

Representative Kraig Powell proposes the following substitute bill:

JOINT CREDIT OBLIGATIONS AMENDMENTS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kraig Powell

Senate Sponsor: _____

LONG TITLE

General Description:

This bill addresses credit reporting for joint obligations.

Highlighted Provisions:

This bill:

- ▶ modifies a provision related to divorced or separated co-obligors and credit reporting.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

15-4-6.5, as last amended by Laws of Utah 2000, Chapter 252

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **15-4-6.5** is amended to read:

15-4-6.5. Divorce or separate maintenance of co-obligors.

(1) On the entering of a decree of divorce or separate maintenance of joint debtors in



26 contract, the claim of a creditor remains unchanged unless otherwise provided by the contract
27 or until a new contract is entered into between the creditor and the debtors individually.

28 (2) In addition to the creditor's duties as a secured party under Title 70A, Chapter 9a,
29 Uniform Commercial Code -[=] Secured Transactions, and the creditor's duties as a trustee or
30 beneficiary of a trust deed under Title 57, Chapter 1, Conveyances, a creditor, who has been
31 notified by service of a copy of a court order under Section 30-3-5 or 30-4-3 that the debtors
32 are divorced or living separately under an order for separate maintenance, and who has been
33 expressly advised of the separate, current addresses of the debtors either by the court order or
34 by other written notice, shall provide to the debtors individually all statements, notices, and
35 other similar correspondence required by law or by the contract.

36 (3) (a) Except as provided in Subsection (3)(b), a creditor may continue to make
37 negative credit reports of joint debtors under Section 70C-7-107 and may report the repayment
38 practices or credit history of joint debtors under Title 7, Chapter 14, Credit Information
39 Exchange.

40 (b) With respect to a debtor who is not ordered by the court under Sections 30-3-5 or
41 30-4-3 to make payments on a joint obligation, no negative credit report under Section
42 70C-7-107, and no report of the debtor's repayment practices or credit history under Title 7,
43 Chapter 14, Credit Information Exchange, may be made regarding the joint obligation after the
44 creditor is served notice of the court's order as required under Subsection (2), unless the
45 creditor ~~[has made a demand on the debtor for payment because of the failure to make~~
46 ~~payments by the other debtor, who is ordered by the court to make the payments:]~~:

47 (i) complies with Subsection (2);

48 (ii) takes reasonable steps to collect the debt from the debtor who is ordered by the
49 court under Section 30-3-5 or 30-4-3 to make payments on the joint obligation; and

50 (iii) after taking the steps described in Subsection (3)(b)(ii), demands payment from the
51 debtor who is not ordered by the court to make payments at least 90 days before making a
52 negative credit report.