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restricts ~~{specified}~~ certain relationships between ~~{an attorney}~~ attorneys and ~~{a}~~ maintenance funding ~~{provider}~~ providers;

- 14 ▶ ~~{provides that a funding provider is jointly and severally liable for an award or order imposing costs or monetary sanctions against a consumer related to the legal claim for which funding was provided;}~~
- 17 ▶ ~~{protects communications between a consumer's attorney and the consumer maintenance funding provider that ascertain a claim's status or an expected value from discovery;}~~
- 19 ▶ ~~{requires that a party disclose, without a discovery request, any commercial maintenance funding agreement where the commercial maintenance funding provider's compensation is contingent on the outcome of the legal claim;}~~
- 22 ▶ ~~{provides that a commercial}~~ prohibits maintenance funding ~~{agreement is admissible at trial}~~ arrangements involving foreign entities or persons of concern;
- 19 ▶ establishes priority and assignability provisions relating to maintenance funding interests;
- 23 ▶ restricts a commercial maintenance funding provider from ~~{making decisions, having influence, or}~~ directing ~~{the conduct, settlement, or resolution of a legal claim for which funding was provided; and}~~ or controlling litigation decisions;
- 22 ▶ provides for enforcement, penalties, and rulemaking;
- 23 ▶ provides a coordination clause to substantively and technically coordinate changes between this bill and S.B. 38, Consumer Protection Modifications, and
- 26 ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a coordination clause.

Utah Code Sections Affected:

AMENDS:

13-57-102 , as enacted by Laws of Utah 2020, Chapter 118

13-57-201 , as enacted by Laws of Utah 2020, Chapter 118

13-57-202 , as enacted by Laws of Utah 2020, Chapter 118

13-57-203 , as enacted by Laws of Utah 2020, Chapter 118

13-57-301 , as enacted by Laws of Utah 2020, Chapter 118

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37 13-57-302 , as enacted by Laws of Utah 2020, Chapter 118
39 ~~{13-57-401 , as enacted by Laws of Utah 2020, Chapter 118}~~
40 ~~{13-57-402 , as enacted by Laws of Utah 2020, Chapter 118}~~
38 13-57-501 , as enacted by Laws of Utah 2020, Chapter 118
42 ~~{13-57-502 , as enacted by Laws of Utah 2020, Chapter 118}~~
43 ~~{13-57-503 , as enacted by Laws of Utah 2020, Chapter 118}~~

ENACTS:

40 13-57-504 , Utah Code Annotated 1953
46 ~~{13-57-505 , Utah Code Annotated 1953}~~
47 ~~{13-57-506 , Utah Code Annotated 1953}~~
41 13-57-601 , Utah Code Annotated 1953
49 ~~{13-57-602 , Utah Code Annotated 1953}~~

REPEALS:

43 13-57-101 , as enacted by Laws of Utah 2020, Chapter 118
44 **Utah Code Sections affected by Coordination Clause:**
45 13-57-201 , as enacted by Laws of Utah 2020, Chapter 118
46 13-57-202 (05/06/26) , as enacted by Laws of Utah 2020, Chapter 118
47 13-57-203 , as enacted by Laws of Utah 2020, Chapter 118

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

50 Section 1. Section 13-57-102 is amended to read:

51 13-57-102. Definitions.

As used in this chapter:

- 57 (1) "Business entity" means a sole proprietorship, partnership, limited partnership, limited liability
company, corporation, or other entity or association used to carry on a business for profit.
- 60 (2)
- (a) "Commercial maintenance funding agreement" means a written agreement:
- 61 (i) whereby a third party agrees to provide funds to a named party {~~or a law firm~~} affiliated with a
legal claim; and
- 63 (ii) that creates a direct or collateralized interest in the proceeds of a legal claim by settlement,
verdict, judgment, or otherwise, which interest is based in whole or in part on a funding-based

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obligation to ~~{an action or group of actions or the appearing counsel or }~~ a ~~{contractual co-counsel or the law firm of the counsel or co-counsel executed with: }~~ legal claim.

