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Uniform Assignment for Benefit of Creditors Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jordan D. Teuscher

Senate Sponsor: Michael K. McKell

LONG TITLE

General Description:

This bill enacts the Uniform Assignment for Benefit of Creditors Act.

Highlighted Provisions:

This bill:

- defines terms;
- establishes scope provisions, and eligibility requirements for assignors, assignees, and assignment agreements, including independence standards and fiduciary duties for assignees;
- establishes the legal effect of an assignment, filing and recording requirements, creditor notification procedures, and mandatory duties of both an assignor and an assignee throughout the administration of the assignment estate;
- establishes a process for submitting, allowing, disputing, and disallowing a creditor claim;
- establishes a comprehensive priority scheme for distributions from the assignment estate;
- grants an assignee defined powers to operate businesses, dispose of assets, pursue and defend claims, avoid certain transfers, and wind up the assignment, subject to fiduciary obligations and judicial oversight;
- addresses liability standards, assignee removal and replacement, final accounting and discharge, interstate recognition of assignments, and limits on contractual variation to ensure uniform application; and
- repeals the existing assignment for benefit of creditors code.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

28 **Utah Code Sections Affected:**

29 ENACTS:

- 30 **6-2-101**, Utah Code Annotated 1953
- 31 **6-2-102**, Utah Code Annotated 1953
- 32 **6-2-103**, Utah Code Annotated 1953
- 33 **6-2-104**, Utah Code Annotated 1953
- 34 **6-2-105**, Utah Code Annotated 1953
- 35 **6-2-106**, Utah Code Annotated 1953
- 36 **6-2-107**, Utah Code Annotated 1953
- 37 **6-2-108**, Utah Code Annotated 1953
- 38 **6-2-109**, Utah Code Annotated 1953
- 39 **6-2-110**, Utah Code Annotated 1953
- 40 **6-2-111**, Utah Code Annotated 1953
- 41 **6-2-112**, Utah Code Annotated 1953
- 42 **6-2-113**, Utah Code Annotated 1953
- 43 **6-2-114**, Utah Code Annotated 1953
- 44 **6-2-115**, Utah Code Annotated 1953
- 45 **6-2-116**, Utah Code Annotated 1953
- 46 **6-2-117**, Utah Code Annotated 1953
- 47 **6-2-118**, Utah Code Annotated 1953
- 48 **6-2-119**, Utah Code Annotated 1953
- 49 **6-2-120**, Utah Code Annotated 1953
- 50 **6-2-121**, Utah Code Annotated 1953
- 51 **6-2-122**, Utah Code Annotated 1953
- 52 **6-2-123**, Utah Code Annotated 1953
- 53 **6-2-124**, Utah Code Annotated 1953
- 54 **6-2-125**, Utah Code Annotated 1953

55 REPEALS:

- 56 **6-1-1**, Utah Code Annotated 1953
- 57 **6-1-2**, as last amended by Laws of Utah 2024, Chapter 365
- 58 **6-1-3**, as last amended by Laws of Utah 2010, Chapter 378
- 59 **6-1-4**, as last amended by Laws of Utah 2024, Chapter 365
- 60 **6-1-5**, as last amended by Laws of Utah 2009, Chapter 388
- 61 **6-1-6**, Utah Code Annotated 1953

- 62 6-1-7, Utah Code Annotated 1953
- 63 6-1-8, Utah Code Annotated 1953
- 64 6-1-9, as last amended by Laws of Utah 2010, Chapter 378
- 65 6-1-10, as last amended by Laws of Utah 2024, Chapter 365
- 66 6-1-11, as last amended by Laws of Utah 2024, Chapter 365
- 67 6-1-12, Utah Code Annotated 1953
- 68 6-1-13, as last amended by Laws of Utah 2024, Chapter 365
- 69 6-1-14, as last amended by Laws of Utah 2024, Chapter 365
- 70 6-1-15, as last amended by Laws of Utah 2010, Chapter 378
- 71 6-1-16, as last amended by Laws of Utah 2024, Chapter 365
- 72 6-1-17, as last amended by Laws of Utah 2024, Chapter 365
- 73 6-1-18, as last amended by Laws of Utah 2024, Chapter 365
- 74 6-1-19, Utah Code Annotated 1953
- 75 6-1-20, Utah Code Annotated 1953

76

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

78 Section 1. Section **6-2-101** is enacted to read:

79 **6-2-101 . Definitions.**

80 As used in this chapter:

81 (1) "Affiliate" means:

82 (a) a person that directly or indirectly owns, controls, or holds, with power to vote, 20%
 83 or more of the outstanding voting interests of another person, other than a person that
 84 holds the interests:

85 (i) in a fiduciary or agency capacity without sole discretionary power to vote the
 86 interests; or

87 (ii) solely to secure a debt, if the person has not in fact exercised the power to vote;

88 (b) a person with 20% or more of the person's outstanding voting interests directly or
 89 indirectly owned, controlled, or held, with power to vote, by another person;

90 (c) a person whose business is operated under a lease or operating agreement by another
 91 person, or a person substantially all of whose assets are controlled by the other
 92 person; or

93 (d) a person that operates the business or substantially all the assets of another person
 94 under a lease or operating agreement.

95 (2)(a) "Asset" means a legal or equitable interest in property of an assignor, regardless of

96 the person holding or in possession, custody, or control of the property or where the
97 property is located.

98 (b) "Asset" does not include:

99 (i) a legal or equitable interest in property restricted from assignment if the restriction
100 is effective under other law, unless the other law permits assignment with the
101 consent of another person and the person consents to the assignment in a manner
102 permitted by the other law; or

103 (ii) if the assignor is an individual, a legal or equitable interest in property to the
104 extent the legal or equitable interest is exempt from legal process under other law.

105 (3) "Assigned asset" means an asset transferred under an assignment.

106 (4) "Assignee" means a person to which assets are transferred under an assignment.

107 (5) "Assignment" means a transfer by a person of all the person's assets to another person
108 for the benefit of the transferor's creditors.

