

155.080 Membership -- Duty of members -- Loan limit formula.

- (1) Any financial institution may request membership in the corporation by making application to the board of directors on such form and in such manner as said board of directors may require, and membership shall become effective upon acceptance of such application by said board.
- (2) Except for short term loans which members may make at their discretion, each member of the corporation shall make loans to the corporation as and when called upon by it to do so on such terms and other conditions as shall be approved from time to time by the board of directors, subject to the following conditions:
 - (a) All loan limits shall be established at the thousand dollar (\$1,000) amount nearest to the amount computed in accordance with the provisions of this section;
 - (b) No loan to the corporation shall be made if immediately thereafter the total amount of the obligations of the corporation would exceed twenty (20) times the amount then paid in on the outstanding capital stock of the corporation; and
 - (c) The total amount outstanding on loan to the corporation made by any member at any one (1) time when added to the amount of the investment in the capital stock of the corporation then held by such member shall not exceed. The following limit, to be determined as of the time such member becomes a member on the basis of the audited balance sheet of such member at the close of its fiscal year immediately preceding its application for membership, or, in the case of an insurance company, its last annual statement to the commissioner of insurance:
 1. Two percent (2%) of the capital and surplus of commercial banks and trust companies;
 2. One percent (1%) of the total outstanding loans made by a building and loan association: provided, however, that any business development corporation created pursuant to this section, KRS 155.010 and 155.090 may in its articles of incorporation, or by appropriate amendment thereto, provide that the loan limit of a building and loan association member shall be only one-half of one percent (0.5%) of the total outstanding loans made by such building and loan association member;
 3. One percent (1%) of the capital and unassigned surplus of stock insurance companies, except fire insurance writing companies;
 4. One percent (1%) of the unassigned surplus of mutual insurance companies, except fire insurance writing companies;
 5. One-tenth of one percent (0.1%) of the assets of fire insurance writing companies; and
 6. Such limits as may be approved by the board of directors of the corporation for other financial institutions.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 208, effective July 15, 2010. -- Amended 1976 Ky. Acts ch. 214, sec. 9. -- Amended 1966 Ky. Acts ch. 212, ch. 2 -- Amended 1962 Ky. Acts ch. 197, sec. 1 -- Created 1960 Ky. Acts ch. 73, sec. 8.

Legislative Research Commission Note (7/15/2010). The Reviser of Statutes has restructured subsection (2)(c) under the authority of KRS 7.136. No substantive change has been made.