GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

HOUSE BILL NO. 352

AS ENACTED

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ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY K. Adler

1 AN ACT relating to security interests in motor vehicles.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 186A.190 is amended to read as follows:

4 (1) Except as provided in subsection (4) of this section and in KRS 355.9-311(4), the
5 perfection and discharge of a security interest in any property for which has been
6 issued a Kentucky certificate of title shall be by notation on the certificate of title.
7 ***Notation shall be made by the entry of information required by subsection (6) of***
8 ***this section into the Automated Vehicle Information System, and shall be deemed***
9 ***to have occurred upon the entry.*** The notation of the security interest on the
10 certificate of title shall be in accordance with this chapter and shall remain effective
11 from the date on which the security interest is noted on the certificate of title for a
12 period of seven (7) years, or, in the case of a manufactured home, for a period of
13 thirty (30) years, or until discharged under this chapter and KRS Chapter 186. The
14 filing of a continuation statement within the six (6) months preceding the expiration
15 of the initial period of a notation's effectiveness extends the expiration date for
16 seven (7) additional years.

17 (2) Except as provided in subsection (4) of this section, the notation of security interests
18 relating to property required to be titled in Kentucky through the county clerk shall
19 be done in the office of the county clerk of the county in which the debtor resides. If
20 the debtor is other than a natural person, the following provisions govern the
21 determination of the county of the debtor's residence:

22 (a) A partnership shall be deemed a resident of the county in which its principal
23 place of business in this state is located. If the debtor does not have a place of
24 business in this state, then the debtor shall be deemed a nonresident for
25 purposes of filing in this state;

26 (b) A limited partnership organized under KRS Chapter 362 or as defined in KRS
27 362.2-102(14) shall be deemed a resident of the county in which its principal

1 place of business is located, as set forth in its certificate of limited partnership
2 or most recent amendment thereto filed pursuant to KRS Chapter 362 or
3 362.2-202. If such office is not located in this state, the debtor shall be
4 deemed a nonresident for purposes of filing in this state;
5 (c) A limited partnership not organized under the laws of this state and authorized
6 to do business in this state shall be deemed a resident of the county in which
7 the office of its process agent is located, as set forth in the designation or most
8 recent amendment thereto filed with the Secretary of State of the
9 Commonwealth of Kentucky;
10 (d) A corporation organized under KRS Chapter 271B, 273, or 274 or a limited
11 liability company organized under KRS Chapter 275 shall be deemed a
12 resident of the county in which its registered office is located, as set forth in
13 its most recent corporate filing with the Secretary of State which officially
14 designates its current registered office;
15 (e) A corporation not organized under the laws of this state, but authorized to
16 transact or do business in this state under KRS Chapter 271B, 273, or 274, or
17 a limited liability company not organized under the laws of this state, but
18 authorized to transact business in this state under KRS Chapter 275, shall be
19 deemed a resident of the county in which its registered office is located, as set
20 forth in its most recent filing with the Secretary of State which officially
21 designates its current registered office;
22 (f) A cooperative corporation or association organized under KRS Chapter 272
23 shall be deemed a resident of the county in which its principal business is
24 transacted, as set forth in its articles of incorporation or most recent
25 amendment thereto filed with the Secretary of State of the Commonwealth of
26 Kentucky;
27 (g) A cooperative corporation organized under KRS Chapter 279 shall be deemed

1 a resident of the county in which its principal office is located, as set forth in
2 its articles of incorporation or most recent amendment thereto filed with the
3 Secretary of State of the Commonwealth of Kentucky;
4 (h) A business trust organized under KRS Chapter 386 shall be deemed a resident
5 of the county in which its principal place of business is located, as evidenced
6 by the recordation of its declaration of trust in that county pursuant to KRS
7 Chapter 386;
8 (i) A credit union organized under Subtitle 6 of KRS Chapter 286 shall be
9 deemed a resident of the county in which its principal place of business is
10 located, as set forth in its articles of incorporation or most recent amendment
11 thereto filed with the Secretary of State of the Commonwealth of Kentucky;
12 and
13 (j) Any other organization (defined in KRS 355.1-201) shall be deemed a
14 resident of the county in which its principal place of business in this state is
15 located, except that any limited liability company, limited liability partnership,
16 limited partnership, or corporation not organized under the laws of this state
17 and not authorized to transact or do business in this state shall be deemed a
18 nonresident for purposes of filing in this state. If the organization does not
19 have a place of business in this state, then it shall be deemed a nonresident for
20 purposes of filing in this state.
21 If the debtor does not reside in the Commonwealth, the notation of the security
22 interest shall be done in the office of the county clerk in which the property is
23 principally situated or operated. Notwithstanding the existence of any filed
24 financing statement under the provisions of KRS Chapter 355 relating to any
25 property registered or titled in Kentucky, the sole means of perfecting and
26 discharging a security interest in property for which a certificate of title is required
27 by this chapter is by notation on the property's certificate of title under the