109 (6) "Assignment agreement" means an agreement that transfers or provides for a transfer of
110 all the assignor's assets.

111 (7) "Assignment estate" means the assets held at a given time by the assignee under an
112 assignment.

113 (8) "Assignor" means a person whose assets are transferred under an assignment.

114 (9) "Claim" means a creditor's right to payment or to an equitable remedy, regardless of
115 whether the right is reduced to judgment, liquidated, unliquidated, fixed, contingent,
116 matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured.

117 (10) "Cohabitant" means each of two individuals not married to each other who live
118 together as a couple after each has reached the age of majority or been emancipated.

119 (11) "Creditor" means a person that has a claim against an assigned asset or the assignor.

120 (12) "Electronic" means relating to technology having electrical, digital, magnetic, wireless,
121 optical, electromagnetic, or similar capabilities.

122 (13) "Good faith" means honesty in fact and the observance of reasonable commercial
123 standards of fair dealing.

124 (14) "Insider" includes:

125 (a) in the case of an individual:

126 (i) a relative of the individual;

127 (ii) a partnership or limited liability company in which the individual is a general
128 partner or managing member; or

129 (iii) an organization of which the individual is a director, officer, or person in control;

- 130 (b) in the case of an organization:
- 131 (i) a director, officer, manager, or other person in control of or with controlling equity
- 132 interest in the organization;
- 133 (ii) a partnership or limited liability company in which the organization is a general
- 134 partner or managing member;
- 135 (iii) a general partner or managing member of the organization; or
- 136 (iv) a relative of a general partner, managing member, director, officer, manager, or
- 137 other person in control of or with controlling equity interest in the organization;
- 138 (c) an affiliate; or
- 139 (d) a managing agent of an organization.
- 140 (15) "Lien" means an interest in an asset that secures payment or performance of an
- 141 obligation.
- 142 (16) "Organization" means a person other than an individual.
- 143 (17) "Perfected lien" means a lien on:
- 144 (a) real property other than fixtures on which a bona fide purchaser of the property
- 145 cannot acquire an interest superior to the interest of the lienholder; or
- 146 (b) fixtures or property other than real property on which a creditor cannot acquire a lien
- 147 by attachment, levy, or the like that is superior to the interest of the lienholder.
- 148 (18)(a) "Person" means an individual, estate, business or nonprofit entity, government or
- 149 governmental subdivision, agency, or instrumentality, or other legal entity.
- 150 (b) "Person" includes a protected series, however denominated, of an entity if the
- 151 protected series is established under law that limits, or limits if conditions specified
- 152 under law are satisfied, the ability of a creditor of the entity or of any other protected
- 153 series of the entity to satisfy a claim from assets of the protected series.
- 154 (19) "Proof of claim" means a record a creditor submits to an assignee to evidence the
- 155 creditor's claim.
- 156 (20) "Record" means information:
- 157 (a) inscribed on a tangible medium; or
- 158 (b) stored in an electronic or other medium and retrievable in perceivable form.
- 159 (21) "Relative" means an individual related by affinity or consanguinity within the third
- 160 degree or a cohabitant.
- 161 (22) "Security interest" means a lien created by an agreement.
- 162 (23) "Send" in connection with a record or notification, means:
- 163 (a) to deposit in the mail, deliver for transmission, or transmit by any other usual means

164 of communication, with postage or cost of transmission provided for, addressed to
 165 any address reasonable under the circumstances; or

166 (b) to cause the record or notification to be received within the time the record or
 167 notification would have been received if properly sent under Subsection (23)(a).

168 (24) "Sign" means, with present intent to authenticate or adopt a record:

169 (a) execute or adopt a tangible symbol; or

170 (b) attach to or logically associate with the record an electronic symbol, sound, or
 171 process.

172 (25)(a) "State" means a state of the United States, the District of Columbia, Puerto Rico,
 173 the United States Virgin Islands, or any other territory or possession subject to the
 174 jurisdiction of the United States.

175 (b) "State" includes a federally recognized Indian tribe.

176 (26) "Transfer" means disposing of or parting with an asset or with an interest in an asset,
 177 regardless of whether the disposition or parting is indirect, conditional, or involuntary.

178 Section 2. Section **6-2-102** is enacted to read:

179 **6-2-102 . Scope.**

180 This chapter applies to an assignment made by an assignor that is:

181 (1) an organization whose principal place of business is in this state;

182 (2) an organization whose internal affairs are governed by other law of this state;

183 (3) an individual whose principal residence is in this state;

184 (4) an organization wholly owned, directly or indirectly, by an assignor that satisfies
 185 Subsection (1), (2), or (3); or

186 (5) an organization that:

187 (a) is partly owned, directly or indirectly, and controlled by an assignor that satisfies
 188 Subsection (1), (2), or (3);

189 (b) has no place of business or employees; and

190 (c) relies on the services the organization receives from an assignor that satisfies
 191 Subsection (1), (2), or (3).

192 Section 3. Section **6-2-103** is enacted to read:

193 **6-2-103 . Requirements for assignee and assignment agreement.**

194 (1) An assignee must be a person that:

195 (a) is not a creditor, affiliate, or insider of the assignor;

196 (b) is not an affiliate or insider of a creditor of the assignor;

197 (c) does not have a claim against the assignment estate, other than a claim for fees and

- 198 expenses to be paid under the assignment agreement;
199 (d) does not have a material financial interest in the outcome of the assignment, other
200 than a claim for fees and expenses to be paid under the assignment agreement;
201 (e) does not hold an equity interest in the assignor other than a noncontrolling interest in
202 a publicly traded company; and
203 (f) is not an affiliate of a person that fails to satisfy Subsection (a), (b), (c), (d), or (e).
204 (2) A person that satisfies Subsection (1) is not precluded from being an assignee merely
205 because the person performed services for the assignor before the assignment.
206 (3)(a) An assignment agreement must be in a record signed by the assignor and the
207 assignee.
208 (b) The record must:
209 (i) state the name and address of the assignor and of the assignee;
210 (ii) transfer or provide for a transfer of all the assignor's assets;
211 (iii) describe the assigned assets in sufficient detail to identify the assets;
212 (iv) provide for the distribution of the assignment estate;
213 (v) describe the fees to be charged by the assignee in connection with the assignment,
214 including the basis on which the fees are to be calculated; and
215 (vi) include a representation by the assignor, under penalty of perjury, that the
216 assignor is assigning all the assignor's assets.
217 (4) If an assignee relies in good faith on the assignor's representation made under
218 Subsection (3)(b)(vi), all the assignor's assets are deemed to be assigned, even if the
219 representation is inaccurate.

