

16-308. Same; administration of funds; payment into trust fund; investment; payment of administrative costs and taxes; prior existing trusts to comply. Any contract not providing for administration of payments thereunder in accordance with K.S.A. 16-302 and 16-303, and amendments thereto, shall provide for payment of all money received by the seller to a corporate trustee designated in a trust indenture or indentures referred to in such contract. All money so paid to and held by such corporate trustee, as well as all interest and earnings thereon, shall be held by such corporate trustee for the benefit of the purchaser in a separate account in the name of the purchaser, except that such trust indenture may provide that the funds in such account and in all other separate accounts covered by the same trust indenture may be invested collectively in a fund maintained by such corporate trustee in its capacity as such, if such fund is administered as required by the provisions of K.S.A. 58-1201 et seq., and amendments thereto; that all participations in the collective investment fund shall be on the basis of a proportionate interest in all of the assets in the fund; that not less frequently than once during each period of six months the corporate trustee shall determine the value of the assets in the fund; and the trust indenture may authorize the corporate trustee to charge the reasonable expenses of administering the trust against the income from the fund, including taxes imposed upon the fund or its income, the expenses of audits performed by independent public accountants and the reasonable expenses incurred in servicing mortgages held by the fund, but no compensation shall be paid for services performed for the corporate trustee by the seller or by anyone affiliated or connected with the seller which exceeds an annual fee of 1% of the current fair market value of the trust to be computed and distributed on either an annual, quarterly or monthly basis. Any seller who has presently established any trust for the purpose of complying with K.S.A. 16-301 to 16-307, inclusive, and amendments thereto, which does not comply with the applicable provisions of this act, is hereby given a period of one year after the effective date of this act within which to amend the trust indenture applicable thereto, to alter its portfolio of investments and to consummate any other changes necessary to comply with this act.

History: L. 1973, ch. 86, § 4; L. 1993, ch. 131, § 1; July 1.