

286.5-481 Repayment of loans -- Credit value of borrower's shares -- Retention of shares.

- (1) The borrower may repay a loan at any time upon application to the association in the manner provided in the bylaws, and upon settlement of his account he shall be charged with the full amount of the original loan, together with all installments of interest, dues, premiums and fines in arrears and other charges and shall be given credit for the withdrawable value of his shares pledged and transferred as security and the balance shall be received by the association, in full satisfaction of the loan.
- (2) The borrower desiring to retain his shares and membership may, at his option, repay his loan without claiming credit for the shares, and the shares shall be free from any claim by reason of the canceled loan, but in the event the association distributes its net income to nonborrowers in cash, the borrower shall be required to withdraw any net income which have been credited upon his loan.
- (3) Any borrowing member may elect to have applied as a credit upon his loan or advance the withdrawal value of his pledged shares when such value is equal to one (1) full share of any multiple thereof and upon giving notice as required by KRS 286.5-331, the member may withdraw an amount equal to one (1) or more full shares and apply such amount to the reduction of his loan; the remaining shares shall still be held as pledged and the note evidencing the loan and the mortgage given to secure the same, shall in no manner be prejudiced by such withdrawal and cancellation whether or not provided for in the mortgage and note and after the application of every such credit the amount of the loan or advance shall immediately be reduced in accordance with the amount so applied as a credit and such member shall not thereafter be held liable for any greater amount than remains due after the application of such credits, except for arrearages and penalties occasioned by the member's own default.
- (4) Notice of the borrowing member's right to apply withdrawal values of shares upon loan or advance shall be given by printed or written notices posted in not less than three (3) conspicuous places in the office of the association.

Effective: June 18, 1964

History: Created 1964 Ky. Acts ch. 138, sec. 29, effective June 18, 1964.

Formerly codified as KRS 289.481.

Legislative Research Commission Note (7/12/2006). In accordance with 2006 Ky. Acts ch. 247, secs. 38 and 39, this statute has been renumbered as a section of the Kentucky Financial Services Code, KRS Chapter 286, and KRS references within this statute have been adjusted to conform with the 2006 renumbering of that code.