68 ~~{(A) {an attorney representing a party;}}~~

69 ~~{(B) {a co-counsel in the litigation with a contingent fee interest in the representation of that party; or}}~~
}

71 ~~{(C) {a third party that has a collateral-based interest in the contingency fees of the counsel or co-counsel firm related in whole or in part to the fees derived from representing that party.}}~~

74 (b) "Commercial maintenance funding agreement" does not include:

75 (i) a consumer maintenance funding agreement;

76 (ii) an agreement between an attorney and a client for the attorney to provide legal services on a contingency-fee basis or to advance the clients legal costs;

78 (iii) a health insurance plan or agreement;

79 (iv) a repayment agreement with a financial institution if the repayment is not contingent upon the outcome of the legal claim;

81 (v) a funding agreement to a nonprofit organization that represents a client on a pro bono basis; ~~{or}~~

83 (vi) an agreement of an assigned claim to prosecute an environmental contamination matter seeking remediation of, or to recover the cost of remediating, a site that has been on the U.S. Environmental Protection Agency's Superfund National Priorities List~~{:}~~ ;

75 (vii) an agreement between a health care provider and a patient to provide medical treatment on a lien if the repayment is not contingent on the outcome of the legal claim; or

78 (viii) an agreement between a third party and a party to a legal claim to provide funding for medical treatment related to a legal claim on a lien if the repayment is not contingent upon the outcome of the legal claim.

87 (3)

(a) "Commercial maintenance funding provider" means a person that enters into ~~{or offers to enter into }~~ a commercial maintenance funding agreement with a ~~{plaintiff, a lawyer, or a law firm asserting- }~~ party to a legal claim ~~{on behalf of a plaintiff}~~ .

90 (b) "Commercial maintenance funding provider" does not include a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

93 (4) "Consumer" means:

94 (a) an individual who resides or is domiciled in the state;

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95 (b) an individual who is a plaintiff with a legal claim in the state; or

96 (c) an estate for a decedent in a wrongful death claimin the state.

90 (5)

97 (5){(a)} "Consumer maintenance funding agreement" means a non-recourse transaction in which a consumer maintenance funding provider purchases contingent rights to receive an amount of the potential proceeds of a settlement, judgment, award, or verdict obtained in the consumer's legal claim, with funds paid directly to the consumer.

95 (b) "Consumer maintenance funding agreement" does not include:

96 (i) an agreement between a health care provider and a patient for providing medical treatment on a lien basis if repayment is not contingent on the outcome of the legal claim; or

99 (ii) an agreement between a third party and a party to a legal claim for providing funds for medical treatment related to the legal claim on a lien basis if repayment is not contingent on the outcome of the legal claim.

101 (6)

(a) "Consumer maintenance funding provider" means a person that enters into a consumer maintenance funding agreement with a consumer.

103 (b) "Consumer maintenance funding provider" does not include:

104 (i) an immediate family member of a consumer;

105 (ii) an accountant providing accounting services to a consumer; {or}

106 (iii) an attorney providing legal services to a consumer{-}; or

107 {(2)}{(7)} a bank, lender, financing entity, or other special purpose entity:

109 (A) that provides financing to a consumer litigation funding company; or

110 (B) to which a consumer litigation funding company grants a security interest or transfers a right or interest in a consumer litigation funding agreement.

112 {(2)} (7) "Director" means the director of the Division of Consumer Protection.

108 {(3)} (8) "Division" means the Division of Consumer Protection of the Department of Commerce established in Section 13-2-1.

110 {(4)} (9) "Foreign country or person of concern" means:

111 (a) a foreign government or person listed in 15 C.F.R. Sec. 791.4; or

112 (b) an entity designated as a restricted foreign entity in accordance with Section 63L-13-101.

