

396.105 Payment of secured claim.

Payment of a secured claim shall be upon the basis of the amount allowed if the creditor surrenders his security; otherwise payment shall be upon the basis of one (1) of the following:

- (1) If the creditor exhausts his security before receiving payment, unless precluded by other law, upon the amount of the claim allowed less than the fair value of the security; or
- (2) If the creditor does not have the right to exhaust his security or has not done so, upon the amount of the claim allowed less the value of the security determined by converting it into money according to the terms of the agreement pursuant to which the security was delivered to the creditor, or by the creditor and personal representative by agreement, arbitration, compromise or litigation.

Effective: July 15, 1988

History: Created 1988 Ky. Acts ch. 90, sec. 16, effective July 15, 1988.