

**41.610 Participation in program -- Investment agreements -- Required terms and conditions.**

- (1) Qualified public depositories in Kentucky shall be eligible to participate in the Linked Deposit Investment Program.
- (2) An eligible lending institution choosing to participate in the Linked Deposit Investment Program shall enter into a linked deposit investment agreement with the State Investment Commission which shall include requirements necessary to carry out the purposes of the Linked Deposit Investment Program. A linked investment shall bear a minimum rate of two percent (2%) and a maximum rate fixed by the Wall Street Journal prime rate as published on the first business day of each month less four percent (4%).
- (3) The eligible lending institution that desires to receive a linked deposit investment shall agree to loan the funds to borrowers under the following terms:
  - (a) No loan shall exceed one hundred thousand dollars (\$100,000);
  - (b) Maturity dates of the loan shall be set as agreed to between the financial institution and the borrower with a maximum maturity of seven (7) years; and
  - (c) The rate of interest for the term of the loan shall be fixed at the Wall Street Journal prime rate as published on the first business day of each month, with a minimum interest rate of five percent (5%).
- (4) An eligible lending institution that desires to receive a linked deposit shall accept and review applications for loans from eligible small businesses and agribusinesses. The lending institution shall assume all responsibility for credit underwriting and shall apply all usual lending standards to determine the creditworthiness of each applicant.
- (5) The eligible lending institution shall forward to the Kentucky Agricultural Finance Corporation or the Cabinet for Economic Development, as appropriate, a completed loan package for review to determine if the loan package is in accordance with the administrative regulations promulgated pursuant to KRS 41.606(7). If the loan package is found to be complete and in accordance with the administrative regulations, it shall be forwarded to the State Investment Commission for funding.
- (6) The eligible lending institution shall charge no penalty for early payback of the linked deposit loan. Principal repayments received by the lending institution shall be returned to the State Investment Commission annually on the anniversary date of the loan.
- (7) Applications for renewal of repurchase agreements shall be accompanied by a status report on linked deposit loans.
- (8) The Commonwealth, the Kentucky Agricultural Finance Corporation, and the Cabinet for Economic Development, their agents and employees, and the State Investment Commission shall not be liable to any eligible lending institution in any manner for payment of the principal or interest on the loan to an eligible small business or to an eligible small agribusiness. Any delay in payments or default on the part of a borrower shall not affect the deposit agreement between the eligible lending institution and the State.

**Effective:** July 13, 2004

**History:** Amended 2004 Ky. Acts ch. 41, sec. 3, effective July 13, 2004. -- Amended 1998 Ky. Acts ch. 172, sec. 2, effective July 15, 1998. -- Amended 1996 Ky. Acts ch. 208, sec. 6, effective July 15, 1996. -- Created 1994 Ky. Acts ch. 276, sec. 3, effective July 15, 1994.