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- (a) "Foreign entity of concern" means a partnership, association, corporation, organization, or other legal entity that:
- 116 (i) is organized or incorporated in a foreign country of concern;
- 117 (ii) is owned or operated by a government, a political subdivision, or a political party of a foreign country of concern;
- 119 (iii) has a principal place of business in a foreign country of concern; or
- 120 (iv) a foreign organization owns, organizes, or controls that:
- 121 (A) is on the federal Office of Foreign Assets Control specially designated nationals and blocked persons list; or
- 123 (B) the United States Secretary of State designates as a foreign terrorist organization.
- 125 (b) "Foreign entity of concern" includes an individual that owns, has a controlling interest in, or is a director or senior officer of any entity that falls within Subsection (10)(a).
- 128 (11) "Health care provider" means the same as that term is defined in Section 78B-3-403.
- 129 [~~(5) "Individual" means a person who:~~]
- 130 [~~(a) resides in this state; and~~]
- 131 [~~(b) has or may have a pending legal action in this state.~~]
- 132 [~~(6) "Legal funding" means a payment of \$500,000 or less to an individual in exchange for the right to receive an amount out of the potential proceeds of any realized settlement, judgment, award, or verdict the individual may receive in a civil legal action.~~]
- 135 [~~(7) "Maintenance funding agreement" means an agreement between an individual and a maintenance funding provider under which the maintenance funding provider provides legal funding to the individual.~~]
- 138 [~~(8)~~]
- (a) "Maintenance funding provider" means a business entity that engages in the business of legal funding.
- 140 [(b) ~~"Maintenance funding provider" does not include:~~]
- 141 [(i) ~~an immediate family member of an individual;~~]
- 142 [(ii) ~~an accountant providing accounting services to an individual; or~~]
- 143 [(iii) ~~an attorney providing legal services to an individual.~~]
- 144 (12) "Maintenance funding provider" means a consumer maintenance funding provider or a commercial maintenance funding provider.

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152 Section 2. Section **13-57-201** is amended to read:

153 **13-57-201. Maintenance funding provider registration and registration renewal.**

148 ~~[(1) {f} Except as provided in Subsection (4), a business entity- { } A person- } may not act as a
maintenance funding provider in this state without registering with the division.]~~

156 (1)

(a) A person may not act as a consumer maintenance funding provider in this state without registering
with the division.

158 (b) A person who regularly engages as a commercial maintenance funding provider may not act as a
commercial maintenance funding provider in this state without registering with the division.

150 (2) To register as a maintenance funding provider, a [~~business entity~~] person shall submit to the division
an application for registration:

152 (a) in the manner the division determines; and

153 (b) that includes:

154 (i) an application fee in an amount determined by the division in accordance with Sections 13-1-2 and
63J-1-504; and

156 (ii) anything else the division requires as established in rule made in accordance with Title 63G,
Chapter 3, Utah Administrative Rulemaking Act.

158 (3) Each year a maintenance funding provider shall renew the maintenance funding provider's
registration by submitting to the division an application for registration renewal:

161 (a) in the manner the division determines; and

162 (b) that includes:

163 (i) an application fee in an amount determined by the division in accordance with Sections 13-1-2 and
63J-1-504; and

165 (ii) anything else the division requires as established in rule made in accordance with Title 63G,
Chapter 3, Utah Administrative Rulemaking Act.

167 ~~[(4) A business entity who acts as a maintenance funding provider in the state between May 12, 2019,
and May 12, 2020, is permitted to continue to act as a maintenance funding provider:]~~

170 ~~[(a) if the person:]~~

171 ~~[(i) applies for registration in accordance with this section; and]~~

172 ~~[(ii) complies with the requirements of this chapter; and]~~

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~~[(b) until the division makes a determination regarding the person's application for registration under this section.]~~

