) Upon dissolution of a corporation organized under this chapter, obligations due the nonstockholder members are to be paid in full before any payments are made to the stockholder members.

225.06 FINANCE. Any such corporation shall set apart as a surplus not less than 10 per cent of its net earnings each year until such surplus, with any unimpaired surplus paid in, shall amount to one-half of the capital stock. The surplus shall be kept to secure against losses and contingencies, and whenever it becomes impaired it shall be reimbursed in the manner provided for its accumulation.

225.07 LOANS. The corporation shall lend money only when credit is not elsewhere readily available. Before granting any loan, the board of directors or a committee thereof shall endeavor, so far as is reasonably possible, to ascertain that the first opportunity to grant such loan has been given to lending institutions which may desire such loans generally in the course of their business.

225.08 APPLICATION OF CHAPTER 180. The provisions of ch. 180 shall apply to corporations incorporated under this chapter, insofar as they may be applicable and not inconsistent with this chapter.

225.09 LEGAL INVESTMENTS. Notwithstanding any other statute, the notes or other interest-bearing obligations of any corporation organized under this chapter, issued in accordance with this chapter and the articles of incorporation and by-laws of the corporation shall be legal investments for the banks, savings and loan associations, trust companies and insurance companies who become members of the corporation.

Approved November 18, 1955.
