

**286.4-580 Prohibited conduct -- No contract or loan without scheduled repayment -
- Lien on real estate as security.**

- (1) No licensee shall take any confession of judgment or any power of attorney running to the licensee or to any third person to confess judgment or to appear for the borrower in a judicial proceeding; nor take any note or promise to pay that does not disclose the date and amount of the loan obligation, a schedule or description of the payments to be made thereon, and the rate or aggregate amount of the agreed charges; nor take any instrument that is incomplete at the time the loan is made.
- (2) No licensee shall enter into any contract of loan under this subtitle unless:
 - (a) The borrower agrees to make any scheduled repayment of principal within:
 1. Sixty (60) months and fifteen (15) days from the date of making the contract if the principal amount of the loan exclusive of interest and charges is three thousand dollars (\$3,000) or less; or
 2. One hundred and twenty (120) months from the date of making the contract if the principal amount of the loan exclusive of interest and charges exceeds three thousand dollars (\$3,000); and
 - (b) The contract provides for repayment of the amount lent in substantially equal installments at approximately equal periodic intervals of time, except that when appropriate for the purpose of facilitating payment in accordance with the seasonable nature of obligor's main source of income, payments may be deferred or omitted, if all other payments are increased in a manner that the other payments are substantially equal in amount and sufficient in the aggregate to retire the loan in the period of months as provided in this subsection.
- (3) No licensee shall take any mortgage or other lien instrument upon real estate as security for any loan under this subtitle in which the principal is three thousand dollars (\$3,000) or less, unless the lien is subject to a prior mortgage.

Effective: June 27, 2019

History: Amended 2019 Ky. Acts ch. 120, sec. 11, effective June 27, 2019. -- Amended 1982 Ky. Acts ch. 53, sec. 6, effective July 15, 1982. -- Amended 1970 Ky. Acts ch. 48, sec. 4. -- Created 1960 Ky. Acts ch. 204, sec. 18, effective June 16, 1960.

Formerly codified as KRS 288.580.

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.