

155.210 Specified late charges for default of loan and litigation charges treated as liquidated damages.

A business development corporation may require as a part of any loan made by it, that in the event of a default by the borrower in the repayment or other terms of the loan obligation, the borrower shall pay late charges of a specified amount of up to five percent (5%) per month of the amount of the monthly installment in arrears. Moreover, a business development corporation may require that in the event any litigation becomes necessary as a consequence of the borrower's default, the borrower shall further be liable for a specified amount of up to two percent (2%) of the unpaid principal balance owed on such loan. Such provisions shall be treated as liquidated damages and shall be valid and enforceable by the courts for all purposes.

Effective: July 15, 1980

History: Created 1980 Ky. Acts ch. 360, sec. 1, effective July 15, 1980.