1 provisions of this chapter or in accordance with the provisions of KRS 186.045(3).
2 In other respects the security interest is governed by the provisions of KRS Chapter
3 355.
4 (3) Except as provided in subsection (4) of this section, before ownership of property
5 subject to a lien evidenced by notation on the certificate of title may be transferred,
6 the transferor shall obtain the release of the prior liens in his name against the
7 property being transferred. Once a security interest has been noted on the owner's
8 title, a subsequent title shall not be issued by any county clerk free of the notation
9 unless the owner's title is presented to the clerk and it has been noted thereon that
10 the security interest has been discharged. If this requirement is met, information
11 relating to any security interest shown on the title as having been discharged may be
12 omitted from the title to be issued by the clerk. If information relating to the
13 discharge of a security interest is presented to a clerk under the provisions of KRS
14 186.045(3), the clerk shall discharge the security interest and remove the lien
15 information from AVIS.
16 (4) Notwithstanding subsections (1), (2), and (3) of this section, a county clerk shall,
17 following inspection of the vehicle by the sheriff, to determine that the vehicle has
18 not been stolen, issue a new title to a vehicle, clear of all prior liens, to a person
19 after he provides to the county clerk an affidavit devised by the Transportation
20 Cabinet and completed by the person. In the affidavit, the person shall attest that:
21 (a) He possesses the vehicle;
22 (b) A debt on the vehicle was owed him for more than thirty (30) days before he
23 provided the notices required by paragraphs (c) and (d) of this subsection;
24 (c) More than fourteen (14) days before presenting the affidavit to the county
25 clerk, the person attempted to notify the owner of the vehicle and all known
26 lienholders, including those noted on the title, by certified mail, return receipt
27 requested, of his name, address, and telephone number as well as his intention

1 to obtain a new title, clear of all prior liens, unless the owner or a lienholder
2 objected in writing;
3 (d) More than fourteen (14) days before presenting the affidavit to the county
4 clerk, the person had published a legal notice stating his intention to obtain
5 title to the vehicle. The legal notice appeared at least twice in a seven (7) day
6 period in a newspaper published, and with a statewide circulation, in
7 Kentucky. The legal notice stated:
8 1. The person's name, address, and telephone number;
9 2. The owner's name;
10 3. The names of all known lienholders, including those noted on the title;
11 4. The vehicle's make, model, and year; and
12 5. The person's intention to obtain title to the vehicle unless the owner or a
13 lienholder objects in writing within fourteen (14) days after the last
14 publication of the legal notice; and
15 (e) Neither the owner nor a lienholder has objected in writing to the person's right
16 to obtain title to the vehicle.
17 (5) No more than two (2) active security interests may be noted upon a certificate of
18 title.
19 (6) In noting a security interest upon a certificate of title, the county clerk shall ensure
20 that the certificate of title bears the lienholder's name, mailing address and zip code,
21 the date the lien was noted, the notation number, and the county in which the
22 security interest was noted. The clerk shall obtain the information required by this
23 subsection for notation upon the certificate of title from the title lien statement
24 described in KRS 186A.195***, or an equivalent out-of-state issued instrument,*** to be
25 provided to the county clerk by the secured party.
26 (7) For all the costs incurred in the notation and discharge of a security interest on the
27 certificate of title, the county clerk shall receive the fee prescribed by KRS 64.012.