187 Section 3. Section **13-57-202** is amended to read:

188 **13-57-202. Consumer maintenance funding provider operations.**

- 177 (1) A consumer maintenance funding provider may only provide legal funding to ~~[an individual]~~ a consumer if the ~~[maintenance funding-]~~ consumer maintenance funding provider and the ~~[individual]~~ consumer enter into a consumer maintenance funding agreement that meets the requirements of Section 13-57-301.
- 181 (2) Before executing a consumer maintenance funding agreement, a consumer maintenance funding provider shall file with the division a template of the consumer maintenance funding agreement.
- 184 (3) A consumer maintenance funding provider may not:
- 185 (a) pay or offer to pay a commission, referral fee, or any other form of consideration to the following for referring ~~[an individual]~~ a consumer to the consumer maintenance funding provider:
- 188 (i) an attorney authorized to practice law;
- 189 (ii) a health care provider; or
- 190 (iii) an employee, independent contractor, or other person affiliated with a person described in Subsection (3)(a)(i) or (ii);
- 192 (b) accept a commission, referral fee, or any other form of consideration from a person described in Subsection (3)(a) for referring ~~[an individual]~~ a consumer to the person;
- 194 (c) refer ~~[an individual]~~ a consumer or potential ~~[individual]~~ consumer to a person described in Subsection (3)(a), unless the referral is to a local or state bar association referral service;
- 197 (d) intentionally advertise materially false or misleading information about the consumer maintenance funding provider's services;
- 199 (e) make or attempt to influence a decision relating to the conduct, settlement, or resolution of a legal action for which the maintenance funding provider provides legal funding; ~~[or]~~
- 202 (f) knowingly pay or offer to pay court costs, filing fees, or attorney fees using legal funding~~[-]~~; or
- 204 (g) attempt to obtain a waiver of a remedy or right from the consumer, including the right to trial by jury.
- 206 (4) A consumer maintenance funding provider shall provide ~~[an individual]~~ a consumer who enters a consumer maintenance funding agreement a copy of the executed consumer maintenance funding agreement.

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- 209 {~~(5)~~ }
- {(a) {~~An attorney or law firm that the consumer retains may not have a financial interest in the consumer maintenance funding provider offering maintenance funding to the consumer.~~}}
- 212 (b){~~(5)~~ } {~~An attorney who refers the~~} A consumer {~~to~~} maintenance funding provider may not offer maintenance funding to a consumer who has retained, or been referred by, an attorney or law firm that {~~the consumer retains may not have~~} has a financial interest {~~a~~} in the consumer maintenance funding provider {~~that offers a consumer maintenance funding agreement to the consumer~~} .
- 215 {(6) {~~The attorney or law firm that the consumer retains may only disclose privileged information to the consumer maintenance funding provider with the written consent of the consumer.~~}}
- 218 (7){~~(6)~~ } A consumer maintenance funding provider may not enter into a consumer maintenance funding agreement directly or indirectly with a foreign entity of concern or a foreign country or person of concern.
- 228 Section 4. Section **13-57-203** is amended to read:
- 229 **13-57-203. Annual reports.**
- 223 (1) On or before April 1 of each year, a maintenance funding provider registered in accordance with Section 13-57-201 shall file a report:
- 225 (a) under oath;
- 226 (b) with the director; and
- 227 (c) in a form the director prescribes.
- 228 (2) The report described in Subsection (1) shall include, for the preceding calendar year:
- 229 (a) the number of consumer maintenance funding agreements and commercial maintenance funding agreements entered into by the maintenance funding provider;
- 231 (b) the total dollar amount of [~~legal~~]funding the maintenance funding provider provided;
- 232 (c) the total dollar amount of charges under each consumer maintenance funding agreement and each commercial maintenance funding agreement, itemized and including the annual rate of return;
- 235 (d) the total dollar amount and number of [~~maintenance~~]funding transactions in which the realized profit to the [~~company~~] maintenance funding provider was as contracted[~~in the maintenance funding agreement~~];
- 238 (e) the total dollar amount and number of [~~maintenance~~]funding transactions in which the realized profit to the [~~company~~] maintenance funding provider was less than contracted; and
- 241

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(f) any other information the director requires concerning the maintenance funding provider's business or operations in the state.

250 Section 5. Section **13-57-301** is amended to read:

251 **13-57-301. Consumer maintenance funding agreements.**

245 (1) A consumer maintenance funding agreement shall:

246 (a) be in writing;

247 (b) be written in a clear and coherent manner using words with common, everyday meanings so that the average consumer, who makes a reasonable effort under ordinary circumstances ~~to~~, can read and understand the terms of the consumer maintenance funding agreement without requiring the assistance of a professional;

251 (c) be complete before the consumer signs the consumer maintenance funding agreement;

253 ~~[(b)]~~ (d) contain a right of rescission permitting the [individual] consumer to cancel the [agreement] consumer maintenance funding agreement without penalty or further obligation, if the [individual] consumer returns to the consumer maintenance funding provider the full amount of the disbursed funds:

257 (i) within ~~[five]~~ 10 business days after the day on which the [individual] consumer and consumer maintenance funding provider enter the agreement; and

259 (ii)

