

286.2-670 Foreign financial institutions, activities deemed not transacting business in Kentucky.

- (1) (a) As used in this subsection, a "foreign financial institution" means any bank, bank holding company, trust company, savings and loan association, savings and loan association holding company, credit union, or wholly owned subsidiary of any of the foregoing, that is organized under the laws of another state or of the United States.
- (b) Except as provided in subsection (2) of this section, a foreign financial institution shall not be considered to be doing, transacting, or carrying on business in this state, or be required to qualify to do business in this state, solely by reason of engaging in any or all of the following activities, either on its own behalf or as a trustee of a pension plan, employee's profit-sharing or retirement plan, or testamentary or inter vivos trust:
 1. The lending of money, or the acquisition by purchase, by contract to purchase, by making of advance commitments to purchase, or by assignment to it of loans, including construction loans, or any interest in loans, secured in whole or in part by mortgages, deeds of trust, or other forms of security on real or personal property in this state, if the activities are carried on from outside this state by the institution or within this state by independent agencies on behalf of the institution;
 2. The receipt of principal and interest on any loans referenced in subparagraph 1. of this paragraph;
 3. The making of physical inspections and appraisals of real or personal property that secures or is proposed to secure any loan by an officer or employee of the institution if the officer or employee making any physical inspections and appraisals is not a resident of and does not maintain his or her place of business in this state;
 4. The ownership of any loans and the enforcement of any loans by trustee's sale, judicial process, or deed in lieu of foreclosure, or otherwise;
 5. The modification, renewal, extension, transfer, or sale of loans, the acceptance of additional or substitute security for loans, the full or partial release of security for loans, or the acceptance of substitute or additional obligors on loans if the activities are carried on from outside this state by the institution or carried on within this state by independent agencies;
 6. The maintaining and defending of any action or suits relating to loans, mortgages, deeds of trust, security instruments or related agreements, or activities referred to in this section or incidental thereto;
 7. The engaging, by contractual arrangement, of a corporation, firm, or association, qualified to do business in this state, which is not a subsidiary or parent of the institution or under common management with the institution, to make collections and to service loans in any manner whatsoever, including:

- a. The payment of ground rents, taxes, assessments, insurance, and the like; and
 - b. The making and performance of, on behalf of the institution, physical inspections and appraisals of real or personal property securing, or proposed to secure, any loans;
 8. The acquisition of title to real or personal property covered by any mortgages, deeds of trust, or other security instrument, by trustees, pledgees, or judicial sales, by deed in lieu of foreclosure, or for the purpose of transferring title to any federal agency or instrumentality as the insurer or guarantor of any loans, the maintenance or defense of any action or suit relating to the possession of the property, and the retention of title to the property as acquired pending the orderly sale or other disposition thereof; or
 9. The maintenance of accounts in banks or credit unions, authorized or licensed to do and transact business as a bank or credit union.
- (2) The provisions of this section shall be inapplicable for purposes of determining whether, and to what extent, a financial institution is subject to taxation under state law.

Effective: July 15, 2024

History: Amended 2024 Ky. Acts ch. 152, sec. 9, effective July 15, 2024. -- Amended 2009 Ky. Acts ch. 104, sec. 24, effective June 25, 2009. -- Amended 1996 Ky. Acts ch. 254, sec. 36, effective July 15, 1996. -- Created 1970 Ky. Acts ch. 228, sec. 1, effective June 18, 1970.

Formerly codified as KRS 287.670.

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.