

279.430 Common and preferred stock -- Ownership and transfer.

- (1) Only a member of a corporation organized under KRS 279.310 to 279.600 may own its common stock, and neither the common stock in any such corporation or any interest therein shall be transferable or assignable, except as security for a loan from the federal government, either by act of the parties or by operation of law, to any person who is not eligible to be a member of the corporation.
- (2) No corporation formed under KRS 279.310 to 279.600 shall issue common stock to a member until it has been fully paid for, but the promissory notes of a member may be accepted by the corporation as full or partial payment. The corporation shall hold the stock as security for the payment of the note, but such retention as security shall not affect the member's right to vote.
- (3) No person, other than a corporation formed under KRS 279.310 to 279.600, shall at any one (1) time own more than five percent (5%) of the outstanding common stock of any corporation formed under KRS 279.310 to 279.600.
- (4) No corporation formed under KRS 279.310 to 279.600 shall pay dividends on either its common stock or its preferred stock in an amount greater than four percent (4%) per annum on each class of stock.
- (5) Any such corporation may at any time, as specified in its bylaws, except when the debts of the corporation exceed fifty percent (50%) of its assets, buy in or purchase its common stock at the book value thereof, as conclusively determined by its board of directors, and pay for it in cash within one (1) year thereafter.
- (6) Preferred stock may be owned by and transferred to any person, and may be made redeemable and retirable by the corporation on such terms and conditions as are provided for in the articles of incorporation and printed on the face of each certificate. Ownership of preferred stock shall not confer on the holder any right to vote.

Effective: March 25, 1950

History: Created 1950 Ky. Acts ch. 147, sec. 13, effective March 25, 1950.