

198A.060 Requirements for loan agreement or articles of incorporation of assisted entities -- Limit on return of investment of stockholders or members.

- (1) The loan agreement or the articles of incorporation, association, partnership or other governing documents of any sponsor, builder or developer assisted under this chapter shall contain, in addition to other requirements of law:
 - (a) That the corporation, cooperative or association has been organized to provide housing facilities and such social, recreational, commercial and community facilities as may be incidental or appurtenant thereto for persons or families of lower and moderate income;
 - (b) That the operations of the corporation, cooperative or association may be supervised by the Kentucky Housing Corporation and that the corporation, cooperative or association shall enter into such agreements with the Kentucky Housing Corporation as the Kentucky Housing Corporation from time to time requires, providing for regulation by the Kentucky Housing Corporation of the planning, development and management of any residential housing undertaken by the corporation, cooperative or association and their disposition of the property and franchises;
 - (c) That the Kentucky Housing Corporation shall have the power to appoint to the board of directors of the corporation, cooperative or association a number of new directors, which number shall be sufficient to constitute a majority of the board, if the corporation, cooperative or association has received a loan or advance under this chapter and the Kentucky Housing Corporation determines that the loan or advance is in jeopardy of not being repaid, or that the residential housing for which the loan or advance was made is in jeopardy of not being constructed.
- (2) The articles of incorporation, association, partnership or other governing documents of any limited dividend corporation, association or entity of any sponsor, builder or developer assisted under this chapter shall provide, in addition to other requirements of law, that every stockholder or member shall be deemed to have agreed that he shall not receive from the corporation, association or entity in repayment of his investment any sums in excess of the face value of the investment attributable to his respective interest plus cumulative dividend payments at such rate as the Kentucky Housing Corporation deems to be reasonable and proper.

Effective: July 15, 1982

History: Amended 1982 Ky. Acts ch. 99, sec. 5, effective March 23, 1982; and ch. 182, sec. 4, effective July 15, 1982. -- Amended 1976 Ky. Acts ch. 364, sec. 3. -- Created 1972 Ky. Acts ch. 70, sec. 7.

Legislative Research Commission Note. This section was amended by two 1982 Acts which do not appear to be in conflict and have been compiled together.