220 Section 4. Section **6-2-104** is enacted to read:

221 **6-2-104 . Effect of assignment -- When assignment agreement effective.**

- 222 (1) An assignee obtains the rights, title, and interests of the assignor in the assigned assets.
223 (2) If the assignor is an organization, an assignee obtains the rights, title, and interests of the
224 assignor in assets acquired after the assignment.
225 (3) Except as provided in Subsection 6-2-109(2)(j), an assignee takes each assigned asset
226 subject to an existing interest in the asset held by another person.
227 (4) An assignee holds the assigned assets subject to the assignee's duties under Section
228 6-2-108.
229 (5) An assignment is subject to other law under which the assignment may be fraudulent or
230 otherwise voidable.
231 (6) The effective date of an assignment agreement is the date the agreement is signed by the

232 last party to the agreement that is required to sign the agreement unless a later date is
233 identified in the agreement as the effective date.

234 Section 5. Section **6-2-105** is enacted to read:

235 **6-2-105 . Filing, recording, and title transfer requirements.**

236 (1) In this section, "financing statement" has the same meaning as that term is defined in
237 Section 70A-9a-102.

238 (2) An assignee of a legal or equitable interest in personal property may file a financing
239 statement in the filing office of:

240 (a) this state established for purposes of Subsection 70A-9a-501(1)(b); and

241 (b) any other state in which:

242 (i) the assignor would be located under Section 70A-9a-307 if the assignor were a
243 debtor for the purpose of that section; or

244 (ii) an asset of the assignment estate may be located.

245 (3) A financing statement filed under Subsection (2) must indicate that the financing
246 statement is filed in connection with an assignment.

247 (4) When filing a financing statement under Subsection (2), the assignee must:

248 (a) attach a copy of the assignment agreement to the financing statement; or

249 (b) state on the financing statement that a copy of the assignment agreement is available
250 on request to the assignee.

251 (5) A financing statement filed under Subsection (2) may:

252 (a) designate the assignor as debtor and the assignee as secured party; or

253 (b) use the terms assignor and assignee or words of similar import.

254 (6)(a) The filing of a financing statement under Subsection (2) is not itself a factor in
255 determining whether an asset secures an obligation.

256 (b) The rights of the assignee under the assignment are not affected if the assignee does
257 not file a financing statement under Subsection (2).

258 (7) An assignee of a legal or equitable interest in real property shall record the assignment
259 of the interest or notice of the assignment under the real estate recording law of the
260 jurisdiction where the property is located.

261 (8) An assignee shall comply with other law governing the transfer of title to an asset.

262 (9) By signing an assignment agreement, the assignor authorizes the assignee to take the
263 actions required by this section.

264 Section 6. Section **6-2-106** is enacted to read:

265 **6-2-106 . Notification to creditors.**

- 266 (1) Unless a creditor waives in a signed record the right to notification, an assignee shall
267 send a notification of the assignment to each creditor known to the assignee within a
268 reasonable time not to exceed 30 days after the effective date of the assignment
269 agreement.
- 270 (2) The notification must:
- 271 (a) be in a record signed by the assignee;
- 272 (b) include the assignee's name, address, and other contact information reasonably
273 necessary to communicate with the assignee;
- 274 (c) provide reasonable instructions for submitting a proof of claim using the method
275 established by the assignee under Subsection 6-2-108(b)(e); and
- 276 (d) identify the date established under Subsection 6-2-108(b)(f) by which each creditor
277 whose claim is not otherwise allowed without a timely proof of claim under this
278 chapter must submit a proof of claim.
- 279 (3) An assignee shall use reasonable means to provide the information in Subsection (2) to
280 unknown creditors, including by any means the assignor regularly used to:
- 281 (a) provide information to the assignor's creditors; or
- 282 (b) communicate information about the assignor, other than advertising, to the public.
- 283 Section 7. Section **6-2-107** is enacted to read:
- 284 **6-2-107 . Duties of assignor.**
- 285 (1) Subject to Section 6-2-121, an assignor has a duty to take all reasonable actions
286 necessary for the assignee to administer the assignment, the assigned assets, and the
287 assignment estate.
- 288 (2) In furtherance of the duty under Subsection (1), the assignor shall:
- 289 (a) preserve and turn over to the assignee the assigned assets in the assignor's possession
290 or control;
- 291 (b) provide to the assignee information reasonably necessary to administer the
292 assignment, the assigned assets, and the assignment estate;
- 293 (c) sign any record reasonably necessary to transfer an assigned asset and comply with
294 any notarization required under other law;
- 295 (d) designate, and provide the assignee with the name, address, and other contact
296 information reasonably necessary to communicate with, an appropriate person
297 willing and able to act as a representative on behalf of the assignor as may be
298 reasonably necessary to administer the assignment, the assigned assets, and the
299 assignment estate;

- 300 (e) if the assignment includes a legal or equitable interest in real property or titled
 301 personal property, cooperate with the assignee in taking actions under Section 6-2-105;
 302 (f) on or as soon as practicable after the effective date of the assignment agreement,
 303 provide the assignee:
 304 (i) a list of all assets;
 305 (ii) a list of all the assignor's employees, including those whose employment is
 306 terminated in connection with the assignment; and
 307 (iii) a list of all the assignor's known creditors, including, for each creditor, the
 308 creditor's address and other contact information reasonably necessary to
 309 communicate with the creditor;
 310 (g) verify under penalty of perjury the accuracy of the lists required under Subsection
 311 (2)(f);
 312 (h) with respect to a legal or equitable interest in property restricted from assignment,
 313 cooperate with the assignee to obtain consent from a person whose consent to assign
 314 the interest is necessary under other law; and
 315 (i) provide assistance to the assignee as required by the assignment agreement.
 316 (3) The duties in this section also apply to a representative designated under Subsection
 317 (2)(d).