1 The fee prescribed by this subsection shall be paid at the time of submittal of the
2 title lien statement described in KRS 186A.195.
3 (8) A copy of the application, certified by the county clerk, indicating the lien will be
4 noted on the certificate of title shall be forwarded to the lienholder.
5 ➔Section 2. KRS 186A.195 is amended to read as follows:
6 (1) As used in this chapter, a title lien statement is a document to be submitted by the
7 secured party to the county clerk. Upon submission of the title lien statement, the
8 county clerk shall use the information contained therein to note the security interest
9 on the certificate of title***, in accordance with KRS subsection (6) of Section 1 of***
10 ***this Act***. The county clerk may make title lien statements available to the general
11 public. However, public availability of such statements is not necessary or effective
12 to perfect a security interest in property required to be registered or titled in
13 accordance with this chapter.
14 (2) If a title lien statement and the required fees accompany the application for first title
15 of any property in the name of an owner, the county clerk shall enter the
16 information required by KRS 186A.190(6) into the automated system so as to
17 produce a certificate of title in Frankfort bearing in addition to any other required
18 information, the information designated by KRS 186A.190(6). The clerk shall
19 thereby produce, in accordance with design of the automated system, a certificate of
20 registration, if required.
21 (3) If a title lien statement and the required fees are not received at the time of
22 application for first title of any property in the name of the owner due to owner's
23 residency in another county, or if the form prescribed by KRS 186A.060 indicates a
24 pending lien but the title lien statement does not accompany the application for title,
25 the county clerk shall enter into the Automated Vehicle Information System (AVIS)
26 the name and address of the lienholder and the county where the lien is to be noted
27 or that a lien is pending. The clerk shall indicate a title is not to be issued until the

1 lien has been noted and fees, according to KRS 186A.190, paid in the county of the
2 owner's residence or in thirty (30) days. The county clerk shall then issue the
3 registration. The county clerk in the county of the owner's residence shall, after
4 receiving the title lien statement and fees contained in KRS 186A.190, enter into the
5 Automated Vehicle Information System (AVIS) the date of lien notation and the
6 notation number, thus enabling the system to produce the title in Frankfort.
7 (4) Should a certificate of title be issued after the thirty (30) day period has expired
8 without the notation of a security interest thereon, or should there be no provision
9 made for a lien to be noted in the county of residence of the debtor within thirty (30)
10 days and the title issued within that time, the secured party shall request from the
11 debtor, and the debtor shall submit to the secured party, the certificate of title. The
12 secured party shall submit the certificate of title along with the title lien statement to
13 the county clerk of the county of the debtor's residence. The county clerk shall then
14 enter the information required by KRS 186A.190(6) into the Automated Vehicle
15 Information System (AVIS) and note on the certificate of title in the appropriate
16 section the information described in that section. Following the notation of the
17 appropriate information on the certificate of title, the county clerk shall return the
18 title to the debtor.
19 (5) The security interest noted on the certificate of title shall be deemed perfected at the
20 time the security interest attaches (KRS 355.9-203) if the secured party tenders the
21 required fees and submits a properly completed title lien statement and application
22 for first title or, in the case of property previously titled in the name of its debtor,
23 the certificate of title to the appropriate county clerk within ***thirty (30)***[~~twenty (20)~~]
24 days of attachment. Otherwise, the security interest shall be deemed perfected at the
25 time that such fees are tendered and such documents are submitted to the
26 appropriate county clerk.
27 ➔Section 3. KRS 186A.200 is amended to read as follows:

1 (1) With respect to a vehicle previously titled in the name of its debtor, the secured
2 party shall, within ***thirty (30)***~~[twenty (20)]~~ days after execution of the security
3 agreement, obtain the current certificate of title in the name of the debtor, with no
4 more than one (1) prior lien indicated thereon, and present to the county clerk the
5 certificate of title, which the secured party shall have the right to obtain from the
6 debtor, together with the title lien statement and the required fees in KRS 186A.190
7 to the county clerk.
8 (2) For failure to present both the title and title lien statement within the time
9 prescribed by subsection (1) of this section, the secured party shall pay a penalty of
10 two dollars ($2) to the county clerk as a prerequisite for noting the security interest
11 on the title.
12 (3) The county clerk shall enter the information required by KRS 186A.190(6) into the
13 automated system.
14 (4) The county clerk shall record upon the title in the appropriate section the
15 information designated by KRS 186A.190(6).

Speaker-House of Representatives

President of Senate

Attest: Chief Clerk of House of Representatives

Approved Governor

Date 13 APRIL 2016