

October 5, 2017

KADA

152 Consumer Lane

Frankfort, KY 40601

Dear Ms. Williams,

I have put together 4 instances in which we have had to recourse/payoff customer loans due to agreements with our banks that we would perfect liens on their behalf. These 4 customers filed bankruptcy and the bank was forced to release the lien from the title due to the liens being filed in the wrong counties.

After we started receiving these claims over the past couple of years, we have changed our verification process from asking the customers the county in which they live to verifying it with the postal service. I'm sure we still make errors due to the area being made up of 3 counties (Laurel, Whitley, Knox) and is known as the tri county area with multiple cities involved.

When Matt Bevin was elected Governor of Kentucky, he talked about his red tape reduction intentions and created a website to report outdated laws. I was very happy to report this since we were being hit with these bankruptcy cases and having to pay out so much money. I reported the problem and offered a solution of making the lien valid if filed in the transportation computer system no matter where they live and also being able to get it released in any county due to dealers having problems getting these liens to the county clerks offices of which our customers live and being able to get liens released to be able to sell vehicles that we have paid off in deals with trade ins. I couldn't believe it when I received a letter from the Department of Motor Vehicle Commission simply regurgitating the problematic law to me. There are multiple problems for dealers with this lien law that I could go on and on about, but I will try to stick to this bankruptcy problem for now.

We have paid all of these claims out of pocket and haven't filed any with our insurance company. Our liability insurance is currently in excess of \$100,000 per year and we can't afford for these claims to affect our rates for years and years to come. We will have to start filing claims if we get any more of these claims due to which I feel is a senseless law considering we all are in the same state using the same computer system. In my opinion, any lien filed in any county of our state SHOULD be valid if it is printed on the title and in the states computer system. No one can transfer a title without it being released in the system even if it is the wrong county, so why is it valid one way but not the other?

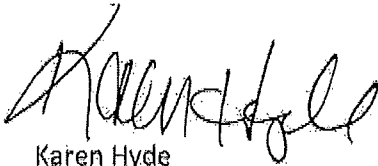
Examples and documentation attached:

1. [REDACTED], this is very new and just received the letter today. The lien was filed timely, but in the wrong county. She lives on a street that is divided into 2 counties, Knox and Whitley. She lives in Whitley and it was filed in Knox. Cost the dealership \$10,141.25

2. [REDACTED] lives in Corbin KY. This city is widely known as a Tri-county city. Corbin is made up of Knox, Whitley and Laurel Counties. She lives in Laurel and lien was filed in Knox. Cost the dealership \$10,078.03.
3. [REDACTED] now lives in Knox County, [REDACTED] lives in Whitley County. Lien was filed in Whitley County but [REDACTED] address was defaulted since she was on the bank contract first and the employee apparently asked [REDACTED] which county. Cost the dealership \$13,168.66
4. [REDACTED], lives in the Tri-County area of Corbin, KY. His address was actually Laurel County, lien was filed in Whitley County. The majority of the city is in Whitley County. Cost the dealership \$30,391.37.

If we can have a meeting with the lawmakers concerning this huge issue, I would be more than happy to meet with anyone who will listen. I have been in the car business and titling vehicles in Kentucky since 1990 and have tons of experience with title lien issues.

Thank you,



Karen Hyde

Legacy Automotive Network

Controller