318 Section 8. Section **6-2-108** is enacted to read:

319 **6-2-108 . Duties of assignee.**

- 320 (1) Subject to Section 6-2-122, an assignee has a fiduciary duty to the assignment estate for
 321 the benefit of creditors:
 322 (a) of loyalty, including the duty to manage the assignment in good faith;
 323 (b) to use reasonable care to maximize distributions under Section 6-2-114; and
 324 (c) to wind up the assignment under Section 6-2-18 in a manner compatible with the best
 325 interests of the assignment estate and creditors.
 326 (2) Without limitation on the duties under Subsection (1), and subject to Section 6-2-122,
 327 the assignee also has a duty to:
 328 (a) maintain a separate deposit account for funds related to the assignment;
 329 (b) collect on or dispose of each assigned asset, unless the assignee determines
 330 abandoning the asset is more economically efficient;
 331 (c) prepare and retain appropriate business records, including a record of each receipt,
 332 disbursement, and collection on or disposition of an assigned asset;
 333 (d) pay administrative expenses of the assignment estate, to the extent the assignment

- 334 estate has sufficient unencumbered assets;
335 (e) establish a method that is reasonably designed to permit a creditor to submit a proof
336 of claim;
337 (f) establish a single date by which creditors whose claims are not otherwise allowed
338 without timely proofs of claim under this chapter must submit proofs of claim, which
339 must be not less than 90 and not more than 210 days after the effective date of the
340 assignment agreement;
341 (g) unless a claim would receive minimal or no distribution without regard to the claim's
342 validity or asserted priority, examine the validity and priority of claims against the
343 assignment estate and, if necessary, consult with the representative designated by the
344 assignor under Subsection 6-2-107(2)(d);
345 (h) at least every six months, provide to each creditor a summary of the assets,
346 liabilities, and expenses of the assignment estate;
347 (i) comply with all requirements of the Internal Revenue Service and state and local
348 taxing authorities;
349 (j) send a notification to each creditor of the assignee's compensation and any change in
350 the method of determining the assignee's compensation from the method provided in
351 the assignment agreement;
352 (k) send a final accounting under Subsection 6-2-118(1); and
353 (l) comply with the other requirements imposed on the assignee under this chapter.

354 Section 9. Section **6-2-109** is enacted to read:

355 **6-2-109 . Powers of assignee.**

- 356 (1) An assignee has the powers necessary or appropriate to perform the assignee's duties.
357 (2) Unless the assignment agreement expressly provides otherwise, the assignee has power
358 to:
359 (a) operate an existing business that uses an assigned asset, including preservation of the
360 asset and collection on, or the sale, lease, license, or other disposition of, the asset;
361 (b) incur secured or unsecured debt and pay expenses incidental to the exercise of the
362 power under Subsection (1);
363 (c) assert a right, claim, cause of action, or defense the assignor could have asserted that
364 relates to the assignment estate;
365 (d) engage professionals, including a professional previously engaged by the assignor, to
366 give advice, to prosecute or defend litigation, or for other purposes as the assignee
367 considers appropriate, and pay professionals reasonable fees for services from the

- 368 assignment estate;
- 369 (e) collect on, or sell, lease, license, or otherwise dispose of, an asset of the assignment
- 370 estate regardless of whether the asset is subject to a lien or other encumbrance;
- 371 (f) exercise a right to redeem an asset of the assignment estate that is subject to a
- 372 mortgage, deed of trust, security interest, or other encumbrance;
- 373 (g) settle a matter involving a debtor of the assignor;
- 374 (h) prosecute or defend a litigation pending on the effective date of the assignment
- 375 agreement in favor of or against the assignor in the manner and with the same effect
- 376 as the assignor could have done if the assignment had not been made;
- 377 (i) recover an asset in the manner and with the same effect as the assignor could have
- 378 done if the assignment had not been made;
- 379 (j) settle claims against the assignment estate;
- 380 (k) abandon an assigned asset;
- 381 (l) subject to Subsections (3) and (5), avoid a transfer or the incurrence of an obligation
- 382 which a creditor that has filed a proof of claim could have avoided under other law if
- 383 the assignment had not been made; and
- 384 (m) invest funds, subject to applicable prudent investor standards under other law.
- 385 (3)(a) The power under Subsection (2)(1) is exclusive to the assignee with respect to a
- 386 creditor that submits a proof of claim.
- 387 (b) A recovery by the assignee in the exercise of this power must be for the benefit of
- 388 the assignment estate but may not exceed the amount, asset, or other value the
- 389 creditor could have obtained by the avoidance.
- 390 (4) For the purpose of exercising the assignee's power under Subsection (2)(1), exercising a
- 391 voidable-transaction remedy, or otherwise establishing the priority of the assignee's
- 392 interest, an assignee has a lien on the assignment estate and the status of:
- 393 (a) a lien creditor, as defined in Section 70A-9a-102, as to an asset that is a legal or
- 394 equitable interest in personal property or fixtures;
- 395 (b) a bona fide purchaser as to an asset that is a legal or equitable interest in real
- 396 property, other than fixtures, located in this state; and
- 397 (c) a bona fide purchaser under the law of another state as to an asset that is a legal or
- 398 equitable interest in real property, other than fixtures, located in the other state.
- 399 (5) An assignee's power under Subsection (2)(1) to avoid a transfer made before the
- 400 effective date of the assignment agreement, under or in connection with a swap
- 401 agreement, securities contract, commodity contract, forward contract, repurchase

402 agreement, or master netting agreement, is limited to the extent a trustee would not have
403 the power to avoid the transfer under the Bankruptcy Code, 11 U.S.C. Sec. 101 et seq.,
404 as amended.

