386.474 Receipts from obligation to pay money -- Exceptions.

(1) An amount received as interest, whether determined at a fixed, variable, or floating rate, on an obligation to pay money to the trustee, including an amount received as consideration for prepaying principal, shall be allocated to income without any provision for amortization of premium.

(2) A trustee shall allocate to principal an amount received from the sale, redemption, or other disposition of an obligation to pay money to the trustee more than one (1) year after it is purchased or acquired by the trustee, including an obligation whose purchase price or value when it is acquired is less than its value at maturity. If the obligation matures within one (1) year after it is purchased or acquired by the trustee, an amount received in excess of its purchase price or its value when acquired by the trust shall be allocated to income.

(3) This section shall not apply to an obligation to which KRS 386.472, 386.480, 386.482, 386.484, or 386.486 applies.

Effective: January 1, 2005

History: Created 2004 Ky. Acts ch. 158, sec. 13, effective January 1, 2005.