

### **286.7-460 Powers of industrial loan company.**

An industrial loan company organized under KRS 286.7-420 to 286.7-600 may:

- (1) Lend money and receive interest therefor at a rate of seven dollars (\$7) per one hundred dollars (\$100) per annum of the principal amount of the loan not exceeding seven thousand five hundred dollars (\$7,500) and require and receive uniform weekly or monthly installment payments. The amount of interest computed as provided in KRS 286.7-420 to 286.7-600 may be charged or received in advance or may be added to the principal amount of the loan. The loans shall be repayable in substantially equal installments over a period not exceeding five (5) years and thirty-two (32) days, and the principal amount of the loan, (excluding charges) shall not exceed seven thousand five hundred dollars (\$7,500).
- (2) Sell or negotiate bonds, notes and certificates of investment for the payment of money at any time, either fixed or uncertain, and receive payments therefor in installments or otherwise; provided, that nothing herein contained shall be construed to create any liability on demand. No certificate holder making loans under KRS 286.7-420 to 286.7-600 shall directly or indirectly advertise for or accept deposits, demand or otherwise, except an industrial loan company organized under KRS 286.7-420 to 286.7-600 may advertise the sale of certificates of investment as authorized under KRS 286.7-420 to 286.7-600. Certificates of investment and any advertisement for the sale of certificates of investment shall clearly state in bold type on the certificate or in the advertisement that: "THIS CERTIFICATE OF INVESTMENT IS NOT INSURED BY ANY STATE OR FEDERAL GOVERNMENT AGENCY."
- (3) Charge for a loan made in accordance with this section one dollar (\$1) for each fifty dollars (\$50) or fraction thereof loaned for expenses, including any examination or investigation of the character and circumstances of the borrower, co-maker or surety, and the drawing and taking acknowledgment of necessary papers or other expenses incurred in making the loan. This charge shall be permitted only on the first two thousand dollars (\$2,000) loaned. No charge shall be collected unless a loan has been made as a result of an examination or investigation.
- (4) An industrial loan company organized under KRS 286.7-420 to 286.7-600 in addition to its powers heretofore granted shall be authorized to charge interest on loans or extensions of credit in the same manner and at the same rate as is permitted by KRS 286.3-215 for banks or trust companies or combined banks and trust companies, and provided further that the principal amount of the loan or extension of credit exclusive of interest or other charges shall not exceed ten thousand dollars (\$10,000).
- (5) In addition to the powers granted in this section, an industrial loan company organized under this subtitle may offer revolving credit plans in a manner and amount and at the same rate as permitted by KRS 286.3-710 to 286.3-770 for banks and trust companies or combined banks and trust companies. This revolving credit plan may be accessed by a credit card, check, or other device as the plan provides. All revolving credit plans offered by industrial loan companies under this section shall be secured by either a first or second mortgage on residential property. In

connection with the revolving credit plans, an industrial loan company may charge and collect from a borrower:

- (a) A bad check charge of fifteen dollars (\$15) for the return or dishonor of a check or other instrument tendered as payment; and
- (b) An over-the-limit fee of twenty dollars (\$20) whenever a borrower exceeds the credit limit established under the plan.

**Effective:** July 14, 2000

**Formerly codified as** KRS 291.460.

**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.

**History:** Amended 2000 Ky. Acts ch. 157, sec. 10, effective July 14, 2000. -- Amended 1988 Ky. Acts ch. 169, sec. 1, effective July 15, 1988. -- Amended 1986 Ky. Acts ch. 449, sec. 1, effective July 15, 1986. -- Amended 1980 Ky. Acts ch. 108, sec. 1, effective July 15, 1980. -- Amended 1972 Ky. Acts ch. 317, sec. 1. -- Created 1962 Ky. Acts ch. 166, sec. 5.