405 (6) An assignee shall exercise the powers under this section consistent with the assignee's
406 fiduciary duty under Subsection 6-2-108(l).

407 Section 10. Section **6-2-110** is enacted to read:

408 **6-2-110 . Allowed claim.**

409 (1) An assignee shall allow a creditor's claim if:

410 (a) the creditor submits a proof of claim in compliance with Section 6-2-112; and

411 (b) the assignee does not dispute the claim under Section 6-2-111 before final
412 distribution.

413 (2) An assignee may:

414 (a) allow a claim, pay a known liquidated claim, or accept a notice to the assignee of a
415 claim received by the date established by the assignee under Subsection 6-2-108(2)(f)
416 even if the creditor does not submit a proof of claim; or

417 (b) allow and pay a claim evidenced by a late-filed proof of claim, if the assignee
418 determines there is a reasonable basis for excusing the late filing.

419 (3) Any unsecured portion of an allowed claim shall be valued as of the effective date of the
420 assignment agreement.

421 (4) A creditor's claim is allowed if the creditor succeeds in a dispute under Subsection
422 6-2-111(2).

423 (5)(a) Subject to Subsection (6), after expiration of the time for submitting a proof of
424 claim, the assignee shall create a complete list of creditors that have submitted a
425 proof of claim in compliance with Section 6-2-112.

426 (b) For each creditor's claim, the list must state:

427 (i) the amount of the claim, if the amount is known to the assignee; and

428 (ii) whether the claim is secured or unsecured and, if secured, describe the collateral
429 for the claim.

430 (6) If a class of creditors will receive no distribution on account of allowed claims, the
431 assignee shall send a notice in a record to each creditor in that class that the creditor will
432 receive no distribution instead of the list required in Subsection (5).

433 (7) If requested by a creditor or other party with an interest in the assignment estate, the
434 assignee shall provide the list created under Subsection (5) to the person making the
435 request to the extent permitted by privacy laws and subject to any privacy safeguards the

436 assignee determines in the assignee's business judgment that are reasonably necessary.

437 Section 11. Section **6-2-111** is enacted to read:

438 **6-2-111 . Disputed and disallowed claims.**

439 (1) An assignee may dispute a creditor's claim before final distribution by sending
440 notification in a record stating the nature of the assignee's dispute to the creditor.

441 (2)(a) If a dispute cannot be resolved consensually, the assignee may commence a
442 proceeding under Section 6-2-120 to disallow the claim.

443 (b) The assignee must commence the proceeding before final distribution under Section
444 6-2-114.

445 (c) If the proceeding is not filed before final distribution, the assignee shall allow the
446 claim under Section 6-2-110.

447 (3) An assignee shall create a dollar-for-dollar reserve for the estimated amount of the
448 potential distribution on a disputed claim.

449 (4) Subject to Subsection (2), an assignee shall disallow a claim for reimbursement or
450 contribution of a person that is liable with the assignor on, or that has secured, the claim,
451 to the extent:

452 (a) the claim against the assignment estate is disallowed;

453 (b) the claim for reimbursement or contribution is contingent as of the time of allowance
454 or disallowance; or

455 (c) the person asserts a right of subrogation to the rights of a creditor.

456 (5) A claim for reimbursement or contribution of a person liable with the assignor on, or
457 that has secured, the claim that becomes fixed after the effective date of the assignment
458 agreement shall be determined, and shall be allowed or disallowed, subject to Subsection
459 (2), as if the claim had become fixed before the effective date of the assignment
460 agreement.

461 (6)(a) An assignee may reconsider the assignee's decision to allow or disallow a claim
462 for cause.

463 (b) If a reconsidered claim is allowed under Section 6-2-110, before the assignee makes
464 additional payments or transfers to other creditors that are equal or junior in priority
465 under Section 6-2-114 to the reconsidered claim, the creditor with the reconsidered
466 claim shall receive a payment or transfer in an amount proportionate in value to the
467 payments or transfers already received by the other creditors.

468 (c) This subsection does not modify the assignee's right under other law to recover from
469 a creditor an excess payment or transfer made to the creditor.

470 (d) If a reconsidered claim is disallowed, the assignee shall comply with Subsections (2)
471 and (3).

472 Section 12. Section **6-2-112** is enacted to read:

473 **6-2-112 . Proof of claim.**

474 (1) A proof of claim must:

- 475 (a) state the name, address, and other contact information reasonably necessary to
476 communicate with the creditor;
477 (b) state the amount of the claim;
478 (c) briefly state the nature of the claim;
479 (d) identify any asset of the assignment estate securing the claim;
480 (e) be signed by the creditor under penalty of perjury;
481 (f) include a copy of a record, if any, on which the claim is based;
482 (g) be submitted using the method established under Subsection 6-2-108(2)(e); and
483 (h) be submitted by the date established by the assignee under Subsection 6-2-108(2)(f).

484 (2) A proof of claim submitted in compliance with this section is prima facie evidence of
485 the validity and amount of the claim.

486 (3) The submission by a creditor of a proof of claim in compliance with this section
487 constitutes the creditor's:

- 488 (a) consent to the jurisdiction of a court with jurisdiction in accordance with Section
489 6-2-120; and
490 (b) assignment to the assignee of any right of the creditor to bring a voidable transaction
491 action relating to the creditor's claim.

492 Section 13. Section **6-2-113** is enacted to read:

493 **6-2-113 . Rights of transferees.**

494 (1) An assignee's disposition of an asset:

- 495 (a) transfers to a transferee for value all of the assignee's rights in the asset;
496 (b) discharges the assignee's lien and, to the extent the assignment creates a security
497 interest in favor of the assignee, the assignee's security interest; and
498 (c) discharges any subordinate security interest or other lien subordinate to the assignee's
499 lien.