(A) in person by delivering the consumer maintenance funding provider's uncashed check to the consumer maintenance funding provider's office; or

261 (B) by insured, certified, or registered United States mail to the address specified in the consumer maintenance funding agreement in the form of the consumer maintenance funding provider's uncashed check or a registered or certified check or money order;

265 ~~[(e)]~~ (e) contain the disclosures described in Section 13-57-302;

266 ~~[(d)]~~ (f) include the amount of money the consumer maintenance funding provider provides to the [individual] consumer;

268 ~~[(e)]~~ (g) include an itemization of one-time charges;

269 ~~[(f)]~~ (h) include a payment schedule that:

270 (i) includes the funded amount and all charges; and

271 (ii) lists the total amount of any realized settlement, judgment, award, or verdict to be paid to the consumer maintenance funding provider at the end of each six-month period, if the

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~~[contract]~~ consumer maintenance funding agreement is satisfied during that ~~{[period]} period~~;
[and]

275 ~~[(g)]~~ (i) include a provision that the consumer maintenance funding agreement includes no charge or fee
other than the charges and fees disclosed in the ~~[maintenance funding]~~ agreement; [and]

278 ~~[(h)]~~ (j) include a provision that:

279 (i) if there are no available proceeds from the legal action, the ~~[individual]~~ consumer will owe the
consumer maintenance funding provider nothing; and

281 (ii) the consumer maintenance funding provider's total charges will be paid only to the extent there are
available proceeds from the legal action after the settlement of all liens, fees, and other costs~~[-]~~; and

284 (k) if the consumer seeks more than one consumer maintenance funding agreement from the same
company, a disclosure providing the cumulative amount due from the consumer for all transactions,
including charges under all consumer maintenance funding agreements, if repayment is made any
time after the consumer maintenance funding agreements are executed.

289 (2) A consumer maintenance funding agreement may not require ~~[an individual]~~ a consumer to make a
payment to the consumer maintenance funding provider in an amount determined as a percentage of
the recovery from the legal action.

292 ~~{(3)}~~

(a) ~~{(3)}~~ ~~{The}~~ A consumer maintenance funding agreement ~~{shall contain}~~ is not valid unless the
agreement includes a written ~~{acknowledgment}~~ certification signed by the consumer stating that
{attests} :

294 (i) ~~{(a)}~~ the consumer, with the consumer's attorney ~~{has}~~ , reviewed the mandatory disclosures in
Section 13-57-302 ~~{with the consumer}~~ ;

296 (ii) ~~{(b)}~~ the ~~{attorney is being paid}~~ consumer is represented by an attorney in the legal claim on a
contingency fee basis in accordance with a written fee agreement;

298 (iii) ~~{(c)}~~ the consumer will direct the consumer's attorney to receive and disburse all proceeds
of the legal claim ~~{will be disbursed}~~ through ~~{either}~~ the attorney's trust account ~~{of the
attorney}~~ or a settlement fund established ~~{to receive}~~ for the ~~{proceeds}~~ benefit of the ~~{legal
claim on the consumer's behalf;}~~ consumer; and

301 (iv) ~~{(d)}~~ the consumer will direct the consumer's attorney ~~{is obligated}~~ to disburse funds ~~{from
}~~ in accordance with the ~~{legal claim and ensure that the}~~ terms of the consumer maintenance
funding agreement ~~{are fulfilled}~~ .

