

154.20-560 Restrictions on insurance commitment.

The authority shall not recommend to the insurance corporation, and the insurance corporation shall not approve the insurance of any loan or bond under its contract with the authority, if the insurance of such loan or bond will result in a total commitment by the insurance corporation in excess of ten (10) times the amount in the trust account. No insurance commitment shall be made by the insurance corporation unless the authority has made the following findings:

- (1) That the loan or bond is to be secured by a first mortgage of real or personal property or both satisfactory to the authority;
- (2) That the mortgagor and mortgagee are responsible parties;
- (3) That the occupant of the project or projects is a responsible occupant;
- (4) That the provisions of the mortgage loan or bond are reasonable and proper, and in making such determination the authority may take into account such factors as it deems relevant including, without limitation, the provisions for maintaining, insuring and repairing the project by the mortgagee and the remedies of the authority or the insurance corporation upon default of the mortgagee;
- (5) That the project will provide employment having a reasonable relationship to the principal amount of the loan or bond issue to be insured therefor, taking into account, among other things, the investment per employee of comparable facilities;
- (6) That adequate provision is being or will be made to meet any increased demand upon community public facilities that might result from the project;
- (7) That the size and scope of the project is such that a definite benefit to the economy of the Commonwealth may reasonably be expected to result from the construction or improvement thereof; and the employment created shall be substantially primary employment;
- (8) That the principal amount of the loan or bond does not exceed ninety-five percent (95%) of the cost of the land, buildings, and improvements and eighty percent (80%) of the cost of the machinery and equipment;
- (9) That the duration of the loan or bond shall not exceed thirty (30) years on land, buildings and improvements exclusive of machinery and equipment, and fifteen (15) years on machinery and equipment; and that the authorization provisions are satisfactory to the authority;
- (10) That the insurance agreement provides for subrogation upon payment of insured debt service from the trust account;
- (11) That the public interest is adequately protected by the terms of the loan or bond and of the insurance agreement;
- (12) That the insurance of the loan or bond will not cause the insured debt service coming due in any one (1) calendar year on account of an insured loan or bond for any one (1) mortgagor to exceed twenty percent (20%) of the amount in the trust account when the finding is made; and
- (13) That the insurance of the loan or bond will not cause the insured debt service coming due in any one (1) calendar year on account of permanent guarantees to

exceed one hundred percent (100%) of the amount in the mortgage insurance trust when the finding is made.

The authority shall consult with the appropriate local and regional planning agencies to ascertain the relationship of a proposed project to any existing local or regional comprehensive plan; that, so far as feasible, the project is to be located in an area of generally high unemployment; and that employment opportunities will become available to the residents of such area.

Effective: July 15, 1980

History: Amended 1980 Ky. Acts ch. 340, sec. 18, effective July 15, 1980. -- Created 1978 Ky. Acts ch. 96, sec. 19, effective July 1, 1978.

Formerly codified as KRS 154.570