

286.7-520 Certain requirements not applicable -- Certificates of investment -- Designation of depository banks -- Petty loan associations prohibited.

- (1) KRS 286.3-215, 286.4-420, 286.4-620, and 360.010 do not apply to loans made under authority of KRS 286.7-460 to 286.7-510, but KRS 286.3-215, 286.4-420, 286.4-620, and 360.010 remain in full force and effect for all other purposes and nothing in this section or in KRS 286.7-480 to 286.7-510 shall be construed to impair the validity or effect of KRS 286.3-215, 286.4-420, 286.4-620, and 360.010 with respect to loans other than those made pursuant to KRS 286.7-460 to 286.7-510.
- (2) Any contract of loan in the making or collection of which any act has been done which constitutes a willful violation of any provision of KRS 286.7-460 to 286.7-510 is void, and the corporation has no right to collect or receive any interest or charges whatsoever on such loan, but the unpaid principal of the loan shall be paid in full to the lending institution.
- (3) Those industrial loan corporations operating under KRS 286.7-410 to 286.7-600 that issue certificates of investment shall establish as a reserve against such certificates of investment an amount which shall not be less than five percent (5%) of the amount of such certificates of investment outstanding. In addition the commissioner shall have authority to require a blanket surety bond with an approved corporate surety which shall include fidelity coverage in an amount deemed adequate by the commissioner to protect holders of certificates of investment.
- (4) No corporation organized under KRS 286.7-410 to 286.7-600 shall deposit any of its funds with any bank or trust company unless such bank or trust company has been designated as such depository by a vote of the majority of the directors of the executive committee exclusive of any director who is an officer, director or trustee of the depository so designated. A corporation operating under KRS 286.7-410 to 286.7-600 may invest in the bonds of any federal instrumentality or bonds issued by the Commonwealth of Kentucky or any governmental subdivision thereof.
- (5) No corporation organized under KRS 286.7-410 to 286.7-600, nor any foreign industrial loan corporation nor any other person shall conduct its business in the same office in which there is conducted a petty loan business under Subtitle 4 of KRS Chapter 286, or solicit any other business, or associate or be in conjunction with any other business except upon a written authorization by the commissioner.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 754, effective July 15, 2010. -- Amended 1974 Ky. Acts ch. 308, sec. 49. -- Created 1962 Ky. Acts ch. 166, sec. 7.

Formerly codified as KRS 291.520.

Legislative Research Commission Note (7/12/2006). In accordance with 2006 Ky. Acts ch. 247, secs. 38 and 39, this statute has been renumbered as a section of the Kentucky Financial Services Code, KRS Chapter 286, and KRS references within this statute have been adjusted to conform with the 2006 renumbering of that code.