

1 AN ACT relating to motor vehicle liens.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 186A IS CREATED TO  
4 READ AS FOLLOWS:

5 *As used in this chapter:*

6 *(1) "Cabinet" means the Transportation Cabinet; and*

7 *(2) "Title lien statement" means a document, submitted by a secured party to the*  
8 *cabinet, or to the cabinet through any county clerk's office in the*  
9 *Commonwealth, to note the security interest on the certificate of title.*

10 ➔SECTION 2. KRS 186A.195 IS REPEALED AND REENACTED TO READ  
11 AS FOLLOWS:

12 *(1) As used in this section, submission of a title lien statement refers to the*  
13 *presentation of a title lien statement, along with the fees required under KRS*  
14 *64.012(1)(b), to the cabinet or to the cabinet through any county clerk's office in*  
15 *the Commonwealth.*

16 *(2) Upon submission of a title lien statement, the cabinet or the county clerk shall*  
17 *use the information on the form to note the security interest on the certificate of*  
18 *title, in accordance with subsection (9) of Section 9 of this Act. Title lien*  
19 *statements may be made available to the general public. However, public*  
20 *availability of a title lien statement shall not be considered necessary or effective*  
21 *to perfect a security interest in property required to be registered or titled in*  
22 *accordance with this chapter.*

23 *(3) (a) If the submission of a title lien statement accompanies the application for*  
24 *first title of any property in the name of an owner, the cabinet or the county*  
25 *clerk shall enter the information required by subsection (9) of Section of*  
26 *this Act into AVIS so as to allow the cabinet to:*

27 *1. Use AVIS as a centralized, statewide repository for lien filings; and*

1           2. Produce a certificate of title bearing the information designated by  
2           subsection (9) of Section 9 of this Act, as well as any other  
3           information required by the cabinet.

4           (b) After the information has been entered, the county clerk shall produce a  
5           certificate of registration, if required.

6           (4) (a) If the form prescribed by KRS 186A.060 indicates a pending lien, but the  
7           title lien statement does not accompany the application for title, the cabinet  
8           or the county clerk shall enter into AVIS the name and address of the  
9           lienholder or that a lien is pending. The county clerk shall indicate a title  
10           shall not be issued until either the title lien statement and the required fees  
11           are submitted, or in thirty (30) days, whichever occurs first. The county  
12           clerk shall then issue the registration.

13           (b) After submission of the title lien statement, the cabinet or county clerk shall  
14           enter the date of lien notation and the notation number into AVIS, enabling  
15           the cabinet to record the lien in AVIS and produce a title.

16           (5) If a certificate of title is issued after the thirty (30) day time window identified in  
17           subsection (4) of this section has expired without the notation of a security  
18           interest, or if a title has been issued because there was no provision made for a  
19           lien to be noted within thirty (30) days, a secured party wishing to note a security  
20           interest on a title shall submit a title lien statement. The cabinet or county clerk  
21           shall enter the information required by subsection (9) of Section 9 of this Act into  
22           AVIS and a new certificate of title reflecting the security interest shall be  
23           produced.

24           (6) The distribution of the fee submitted with a title lien statement shall be as  
25           follows:

26           (a) If the tile lien statement is submitted to the cabinet or to the county clerk of  
27           the county in which the debtor resides, the county clerk of the county in

- 1           which the debtor resides shall receive or retain the fee; or  
 2           **(b) If the tile lien statement is submitted to the a county clerk outside of the**  
 3           **county in which the debtor resides, the county clerk of the county in which**  
 4           **the debtor resides and the county clerk to which the document was**  
 5           **submitted will split the fee equally.**
- 6           **(7) The security interest noted on the certificate of title shall be deemed perfected at**  
 7           **the time the security interest attaches in accordance with KRS 355.9-203 if the**  
 8           **secured party submits a properly completed title lien statement with application**  
 9           **for first title or, in the case of property previously titled in the name of the debtor,**  
 10           **within thirty (30) days of attachment. Otherwise, the security interest shall be**  
 11           **deemed perfected at the time that the title lien statement is submitted.**

