

**272.221 Exclusive contracts for agricultural products -- Damages for violation --
Injunctive relief -- Notice to landlord or tenant.**

- (1) An association and its members may make and execute contracts, requiring the members to obtain specified services exclusively from the association or to sell, during any designated period of time, all or any specified part of the members' agricultural products or specified commodities exclusively to or through the association subject to the right of any member to be released at a designated period in each year, by giving prescribed notice. Such contracts may provide that the association may sell or resell the products of its members, with or without taking title thereto, and pay over to its members the resale price, or the pool price in case of pooling of sales, after deducting all necessary selling, overhead, and other costs and expenses, including interest or dividends on stock, not exceeding eight percent (8%) per annum, and any other deduction authorized by the bylaws or such marketing contracts.
- (2) An association's bylaws or contracts with members may fix, as liquidated damages, specific sums to be paid by a member to the association if he breaches any provision of the contract and may provide that the member shall pay all costs, premiums for bonds, expenses and fees, in case any action is brought upon the contract by the association. Liquidated damage provisions in contracts with members shall be enforceable in the courts of this state and shall not be regarded as penalties.
- (3) If a breach or threatened breach of a contract with a member exists, an association shall be entitled to an injunction to prevent the breach or further breach of the contract, and to a decree of specific performance thereof. Pending the adjudication of such an action, and upon filing a verified complaint showing the breach or threatened breach, and upon filing a sufficient bond, the association shall be entitled to a temporary restraining order and preliminary injunction against members.
- (4) A landowner, or lessee, of land on which any agricultural products marketed or to be marketed by an association are being raised or are to be raised, may by registered letter addressed to an association, ask for information as to whether his tenant, or landlord as the case may be, is a member of the association, or has signed a contract with the association, and may request information as to the terms of such contract. The request shall state the full name and address of the person inquired about. An association shall, within ten (10) days after receipt of such a request, furnish the information in writing to the person so inquiring. If an association fails to furnish the information properly requested, in any litigation that arises between that association and the person so inquiring, it shall be presumed, in the absence of evidence to the contrary, that that person was without notice that the person inquired about was a member of the association or had signed a contract with the association, or that the person inquiring knew the terms of the contract.

History: Created 1966 Ky. Acts ch. 208, sec. 17.