

### **286.3-260 Liquidation of investment fund.**

If any trust company or bank, having established an investment fund as provided in KRS 286.3-240, determines that there is an apparent loss in such fund, over and above the account to be reserved to cover such loss, then the trust company or bank shall at once proceed to liquidate the investment fund. In such liquidation the trust company or bank shall, except as hereinafter provided, distribute pro rata on account of the principal of the outstanding participation certificates, all principal realized from the investment fund, and shall likewise distribute on account of interest all income earned by the fund. Where the principal and interest on a particular mortgage is not collected in full, then the amount realized shall, after the payment of any costs incurred in its collection, be first used in making whole the principal of the mortgage debt, and any balance remaining shall be applied to interest. In such liquidation the trust company or bank, instead of distributing pro rata on account of participation certificates all cash realized from the investment fund, may use a portion of such cash in retiring and canceling participation certificates, but in retiring and canceling participation certificates under these conditions, the trust company or bank shall estimate the apparent loss in principal and interest in the investment fund, over and above the reserve account to cover such loss, and shall pay for the certificates to be retired and canceled, the amount invested in such certificates, less the loss as to principal and interest determined as provided above. Any person entitled to the distribution in kind of such certificates who is not satisfied with the trust company's or bank's determination of loss, may demand and receive distribution in kind of such certificates.

**Effective:** October 1, 1942

**History:** Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 4706.

**Formerly codified as** KRS 287.260.

**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.