12           ➔Section 3. KRS 186A.200 is amended to read as follows:

- 13           (1) With respect to a vehicle previously titled in the name of its debtor, the secured  
 14           party shall, within thirty (30) days after execution of the security agreement, **submit**  
 15           **a title lien statement in accordance with Section 2 of this Act**~~obtain the current~~  
 16           ~~certificate of title in the name of the debtor, with no more than one (1) prior lien~~  
 17           ~~indicated thereon, and present to the county clerk the certificate of title, which the~~  
 18           ~~secured party shall have the right to obtain from the debtor, together with the title~~  
 19           ~~lien statement and the required fees in KRS 186A.190 to the county clerk].~~
- 20           (2) For failure to present ~~both~~ the ~~title and~~ title lien statement within the time  
 21           prescribed by subsection (1) of this section, the secured party shall pay a penalty of  
 22           two dollars (\$2) to the **cabinet or the** county clerk as a prerequisite for noting the  
 23           security interest on the title.
- 24           (3) The **cabinet or the** county clerk shall enter the information required by KRS  
 25           186A.190(9) into **AVIS, enabling the cabinet to record the lien in AVIS and**  
 26           **produce a title**~~the automated system.~~
- 27           ~~(4) The county clerk shall record upon the title in the appropriate section the~~

1 ~~information designated by KRS 186A.190(9)].~~

2 ➔Section 4. KRS 186.045 is amended to read as follows:

- 3 (1) A perfected security interest in a motor vehicle that has been satisfied by payment in  
4 full shall be deemed to have been discharged if one (1) or both of the following  
5 events has occurred:
- 6 (a) The funds to pay in full and discharge the security interest have been provided  
7 to the secured party in the form of a cashier's check, certified check, or wire  
8 transfer; or
- 9 (b) The debt has been paid to a secured party who is no longer in existence or has  
10 failed to file the necessary documents to discharge the lien.
- 11 (2) If payment in full has been made under subsection (1)(a) of this section, the  
12 discharge of the lien shall be made not later than ten (10) days from the receipt of  
13 the payment.
- 14 (3) When a security interest has been paid in full and a termination statement or  
15 discharge has not been filed, the debtor may petition the Circuit Court in the county  
16 of the debtor's residence to order the discharge of the security interest. The debtor  
17 shall present written evidence to the Circuit Court that the security interest has been  
18 paid in full. If the evidence presented to the Circuit Court proves to the court's  
19 satisfaction that the security interest has been paid in full, the court shall order the  
20 county clerk to note the termination on the title and to remove the lien from the  
21 Automated Vehicle Information System (AVIS). A copy of the court's order shall  
22 immediately be sent to the county clerk in the county where the security interest was  
23 originally filed and the county clerk shall discharge the security interest and remove  
24 the lien information from AVIS in accordance with the provisions of this section.
- 25 (4) Whenever a security interest has been discharged, other than by proceedings under  
26 Part 6 of Article 9 of KRS Chapter 355 or similar proceedings, the secured party  
27 shall:

1 (a) **For a security interest perfected prior to the effective date of this Act:**

2 **1.** Deliver an authenticated termination statement in the manner required  
 3 by KRS 355.9-513 ~~and 186A.195~~ to the county clerk of the county in  
 4 which the title lien statement was submitted; or

5 **2.**~~(b)~~ Have a county clerk from another county submit by fax or other  
 6 form of electronic communication available and acceptable to both  
 7 sender and recipient, and verified verbally or by electronically assigned  
 8 identification as being from the sending clerk, and which is able to be  
 9 copied to an electronic or paper file, on that county clerk's letterhead, an  
 10 authenticated termination statement in the manner required by KRS~~[~~  
 11 ~~186A.195 and]~~ 355.9-513 to the county clerk of the county in which the  
 12 title lien statement was submitted. The county clerk, upon receipt of the  
 13 authenticated termination statement in the manner prescribed under this  
 14 paragraph, shall verify the legitimacy of the document; **or**

15 **(b) For a security interest perfected on or after the effective date of this Act,**  
 16 **submit an authenticated termination statement to the cabinet or a county**  
 17 **clerk in the same manner as a title lien statement under Section 2 of this**  
 18 **Act; and**~~[.]~~

19 **(c)** ~~[The secured party shall also ]~~Deliver a copy of the termination statement to  
 20 the debtor or the debtor's transferee.