500 (2) A transferee that acts in good faith takes free of the rights and interests described in
501 Subsection (1), even if the assignee fails to comply with this chapter or the requirements
502 of a judicial proceeding.

503 (3) If a transferee does not take free of the rights and interests described in Subsection (1),

- 504 the transferee takes the asset subject to:
- 505 (a) the assignee's rights in the assets of the assignment estate;
- 506 (b) the assignee's lien and, if applicable, security interest; and
- 507 (c) any other security interest or other lien.
- 508 (4) Unless otherwise provided in a record, any warranty arising by operation of other law is
- 509 disclaimed to the extent permitted by other law.
- 510 (5)(a) If a subordinate security interest or other lien is discharged under this section, the
- 511 assignee may file a record with the official or office responsible for maintaining an
- 512 official filing, recording, registration, or certificate-of-title system covering the asset
- 513 secured by the security interest or other lien.
- 514 (b) The record must state that the security interest or other lien is discharged as a
- 515 subordinate security interest or other lien in connection with a disposition under an
- 516 assignment for the benefit of creditors of the assignor whose asset is subject to the
- 517 security interest or other lien.

518 Section 14. Section **6-2-114** is enacted to read:

519 **6-2-114 . Distributions.**

- 520 (1) In this section, "protected secured creditor" means a secured creditor whose lien:
- 521 (a) is a perfected lien;
- 522 (b) cannot be avoided by the assignee under Subsection 6-2-109(2)(1); and
- 523 (c) is not subordinate to the assignee's lien.
- 524 (2) Except as provided in Section 6-2-115, the assignee shall pay claims from the
- 525 assignment estate allowed under Section 6-2-110 in the order of priority stated in this
- 526 section.
- 527 (3)(a) Unless otherwise agreed between the assignee and a protected secured creditor,
- 528 before distributions under Subsections (4), (5), (6), and (7), and in accordance with
- 529 the priorities of creditors with liens under other law, the protected secured creditor
- 530 shall receive the asset or the proceeds from the collection on or disposition of the
- 531 asset to the extent of the value of the protected secured creditor's interest in the asset,
- 532 less the assignee's reasonable and necessary expenses of preserving or disposing of
- 533 the asset to the extent the expenses benefit the protected secured creditor and are
- 534 incurred with the protected secured creditor's consent or acquiescence.
- 535 (b) The protected secured creditor has an unsecured claim under Subsection (7)(b) for
- 536 the amount of the claim that remains after deducting the amount or value of an asset
- 537 the protected secured creditor receives under this subsection.

538 (c) To the extent a claim is secured by an asset the value of which, after the deductions
539 provided under this subsection, is greater than the amount of the claim, the protected
540 secured creditor may receive interest on the claim and any reasonable fees, costs, or
541 charges provided for under the agreement or other law under which the claim arose.

542 (4)(a) After the distributions under Subsection (3), the assignee shall pay the necessary
543 costs of the administration of the assignment estate.

544 (b) The costs include:

545 (i) fees and reimbursements of the expenses of the assignee and any professionals
546 engaged by the assignee;

547 (ii) post-assignment taxes incurred by the assignee;

548 (iii) post-assignment rent incurred by the assignee in occupying premises on which
549 assets of the assignment estate are located or the business of the assignor is
550 conducted;

551 (iv) post-assignment lease payments incurred by the assignee in renting personal
552 property used in the business of the assignor; and

553 (v) amounts required to be paid under the assignment agreement for expenses of
554 winding up the assignment under Section 6-2-118.

555 (5) After the distributions under Subsections (3) and (4), the assignee shall pay claims
556 entitled to priority under federal law including under 31 U.S.C. Sec. 3713, as amended,
557 from the assignment estate.

558 (6)(a) After the distributions under Subsections (3), (4), and (5), the assignee shall pay
559 claims from the assignment estate for wages, salaries, or commissions earned not
560 more than 180 days before the earlier of the effective date of the assignment
561 agreement or the cessation of the assignor's business.

562 (b) Payment shall be limited to the greater of:

563 (i) the amount of the claim allowed as a priority claim ahead of claims of other
564 unsecured creditors under the Bankruptcy Code, 11 U.S.C. Sec. 101 et seq., as
565 amended; or

566 (ii) the amount allowed as a priority claim ahead of claims of other unsecured
567 creditors under applicable non-bankruptcy law.

568 (7) After the distributions under Subsections (3), (4), (5), and (6), each creditor shall
569 receive a distribution of the assets of the assignment estate in the following order of
570 priority:

571 (a) unsecured claims entitled to priority ahead of claims of other unsecured creditors

- 572 under other law; and
- 573 **(b) unsecured claims not entitled to priority.**
- 574 **(8) If the assets available for distribution to claims with equal priority under Subsection (7)**
575 are insufficient to pay the total amount of the claims with that priority, each creditor
576 with a claim with that priority shall receive a pro rata distribution of the available assets
577 based on the proportion the amount of the creditors claim bears to the total amount of
578 the claims with that priority.
- 579 **(9) If the claims entitled to the distribution under Subsections (3), (4), (5), (6), and (7) are**
580 paid in full, the residue shall be distributed to allowed claims evidenced by a late-filed
581 proof of claim, other than a late-filed claim allowed by the assignee under Subsection
582 6-2-110(2)(b), and, after the allowed claims evidenced by a late-filed proof of claim
583 have been paid in full, as provided in the assignment agreement.
- 584 **(10) An assignee may make interim distributions after considering future expenses and the**
585 reserves for disputed claims established under Subsection 6-2-111(3).

586 Section 15. Section **6-2-115** is enacted to read:

587 **6-2-115 . Claim subordination.**

- 588 **(1) A subordination agreement is enforceable under this chapter to the same extent the**
589 agreement is enforceable under other law.
- 590 **(2) Subject to Subsection (3), the following claims are subordinate to a claim or interest that**
591 is senior or equal in priority to a claim or interest represented by a security or other
592 equity interest in the assignor or an affiliate of the assignor:
- 593 **(a) a claim arising from rescission of a purchase or sale of the security or other equity**
594 interest;
- 595 **(b) a claim for damages arising from the purchase or sale of the security or other equity**
596 interest; and
- 597 **(c) a claim for reimbursement or contribution allowed on account of the rescission or**
598 damage claim.
- 599 **(3) If the security is common stock or another common equity interest, a claim subject to**
600 subordination under Subsection (2) has the same priority as common stock or another
601 common equity interest.

