



State of Washington

**DEPARTMENT OF FINANCIAL INSTITUTIONS**

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**ISGC-2007-010-DOB**

November 13, 2007

[REDACTED]

Re: Limitations on “Qualified Investment” or “Qualified Lending” under the Business Development Company Act

Dear Mr. Lisaius:

Pursuant to your letter to Brad Williamson dated September 27, 2007, the Division of Banks of the Washington State Department of Financial Institutions (“Division”) has been asked to consider whether [REDACTED] Business Development Corporation [REDACTED] (“BDC [REDACTED]”) is permitted to make a “qualified investment” or “qualified loan” under the Business Development Company Act (Ch. 31.24 RCW) to an independent investment or lending pool that makes business development investments and/or loans in both Washington and Idaho.

Currently, the Business Development Company Act does not specifically permit qualified investments or loans to either (1) business development projects which are situated in both Washington and Oregon *or* Washington and Idaho, or (2) independent, pooled investment or loan funds which, in turn, make investments or loans to business development projects in Idaho and/or Oregon. Doing so would require an amendment of the Legislature, likely in the definitions contained in subsections (7), (17) and (18) of RCW 31.24.010.

Nothing in the current prohibition prevents you from acting as a “facilitator” of any transaction involving Idaho or Oregon. However, BDC [REDACTED] may not make a “qualified

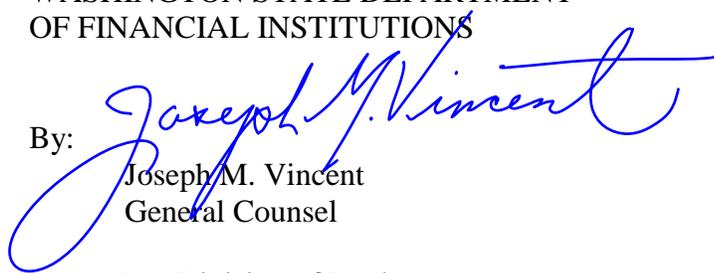
investment" or "qualified loan" that results in an investment or loan to a project located wholly or partially in Idaho or Oregon.

If you have any further questions, please do not hesitate to call upon the Division at (360) 902-8704.

Very truly yours,

WASHINGTON STATE DEPARTMENT  
OF FINANCIAL INSTITUTIONS

By:



Joseph M. Vincent  
General Counsel

For Division of Banks