21 For failure to file the termination statement within the allowable time, the secured  
 22 party shall be subject to the penalty provided in KRS 186.990(1). Except as  
 23 provided in subsection (3) of this section, within five (5) days after the receipt of  
 24 **these**~~[such]~~ documents, the **cabinet or the** county clerk shall **enter**~~[note]~~ the filing  
 25 **into AVIS**~~[in the index, in language prescribed by the cabinet, that the termination~~  
 26 ~~statement has been filed. Upon presentation of the owner's title showing a security~~  
 27 ~~interest to the county clerk where the termination statement was submitted, and with~~

1 ~~the copy of the termination statement submitted by the secured party, the clerk shall~~  
2 ~~discharge the security interest by noting on the title that the termination statement~~  
3 ~~has been filed and place the seal of the county clerk thereon. The clerk shall return~~  
4 ~~the owner's title to the owner}~~. The county clerk shall then file the termination  
5 statement in the place from which the title lien statement was removed. Termination  
6 statements shall be retained in the clerk's files for a period of two (2) years  
7 subsequent to the date of filing a statement, at which time they may be destroyed.  
8 The fee for these services are included in the provisions of KRS 186A.190.

9 (5) Upon presentation of an owner's title showing a security interest to the county clerk  
10 of a county where the termination statement was not delivered, the county clerk  
11 shall access the automated system to determine whether a record of termination of  
12 the security interest has been entered into the automated system by the county clerk  
13 where the termination statement was delivered by the secured party as provided in  
14 KRS 186A.210. If a record of termination has been entered into the automated  
15 system, the county clerk of the county where the termination statement was not  
16 delivered, shall note the discharge of the security interest on the certificate of title  
17 by noting that the termination statement has been delivered, the county where it was  
18 delivered, and placing the seal of the county clerk thereon and may rely on the  
19 automated system to do so. If a record of termination has not been entered into the  
20 automated system, the county clerk of the county other than where the termination  
21 statement was delivered shall not make any notation upon the certificate of title that  
22 the security interest has been discharged or that a termination statement has been  
23 delivered to the county where the title lien statement was submitted.

24 (6) Whenever any secured party repossesses a vehicle titled in Kentucky, for which a  
25 security interest is in existence at the time of repossession, and disposes of the  
26 vehicle pursuant to the provisions of KRS Chapter 355, the secured party shall  
27 present, within fifteen (15) days after ~~the~~<sup>such</sup> disposition, the vehicle's license

1 plate if the plate has not been retained by the previous owner, an affidavit in a form  
2 prescribed by the department, proof of notification of all interested parties pursuant  
3 to KRS 186A.190 and 355.9-611, and a termination statement or proof that a  
4 termination statement has been filed. The new owner shall pay to the county clerk  
5 all applicable fees for titling and transferring the vehicle into his or her name. Upon  
6 receipt of ~~the~~<sup>such</sup> documents, the county clerk who issued the lien shall then omit  
7 from the title he makes application for any information relating to the security  
8 interest under which the vehicle was repossessed or any security interest  
9 subordinate thereto. However, any security interest, as shown by ~~the~~<sup>such</sup> title  
10 which is superior to the one under which the vehicle was repossessed, shall be  
11 shown on the title issued by the clerk unless the prior secured party has discharged  
12 the security interest in the clerk's office or proof of termination is submitted, if the  
13 prior security interest was discharged in another clerk's office.

14 (7) Whenever any vehicle brought into Kentucky is required to be titled and the vehicle  
15 is then subject to a security interest in another state as shown by the out-of-state  
16 documents presented to the clerk, the county clerk is prohibited from processing the  
17 application for title on the vehicle unless the owner obtains from the secured party a  
18 financing statement or title lien statement and presents same to the clerk along with  
19 the fees required in KRS 186A.190. The clerk shall note the out-of-state security  
20 interest on the certificate of title. This provision does not apply to vehicles required  
21 to be registered in Kentucky under forced registration provisions under KRS  
22 186.145.