602 Section 16. Section **6-2-116** is enacted to read:

603 **6-2-116 . Liability.**

- 604 **(1) An assignor is not personally liable for an act or omission by the assignee.**
- 605 **(2) An assignee is not personally liable for an act or omission by the assignor.**

- 606 (3) A representative designated by an assignor under Subsection 6-2-107(2)(d) is
607 exculpated to the same extent as a person acting on behalf of the assignor under other
608 law had there been no assignment, except for an act or omission resulting from the
609 representative's gross negligence or willful misconduct.
- 610 (4) A term of an assignment agreement relieving the assignee of liability is unenforceable
611 to the extent the agreement relieves the assignee of liability for an act or omission
612 committed in bad faith or with reckless indifference to the purposes of the assignment or
613 the interests of the creditors of the assignment estate.
- 614 (5)(a) Subject to Subsection (6), an assignee is personally liable for breach of a fiduciary
615 duty under Subsection 6-2-108(1).
- 616 (b) If the assignee is liable:
- 617 (i) the assignee is personally liable to a creditor for an individualized harm to the
618 creditor if the harm is not shared by all creditors or a class of creditors; and
- 619 (ii) the assignee is personally liable to the assignment estate for a harm shared by all
620 creditors or a class of creditors.
- 621 (6) An assignee is not liable if, in the performance of the assignee's duties and exercise of
622 the assignee's powers, the assignee relies in good faith on:
- 623 (a) a record of the assignor;
- 624 (b) information, an opinion, a report, or a statement presented to the assignee by the
625 assignor's officer or employee, a committee of the assignor's board of directors, an
626 independent director or manager of the assignor, or another representative of the
627 assignor; or
- 628 (c) information, an opinion, a report, or a statement presented to the assignee by another
629 person that has been selected with reasonable care by or on behalf of the assignee as
630 to a matter the assignee reasonably believes is within the other person's professional
631 or expert competence.

632 Section 17. Section **6-2-117** is enacted to read:

633 **6-2-117 . Assignee removal -- Successor assignee.**

- 634 (1) The assignor or a creditor may request a court with jurisdiction to remove the assignee,
635 if the assignor or creditor has reasonable grounds for removal exist under Subsection (2).
- 636 (2) After a request under Subsection (1) or on the court's initiative in an action pending
637 before a court with jurisdiction in accordance with Section 6-2-120, the court may
638 remove an assignee:
- 639 (a) for cause, including the assignee's fraud, dishonesty, incompetence, gross

- 640 mismanagement, or failure to comply with this chapter; or
641 (b) if removal of the assignee best serves the interests of the creditors.
- 642 (3)(a) After an assignee resigns, or is removed, dies, or becomes incapacitated, a
643 successor assignee provided for in the assignment agreement becomes the assignee,
644 unless the successor assignee is not eligible to be an assignee under Subsection
645 6-2-103(1) or is subject to removal under Subsection (2).
- 646 (b) A court with jurisdiction shall appoint a successor assignee if:
647 (i) the assignment agreement does not provide for a successor assignee; or
648 (ii) the successor assignee provided for in the assignment agreement is ineligible to
649 be an assignee under Subsection 6-2-103(1) or is subject to removal under
650 Subsection (2).
- 651 (4) Subject to Section 6-2-116, an assignee that resigns, or is removed, dies, or becomes
652 incapacitated, is discharged from the assignee's duties under this chapter when the
653 assignee, or a representative of a deceased or incapacitated assignee:
654 (a) accounts for and turns over to the successor assignee all assets of the assignment
655 estate; and
656 (b) submits to creditors a report summarizing the receipts and disbursements made
657 during the service of the assignee.
- 658 (5) Subject to an applicable privilege, a court with jurisdiction may order an attorney,
659 accountant, or other person that has information in a record relating to the assignment
660 estate or the assignor's financial affairs to turn over or disclose the record to the
661 successor assignee.
- 662 Section 18. Section **6-2-118** is enacted to read:
663 **6-2-118 . Winding up.**
- 664 (1) On completion of an assignee's duties, the assignee shall send a creditor whose claim is
665 allowed under Section 6-2-110, and not satisfied in full, a final accounting sufficient to
666 inform the creditor of all material aspects of the assignment, including:
667 (a) a description of the actions taken by the assignee under the assignment;
668 (b) a summary of the assets received by the assignee at the commencement of the
669 assignment and the assets received by the assignee during the assignment;
670 (c) a summary of disbursements made by the assignee during the assignment for the
671 purpose of administering the assignment estate, including the fees charged by the
672 assignee, and payments to professionals, for rent, and for business purchases;
673 (d) a summary of collections and dispositions of assets by the assignee;

- 674 (e) a summary of distributions made or proposed to be made by the assignee for creditor
675 claims;
- 676 (f) a description of additional work to be done by the assignee to complete the
677 administration of the assignment estate and the distributions under Section 6-2-114;
678 and
- 679 (g) other information considered reasonably necessary by the assignee.

680 (2) Except as otherwise provided in the final accounting or if the assignee has not fulfilled
681 the assignee's duties under this chapter, the assignee is discharged from the assignee's
682 duties under this chapter when the assignee sends the final accounting and distributes all
683 the assets of the assignment estate.

684 (3) If the final accounting describes additional work under Subsection (1)(f), the assignee
685 shall exercise the powers appropriate to complete the work.

686 Section 19. Section **6-2-119** is enacted to read:

687 **6-2-119 . Interstate matters.**

688 (1) Subject to Subsection (2), an assignment made under the law of another state must be
689 recognized and enforced on an issue if the result for the issue would be substantially
690 similar to the result for the issue if the assignment had been made under this chapter.

