

279.510 Obligations, how issued, secured, purchased or redeemed -- Power of board of trustees to encumber or dispose of property.

- (1) The board of trustees of a cooperative shall have full power and authority, without authorization by the members thereof, to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust of, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the cooperative, whether acquired or to be acquired, and wherever situated as well as the revenues therefrom, all upon such terms and conditions as the board of trustees shall determine, to secure any indebtedness of the cooperative to the United States of America or any agency or instrumentality thereof. Any such mortgage or mortgages or deed or deeds of trust shall be exempt from mortgage recordation tax.
- (2) A cooperative may not otherwise sell, mortgage, lease or otherwise dispose of or encumber all or a substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized by the affirmative vote of not less than two-thirds (2/3) of all the members of the cooperative; provided however, that notwithstanding any other provision of KRS 279.310 to 279.600, or any other provision of law, the board of trustees may, upon the authorization of a majority of those members of the cooperative present at a meeting of the members thereof, the notice of which shall have set forth the proposed action, sell, lease or otherwise dispose of all or a substantial portion of its property to another cooperative or a foreign corporation doing business in this state pursuant to KRS 279.310 to 279.600 or to the holder or holders of any notes, bonds or other evidences of indebtedness issued to the United States of America or any agency or instrumentality thereof.

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