23 (8) The fees provided for in this section are in addition to any state fee provided for by  
24 law.

25 (9) Any person violating any provision of this section or any person refusing to  
26 surrender a certificate of title registration and ownership or transfer certificate upon  
27 request of any person entitled thereto, is subject to the penalties provided in

1 subsection (1) of KRS 186.990.

2 (10) The county clerk is prohibited from noting any security interest on a certificate of  
3 title on any vehicle subject to the provisions of KRS Chapter 186A if a certificate of  
4 title therefor is presented to him which has all the spaces provided thereon for  
5 noting security interests fully exhausted. The owner is responsible for ensuring that  
6 a discharge is noted on the certificate of title for each security interest and then a  
7 duplicate title as provided for in KRS 186A.180 shall be obtained from the clerk by  
8 the owner of the vehicle.

9 (11) Security interests in vehicles sold to or owned by residents of other states shall be  
10 perfected in the state of the nonresident and repossession of the vehicle shall be  
11 taken pursuant to the laws of that state, unless:

12 (a) The vehicle is principally operated in Kentucky;

13 (b) The vehicle is properly titled in Kentucky under KRS Chapter 186A; and

14 (c) The security interest is authorized to be noted on the certificate of title by the  
15 county clerk under KRS Chapter 186A.

16 (12) A county clerk who accepts an authenticated termination statement and complies  
17 with the verification requirements of subsection ~~(4)(a)2.[(4)(b)]~~ of this section shall  
18 be held harmless from any liability arising from fraudulent termination statements.

19 ➔Section 5. KRS 186A.190 is amended to read as follows:

20 (1) Except as provided in subsection (6) of this section and in KRS 355.9-311(4), the  
21 perfection of a security interest in any property for which has been issued a  
22 Kentucky certificate of title shall be by notation on the certificate of title which shall  
23 be deemed to have occurred when the provisions of subsection (3) of this section  
24 have been complied with. Discharge of a security interest shall be by notation on the  
25 certificate of title. Notation shall be made by the entry of information required by  
26 subsection (9) of this section into the Automated Vehicle Information System. The  
27 notation of the security interest on the certificate of title shall be in accordance with



1 this chapter and shall remain effective from the date on which the security interest is  
2 noted on the certificate of title for a period of ten (10) years, or, in the case of a  
3 manufactured home, for a period of thirty (30) years, or until discharged under this  
4 chapter and KRS Chapter 186. The filing of a continuation statement within the six  
5 (6) months preceding the expiration of the initial period of a notation's effectiveness  
6 extends the expiration date for five (5) additional years, commencing on the day the  
7 notation would have expired in the absence of the filing. Succeeding continuation  
8 statements may be filed in the same manner to continue the effectiveness of the  
9 initial notation.

10 (2) A motor vehicle dealer, a secured party or its representative, an assignee of a retail  
11 installment contract lender, the cabinet, or a county clerk shall rely on a county of  
12 residence designated by the debtor on any approved, notarized state form utilized in  
13 lien titling or the title transfer process signed by the debtor. Reliance on the  
14 foregoing by the motor vehicle dealer, secured parties, the cabinet, and county clerk  
15 shall relieve those persons from liability to any third party claiming failure to  
16 comply with this section.

17 (3) Except as provided in subsection (6) of this section, the notation of security interests  
18 relating to property required to be titled under this chapter in Kentucky through the  
19 cabinet~~county clerk~~ shall be done to the cabinet or in the office of a~~the~~ county  
20 clerk. The notation of a security interest shall reflect~~of~~ the county in which the  
21 debtor resides as determined by subsections (2) and (4) of this section. The security  
22 interest shall be deemed to be noted on the certificate of title and perfected, or  
23 deemed perfected at the time the security interest attaches as provided in KRS  
24 355.9-203, if in compliance with KRS 186A.195(5), when a title lien statement:

