

**386.020 Authorized investments of trust funds -- Fiduciary to account for profits --
Section not applicable to trustees.**

- (1) Any fiduciary holding funds for loan or investment may invest them in:
 - (a) Bonds or other interest-bearing obligations of the federal government;
 - (b) Bonds, state warrants, and other interest-bearing obligations of this state;
 - (c) Obligations issued separately or collectively by or for federal land banks, federal intermediate credit banks, and banks for cooperatives under the Act of Congress known as the Farm Credit Act of 1971, 85 Stat. 583, 12 U.S.C. sec. 2001 and amendments thereto;
 - (d) Notes and bonds secured by mortgage or trust deed insured by the federal housing administrator, obligations issued or insured by the federal housing administrator, and securities issued by national mortgage associations;
 - (e) Obligations representing loans and advances of credit that are eligible for credit insurance by the federal housing administrator, and the fiduciary may obtain such insurance;
 - (f) Loans secured by real property or leasehold, that the federal housing administrator insures or makes a commitment to insure, and the fiduciary may obtain such insurance;
 - (g) Real estate mortgage notes, bonds, and other interest-bearing or dividend-paying securities, including securities of any open-end or closed-end management type investment company or investment trust registered under the Federal Investment Company Act of 1940 or units of common trust funds managed by the fiduciary, which would be regarded by prudent businessmen as a safe investment. The fact that the fiduciary is providing services to the foregoing investment company or trust as investment advisor, custodian, transfer agent, registrar, or otherwise shall not preclude the fiduciary from investing in the securities of such investment or trust;
 - (h) Real estate, after obtaining the approval of the District Court for such investment;
 - (i) Life insurance, endowment, and annuity contracts issued by legal reserve companies authorized to do business in this state, after obtaining the approval of the District Court for such investment. Said fiduciary may select any optional settlement provided in a policy maturing by death or as an endowment;
 - (j) Notes, other interest-bearing obligations, and purchases of participations in such instruments, that are guaranteed in whole or in part by the United States of America or by any agency or instrumentality thereof;
 - (k) Certificates of deposit and savings accounts of any state or national bank whose deposits are insured by the Federal Deposit Insurance Corporation and whose main office is in this state, including itself, if such fiduciary is a bank. Any portion of such investments that is not insured by the Federal Deposit Insurance Corporation shall be fully secured by:

1. An irrevocable letter of credit issued by the United States of America or by an agency or instrumentality thereof;
 2. A pledge of securities named in this subsection as collateral;
 3. A surety bond; or
 4. A combination of such irrevocable letters of credit, securities, and surety bonds; and
- (1) United States government securities or United States government agency securities, the payment of the principal and interest on which the full faith and credit of the United States is pledged, said investments being made under the terms of a repurchase agreement between the fiduciary and any state or national bank whose main office is in this state, including itself, if such fiduciary is a bank.
- (2) Fiduciaries holding funds for loan or investment may make loans with the securities named in subsection (1) of this section as collateral.
- (3) The fiduciary shall account for all interest or profit received.
- (4) This section shall not apply to trustees.

Effective: July 15, 2014

History: Amended 2014 Ky. Acts ch. 25, sec. 101, effective July 15, 2014. -- Amended 2002 Ky. Acts ch. 157, sec. 1, effective July 15, 2002. -- Amended 1990 Ky. Acts ch. 450, sec. 1, effective July 13, 1990. -- Amended 1986 Ky. Acts ch. 391, sec. 1, effective July 15, 1986. -- Amended 1980 Ky. Acts ch. 134, sec. 1, effective July 15, 1980. -- Amended 1976 (1st Extra. Sess.) Ky. Acts ch. 14, sec. 325, effective January 1, 1978. -- Amended 1976 Ky. Acts ch. 107, sec. 3. -- Amended 1970 Ky. Acts ch. 267, sec. 1. -- Amended 1962 Ky. Acts ch. 133, sec. 1.-- Amended 1960 Ky. Acts ch. 155, sec. 1. -- Amended 1954 Ky. Acts ch. 52, sec. 1. -- Amended 1950 Ky. Acts ch. 171, sec. 1. -- Amended 1944 Ky. Acts ch. 111, sec. 1. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. secs. 4706, 4706a, 4706-6, 4706-7.