

286.5-011 Definitions.

As used in this subtitle, unless the context otherwise requires:

- (1) "Association" means a savings and loan association subject to the provisions of this subtitle and as used in KRS 136.290, 136.300 and 136.310.
- (2) "Combination home and business structure" means a building or buildings, including residences for not more than four (4) families, which are used in part for business purposes. The residential use of such a building must be substantial and permanent, not merely transitory. The business use may predominate.
- (3) "Commissioner" means the commissioner of financial institutions.
- (4) "Direct-reduction loan" means a loan repayable in consecutive weekly, monthly or semiannual installments, equal or unequal, sufficient to retire the debt, interest, and principal; provided, however, that the initial loan contract shall not provide for any subsequent monthly installment of an amount larger than any previous monthly installment; and, provided further, that in the case of construction loans the first payment under said contract shall be made not later than twelve (12) months after the date of the first advance. Any such loan is an amortized loan.
- (5) "Dividend" or "earnings" means that part of the net income of an association which is declared payable on savings accounts and savings certificates from time to time by the board of directors, and is the cost of savings money to the association. Dividend or earnings also may be referred to as "interest."
- (6) "Gross income" means the sum for an accounting period of the following:
 - (a) Operating income.
 - (b) Real estate income.
 - (c) All profits actually received during such accounting period from the sale of securities, real estate, or other property.
 - (d) Other nonrecurring income.
- (7) "Home" means a dwelling or dwellings for not more than four (4) families, the principal use of which is for residential purposes. A home on a farm is a home.
- (8) "Home loan" means a real estate loan the security for which is home property.
- (9) "Home property" means real estate on which there is located, or will be located pursuant to a home loan, a home or a combination home and business structure.
- (10) "Impaired condition" means a condition in which the assets of an association in the aggregate do not have a fair value equal to the aggregate amount of liabilities of the association to its creditors, including its members and all other persons.
- (11) "Improved real estate" means real estate on which there is a structure or an enclosure, or which is cultivated, reclaimed, used for the purpose of agriculture in any form, or otherwise occupied, made better, more useful, or of greater value by care so as to produce an enjoyment thereof.
- (12) "Insured association" means an association the savings accounts of which are insured in accordance with the provisions of this subtitle.
- (13) "Member" means a person holding a savings account or a savings certificate of an

association, or a person borrowing from or assuming or obligated upon a loan or interest therein held by an association, or purchasing property securing a loan or interest therein held by an association. A joint and survivorship relationship, whether of investors or borrowers, constitutes a single membership.

- (14) "Net income" means gross income for an accounting period less the aggregate of the following:
 - (a) Operating expenses.
 - (b) Real estate expenses.
 - (c) All losses actually sustained during such accounting period from the sale of securities, real estate or other property, or such portion of such losses as shall not have been charged to reserves, pursuant to the provisions of this subtitle.
 - (d) All interest paid, or due but unpaid, on borrowed money.
 - (e) Other nonrecurring charges.
- (15) "Net income available for dividends or earnings" means net income for an accounting period less amount transferred to reserves as provided in this subtitle.
- (16) "Operating expenses" means all expenses actually paid, or due but unpaid, by an association during an accounting period, excluding the following:
 - (a) Real estate expenses.
 - (b) Interest on borrowed money.
 - (c) Other nonrecurring charges.

That portion of prepaid expenses which is not apportionable to the period may be excluded from operating expenses, in which event operating expenses for future periods shall include that portion of such prepaid expenses apportionable thereto.
- (17) "Operating income" means all income actually received by an association during an accounting period, excluding the following:
 - (a) Foreclosed real estate income.
 - (b) Other nonrecurring income.
- (18) "Other real estate loan" means a real estate loan the security for which is real estate other than home property.
- (19) "Real estate expenses" means all expenses actually paid, or due but unpaid, in connection with the ownership, maintenance, and sale of real estate (other than office building or buildings and real estate held for investment) by an association during an accounting period, excluding capital expenditures and losses on the sale of real estate.
- (20) "Real estate income" means all income actually received by an association during an accounting period from real estate owned (other than from office building or buildings and real estate held for investment) excluding profit from sale of real estate.
- (21) "Real estate loan" means any loan or other obligation secured by real estate, whether in fee or in a leasehold.
- (22) "Savings account" means that part of the savings liability of the association which is

credited to the account of the holders thereof.

- (23) "Savings certificate" means that part of a savings account which is fully paid and is represented by a certificate.
- (24) "Savings liability" means the aggregate amount of savings accounts and savings certificates of members, including dividends credited to such accounts, less redemptions and withdrawals. Savings liability also may be referred to as "deposit."
- (25) "Withdrawal value" means the amount credited to a savings account and savings certificate of a member, less lawful deductions therefrom, as shown by the records of the association.
- (26) "Minor" means a person over fourteen (14) years of age and under eighteen (18) years of age.
- (27) "Capital stock" as used in this subtitle may be used interchangeably with the term savings account and savings certificate.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 673, effective July 15, 2010. -- Amended 1984 Ky. Acts ch. 388, sec. 8, effective July 13, 1984. -- Amended 1970 Ky. Acts ch. 206, sec. 1. -- Amended 1968 Ky. Acts ch. 152, sec. 138. -- Created 1964 Ky. Acts ch. 138, sec. 2, effective June 18, 1964.

Formerly codified as KRS 289.011.

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.