25 (a) Is received by the cabinet or a county clerk, ~~in the county in which residence~~  
26 ~~of the debtor resides as determined under the provisions of this section]~~  
27 together with the required fees~~, as designated by the debtor in the sworn~~

- 1           ~~statement~~];
- 2           (b) Describes the titled vehicle, or vehicle to be titled, by year, model, make, and  
3           vehicle identification number;
- 4           (c) Provides the name of the secured party, or a representative of the secured  
5           party, together with the additional information about the secured party  
6           required by subsection (9) of this section with reasonable particularity; and
- 7           (d) Includes the date and time-stamped entry of the notation of the security  
8           interest by the county clerk of the required information in the Automated  
9           Vehicle Information System (AVIS), or its successor title processing system  
10          maintained by the Division of Motor Vehicle Licensing of the Transportation  
11          Cabinet.
- 12       (4) Except as provided in subsection (6) of this section, if the debtor is other than a  
13          natural person, the following provisions govern the determination of the county of  
14          the debtor's residence:
- 15           (a) A partnership shall be deemed a resident of the county in which its principal  
16           place of business in this state is located. If the debtor does not have a place of  
17           business in this state, then the debtor shall be deemed a nonresident for  
18           purposes of filing in this state;
- 19           (b) A limited partnership organized under KRS Chapter 362 or as defined in KRS  
20           362.2-102(14) shall be deemed a resident of the county in which its principal  
21           place of business is located, as set forth in its certificate of limited partnership  
22           or most recent amendment thereto filed pursuant to KRS Chapter 362 or  
23           362.2-202. If ~~the~~<sup>such</sup> office is not located in this state, the debtor shall be  
24           deemed a nonresident for purposes of filing in this state;
- 25           (c) A limited partnership not organized under the laws of this state and authorized  
26           to do business in this state shall be deemed a resident of the county in which  
27           the office of its process agent is located, as set forth in the designation or most

1 recent amendment thereto filed with the Secretary of State of the  
2 Commonwealth of Kentucky;

3 (d) A corporation organized under KRS Chapter 271B, 273, or 274 or a limited  
4 liability company organized under KRS Chapter 275 shall be deemed a  
5 resident of the county in which its registered office is located, as set forth in  
6 its most recent corporate filing with the Secretary of State which officially  
7 designates its current registered office;

8 (e) A corporation not organized under the laws of this state, but authorized to  
9 transact or do business in this state under KRS Chapter 271B, 273, or 274, or  
10 a limited liability company not organized under the laws of this state, but  
11 authorized to transact business in this state under KRS Chapter 275, shall be  
12 deemed a resident of the county in which its registered office is located, as set  
13 forth in its most recent filing with the Secretary of State which officially  
14 designates its current registered office;

15 (f) A cooperative corporation or association organized under KRS Chapter 272  
16 shall be deemed a resident of the county in which its principal business is  
17 transacted, as set forth in its articles of incorporation or most recent  
18 amendment thereto filed with the Secretary of State of the Commonwealth of  
19 Kentucky;

20 (g) A cooperative corporation organized under KRS Chapter 279 shall be deemed  
21 a resident of the county in which its principal office is located, as set forth in  
22 its articles of incorporation or most recent amendment thereto filed with the  
23 Secretary of State of the Commonwealth of Kentucky;

24 (h) A business trust organized under KRS Chapter 386 shall be deemed a resident  
25 of the county in which its principal place of business is located, as evidenced  
26 by the recordation of its declaration of trust in that county pursuant to KRS  
27 Chapter 386;

1 (i) A credit union organized under Subtitle 6 of KRS Chapter 286 shall be  
2 deemed a resident of the county in which its principal place of business is  
3 located, as set forth in its articles of incorporation or most recent amendment  
4 thereto filed with the Secretary of State of the Commonwealth of Kentucky;  
5 and

6 (j) Any other organization defined in KRS 355.1-201 shall be deemed a resident  
7 of the county in which its principal place of business in this state is located,  
8 except that any limited liability company, limited liability partnership, limited  
9 partnership, or corporation not organized under the laws of this state and not  
10 authorized to transact or do business in this state shall be deemed a  
11 nonresident for purposes of filing in this state. If the organization does not  
12 have a place of business in this state, then it shall be deemed a nonresident for  
13 purposes of filing in this state.