691 (2) If a claim for wages, salaries, or commissions or a claim of a governmental unit exists in
692 another state, for the purpose of determining the priority of the claim under Subsection
693 6-2-114(6)(b), the assignee shall use the amount asserted or determined under the law of
694 the other state.

695 (3) If an assignee determines that a creditor should receive the treatment the creditor would
696 receive under an assignment made under the law of another state, the assignee may treat
697 the creditor as the creditor would be treated in the other state.

698 Section 20. Section **6-2-120** is enacted to read:

699 **6-2-120 . Court action.**

700 (1) A court with jurisdiction may hear and resolve a matter involving the administration of
701 an assignment or the exercise of an assignee's powers and duties, including a request for
702 instructions or approval or to declare rights.

703 (2) Without limiting the rights of the assignee or a creditor or other interested person to
704 request a court with jurisdiction to hear or resolve a matter under Subsection (1), on
705 request of the assignee, the court may issue an order relating to the administration of the
706 assignment or the exercise of the assignee's powers and duties, including an order for
707 disposition of an asset or the incurrence of an obligation.

708 (3) Acceptance of the assignment by the assignee constitutes the assignee's consent to the
709 jurisdiction of the court.

710 Section 21. Section **6-2-121** is enacted to read:

711 **6-2-121 . Ancillary assignee.**

712 (1) Subject to other law of this state governing a person from another state serving as a
713 fiduciary in this state, a court with jurisdiction may appoint a person serving as an
714 assignee in an assignment in another state, or the person's nominee, as an ancillary
715 assignee relating to assigned assets located in this state or subject to the jurisdiction of a
716 court in this state, if:

717 (a) the person or nominee would be eligible to serve as an assignee under Section
718 6-2-103; and

719 (b) the appointment furthers the person's possession, custody, control, or disposition of
720 an assigned asset under the assignment in the other state.

721 (2) A court with jurisdiction may issue an order that implements an order entered in another
722 state appointing or directing an assignee or otherwise concerning an assignment in the
723 other state.

724 (3) Unless a court with jurisdiction orders otherwise, an ancillary assignee appointed under
725 Subsection (1) has the rights, powers, and duties of an assignee appointed under this
726 chapter.

727 (4) A person in possession, custody, or control of an assigned asset in this state, other than a
728 creditor holding a lien or a right of setoff or recoupment relating to the asset, shall, on
729 notification in a record by an ancillary assignee appointed under Subsection (1), turn
730 over the asset to the ancillary assignee.

731 Section 22. Section **6-2-122** is enacted to read:

732 **6-2-122 . Provisions variable by agreement.**

733 (1) Except as provided in this section and Subsection 6-2-109(2), the provisions of this
734 chapter may not be varied by agreement.

735 (2)(a) The duties under Subsections 6-2-107(1) and 6-2-108(1) may not be disclaimed
736 by agreement.

737 (b) An assignor and the assignee may determine by agreement the standards measuring
738 the fulfillment of the duties of the assignor under Section 6-2-107 and the assignee
739 under Section 6-2-108 if the standards are not manifestly unreasonable.

740 (3) Except as provided in Subsection 6-2-116(4), the assignment agreement may limit the
741 assignee's liability under Section 6-2-116 and may require the assignee be indemnified

742 by the assignment estate.

743 (4) Except as provided under Subsection 6-2-106(1), whenever this chapter requires an
 744 action to be taken within a reasonable time, a time not manifestly unreasonable may be
 745 fixed by agreement.

746 (5) The assignment agreement may provide for duties of the assignee in addition to those in
 747 this chapter.

748 Section 23. Section **6-2-123** is enacted to read:

749 **6-2-123 . Uniformity of application and construction.**

750 In applying and construing this uniform act, a court with jurisdiction shall consider the
 751 promotion of uniformity of the law among states that enact this uniform act.

752 Section 24. Section **6-2-124** is enacted to read:

753 **6-2-124 . Relation to Electronic Signatures in Global and National Commerce**
 754 **Act.**

755 This chapter modifies, limits, or supersedes the Electronic Signatures in Global and
 756 National Commerce Act, 15 U.S.C. Sec. 7001 et seq., as amended, but does not modify, limit,
 757 or supersede 15 U.S.C. Sec. 7001(c), or authorize electronic delivery of any of the notices
 758 described in 15 U.S.C. Sec. 7003(b).

759 Section 25. Section **6-2-125** is enacted to read:

760 **6-2-125 . Transitional provision.**

761 This chapter applies to an assignment made on or after the effective date of this chapter.

762 Section 26. **Repealer.**

763 This bill repeals:

764 Section **6-1-1, Insolvent debtor may assign.**

765 Section **6-1-2, When assignment void.**

766 Section **6-1-3, Assignment to be written -- Contents -- Recording.**

767 Section **6-1-4, Inventory -- Bond.**

768 Section **6-1-5, Notice of assignment.**

769 Section **6-1-6, Claims to be filed.**

770 Section **6-1-7, Assignee to make report.**

771 Section **6-1-8, Objections to claims -- Hearing.**

772 Section **6-1-9, Taxes to be paid.**

773 Section **6-1-10, Dividends to creditors.**

774 Section **6-1-11, Court to supervise administration.**

775 Section **6-1-12, Time for disposing of property.**

- 776 Section **6-1-13, Failure to file inventory -- Examination of debtor.**
- 777 Section **6-1-14, Subsequent inventory -- Additional bond.**
- 778 Section **6-1-15, Debts not matured -- Delay in filing claims.**
- 779 Section **6-1-16, Sales -- Confirmation.**
- 780 Section **6-1-17, Removal of assignee.**
- 781 Section **6-1-18, Death or neglect of assignee.**
- 782 Section **6-1-19, Compensation of assignee.**
- 783 Section **6-1-20, Right to prefer creditor.**
- 784 Section 27. **Effective Date.**
- 785 This bill takes effect on May 6, 2026.