14 If the debtor does not reside in the Commonwealth, the notation of the security  
15 interest shall be done in the office of the county clerk in which the property is  
16 principally situated or operated. Notwithstanding the existence of any filed  
17 financing statement under the provisions of KRS Chapter 355 relating to any  
18 property registered or titled in Kentucky, the sole means of perfecting and  
19 discharging a security interest in property for which a certificate of title is required  
20 by this chapter is by notation on the property's certificate of title under the  
21 provisions of this chapter or in accordance with the provisions of KRS 186.045(3).  
22 In other respects the security interest is governed by the provisions of KRS Chapter  
23 355.

24 (5) Except as provided in subsection (6) of this section, before ownership of property  
25 subject to a lien evidenced by notation on the certificate of title may be transferred,  
26 the transferor shall obtain the release of the prior liens in his name against the  
27 property being transferred. Once a security interest has been noted on the owner's

1 title, a subsequent title shall not be issued by any county clerk free of the notation  
2 unless ~~the owner's title is presented to the clerk and~~ it has been noted *in*  
3 *AVIS* ~~thereon~~ that the security interest has been discharged. If this requirement is  
4 met, information relating to any security interest shown on the title as having been  
5 discharged may be omitted from the title to be issued by the clerk. If information  
6 relating to the discharge of a security interest is presented to *the cabinet or* a clerk  
7 under the provisions of KRS 186.045(3), *the cabinet or* the clerk shall discharge the  
8 security interest and remove the lien information from AVIS.

9 (6) Notwithstanding subsections (1) to (5) of this section, *the cabinet or* a county clerk  
10 shall, following inspection of the vehicle by the sheriff, to determine that the vehicle  
11 has not been stolen, issue a new ownership document to a vehicle, clear of all prior  
12 liens, to a person after he or she provides to the county clerk an affidavit devised by  
13 the Transportation Cabinet and completed by the person. The ownership document  
14 presented as a result of this affidavit shall be in accordance with subsection (7) of  
15 this section. In the affidavit, the affiant shall attest that:

16 (a) The affiant or the agent of the affiant possesses the vehicle;

17 (b) Before he or she provided the notices required by paragraphs (c) and (d) of  
18 this subsection:

19 1. A debt on the vehicle has been owed him or her for more than thirty (30)  
20 days;

21 2. Within thirty (30) days of payment of damages by an insurance company  
22 and receipt by the current owner of the motor vehicle or lienholder of  
23 damages pursuant to a claim settlement which required transfer of the  
24 vehicle to the insurance company, the insurance company has been  
25 unable to obtain:

26 a. A properly endorsed certificate of title on the vehicle from the  
27 current owner; and

- 1                   b.    If applicable, any lien satisfactions; or
- 2                   3.   a.    The vehicle was voluntarily towed or transported pursuant to a
- 3                               request of the current owner or an insurance company that a motor
- 4                               vehicle dealer, licensed as a used motor vehicle dealer and motor
- 5                               vehicle auction dealer, take possession of and store the motor
- 6                               vehicle in the regular course of business; and
- 7                   b.    Within forty-five (45) days of taking possession of the motor
- 8                               vehicle, the motor vehicle dealer has not been paid storage fees by
- 9                               the current owner or lienholder and has not been provided both a
- 10                              properly endorsed certificate of title and if applicable, any lien
- 11                              satisfactions;
- 12           (c)   More than thirty (30) days before presenting the affidavit to the county clerk,
- 13                      the affiant attempted to notify the owner of the vehicle and all known
- 14                      lienholders, including those noted on the title, by certified mail, return receipt
- 15                      requested, or by a nationally recognized courier service, of his or her name,
- 16                      address, and telephone number as well as his or her intention to obtain a new
- 17                      title or salvage title, as applicable, clear of all prior liens, unless the owner or a
- 18                      lienholder objects in writing;
- 19           (d)   More than fourteen (14) days before presenting the affidavit to the county
- 20                      clerk, the affiant had published a legal notice stating his or her intention to
- 21                      obtain title to the vehicle. The legal notice appeared at least twice in a seven
- 22                      (7) day period in a newspaper with circulation in the county. The legal notice
- 23                      stated:
- 24                      1.    The affiant's name, address, and telephone number;
- 25                      2.    The owner's name;
- 26                      3.    The names of all known lienholders, including those noted on the title;
- 27                      4.    The vehicle's make, model, and year; and

- 1           5. The affiant's intention to obtain title to the vehicle unless the owner or a  
2           lienholder objects in writing within fourteen (14) days after the last  
3           publication of the legal notice; and
- 4           (e) Neither the owner nor a lienholder has objected in writing to the affiant's right  
5           to obtain title to the vehicle.
- 6       (7) (a) If subsection (6)(b)1. of this section applies, the new ownership document  
7           shall be a title.
- 8           (b) If subsection (6)(b)2. or 3. of this section applies, the new ownership  
9           document shall be a salvage title if the vehicle meets the requirements for a  
10          salvage title as stated in KRS 186A.520(1)(a).
- 11          (c) If subsection (6)(b)2. or 3. of this section applies and the vehicle does not  
12          meet the requirements for a salvage title as stated in KRS 186A.520(1)(a), the  
13          new ownership document shall be a title.
- 14       (8) No more than two (2) active security interests may be noted upon a certificate of  
15          title.
- 16       (9) In noting a security interest upon a certificate of title, the cabinet or the county  
17          clerk shall ensure that the certificate of title bears the lienholder's name, mailing  
18          address and zip code, the date the lien was noted, the notation number, and the  
19          county in which the security interest was noted. The cabinet or the clerk shall  
20          obtain the information required by this subsection for notation upon the certificate  
21          of title from the title lien statement described in KRS 186A.195~~[to be provided to~~  
22          ~~the county clerk by the secured party]~~.
- 23       (10) For all the costs incurred in the notation and discharge of a security interest on the  
24          certificate of title, the county clerk shall receive the fee prescribed by KRS 64.012.  
25          The fee prescribed by this subsection shall be paid at the time of submittal of the  
26          title lien statement described in KRS 186A.195.
- 27       (11) A copy of the application, certified by the cabinet or the county clerk, indicating the

1           lien will be noted on the certificate of title shall be forwarded to the lienholder.

2           ➔Section 6. KRS 186A.205 is amended to read as follows:

3           Whenever a security interest is assigned as provided by KRS 186.045(4), the *cabinet or*  
4 *the* county clerk~~[ of a county that is operating under automated procedures]~~ shall~~[, in~~  
5 ~~addition to carrying out his requirements stated therein,]~~ enter the record of lien  
6 assignment into AVIS~~[the automated system]~~ in the manner directed by the Department  
7 of Vehicle Regulation.

8           ➔Section 7. KRS 186A.210 is amended to read as follows:

9           (1) When a security interest has been discharged under the provisions of KRS  
10           186.045(3), the *cabinet or the* county clerk shall discharge the security interest and  
11           remove the lien information from AVIS.

12           (2) When a security interest has been discharged as provided by KRS 186.045(4), the  
13           *cabinet or the* county clerk~~[ of a county that is operating under automated~~  
14 ~~procedures]~~ shall, upon receiving a termination statement, within five (5) days enter  
15           the record of termination into AVIS~~[the automated system. The automated system~~  
16 ~~shall be programmed to allow a county clerk in a county where the termination~~  
17 ~~statement was not received to access the automated system to determine the county~~  
18 ~~and date that the record of termination was entered into the automated system. The~~  
19 ~~clerk of the county where the termination statement was received shall then release~~  
20 ~~the lien recorded upon the title in the manner directed by the Department of Vehicle~~  
21 ~~Regulation]~~, and take such other action with respect to a termination as is directed  
22           by the Department of Vehicle Regulation.

23           ➔Section 8. This Act takes effect January 1, 2023.