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- 303 { (v) ~~{ the attorney has not received a referral fee or other consideration from the consumer~~
maintenance funding provider in connection with the maintenance funding, nor will the attorney
receive a referral fee or other consideration for the referral in the future; and } }
- 307 { (vi) ~~{ the attorney in the legal claim has provided no tax, public or private benefit planning, or~~
financial advice regarding this transaction. } }
- 309 { (b) ~~{ Subsection (3)(a) applies to a new attorney or law firm that the consumer retains. } }~~
- 310 (4)
- (a) ~~{ the }~~ The consumer maintenance funding agreement is null and void if the ~~{ attorney or law firm~~
~~that the consumer retains }~~ consumer does not provide the acknowledgment Subsection (3) requires.
- 313 (b) The consumer maintenance funding agreement remains valid and enforceable if the consumer
terminates an attorney or law firm that the consumer retains.
- 315 (5) A consumer maintenance funding provider may not charge or collect a prepayment penalty or fee.
- 316 Section 6. Section **13-57-302** is amended to read:
- 317 **13-57-302. Required disclosures.**
- 320 ~~{ (1) In a legal claim in which a plaintiff enters into a consumer maintenance funding agreement, the~~
plaintiff or the plaintiff's attorney shall provide to each of the other parties, and each insurer that
has a duty to defend another party, written notice that the plaintiff has entered into a consumer
maintenance funding agreement. }
- 324 ~~{ (2) In a legal claim in which a plaintiff enters into a consumer maintenance funding agreement, the~~
contents of the consumer maintenance funding agreement are subject to discovery under the Utah
Rules of Civil Procedure and Evidence. }
- 327 ~~{ (3) }~~
- ~~{ (a) A plaintiff or a plaintiff's attorney shall provide the written notice Subsection (1) requires within 20~~
days after the day on which the consumer maintenance funding agreement is fully executed. }
- 330 ~~{ (b) The disclosure obligation Subsection (1) requires is a continuing obligation. }~~
- 331 ~~{ (4) { The written notice Subsection (1) requires is not admissible as evidence in a court proceeding. }~~
- 333 ~~{ (5) }~~
- A consumer maintenance funding provider shall disclose in a consumer maintenance
funding agreement:

320 (1)

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{(1)}(a) that the consumer maintenance funding provider may not participate in deciding whether, when, or the amount for which a legal action is settled;

337 {(2)}(b) that the maintenance funding provider may not interfere with the independent professional judgment of the attorney handling the legal action or any settlement of the legal action;

340 {(3)}(c) the following statement in substantially the following form, in all capital letters and at least a 12-point type: "THE FUNDED AMOUNT AND AGREED-TO CHARGES SHALL BE PAID ONLY FROM THE PROCEEDS OF YOUR LEGAL CLAIM, AND SHALL BE PAID ONLY TO THE EXTENT THAT THERE ARE AVAILABLE PROCEEDS FROM YOUR LEGAL CLAIM. YOU WILL NOT OWE (INSERT NAME OF THE CONSUMER MAINTENANCE FUNDING PROVIDER HERE) ANYTHING IF THERE ARE NO PROCEEDS FROM YOUR LEGAL CLAIM, UNLESS YOU HAVE VIOLATED A MATERIAL TERM OF THIS AGREEMENT OR YOU HAVE COMMITTED FRAUD AGAINST THE CONSUMER MAINTENANCE FUNDING PROVIDER.";

350 {(4)}(d) in accordance with Section 13-57-301, the following statement in substantially the following form and at least a 12-point type: "CONSUMER'S RIGHT TO CANCELLATION: You may cancel this agreement without penalty or further obligation within [five] 10 business days after the day on which you enter into this agreement with the consumer maintenance funding provider if you either: 1. return to the consumer maintenance funding provider the full amount of the disbursed funds by delivering the consumer maintenance funding provider's uncashed check to the consumer maintenance funding provider's office in person; or 2. send, by insured, certified, or registered United States mail, to the consumer maintenance funding provider at the address specified in this agreement, a notice of cancellation and include in the mailing a return of the full amount of disbursed funds in the form of the consumer maintenance funding provider's uncashed check or a registered or certified check or money order"; and

363 {(5)}(e) immediately above the line for the [individual's] consumer's signature, the following statement in at least a 12-point type: "Do not sign this agreement before you read it completely or if it contains any blank spaces. You are entitled to a completed copy of the agreement. Before you sign this agreement, you should obtain the advice of an attorney. Depending on your circumstances, you may want to consult a tax, benefits planning, or financial professional."

369 ~~{Section 7. Section 13-57-401 is amended to read: }~~

370 **13-57-401. Rulemaking.**

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The division shall make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to:

- 373 (1) establish an application process for a business entity to register with the division as a consumer
maintenance funding provider, in accordance with Section 13-57-201;
- 375 (2) establish a filing process for a consumer maintenance funding provider to file a consumer
maintenance funding agreement with the division;
- 377 (3) establish a filing process for annual reports required under Section 13-57-203; and
- 378 (4) carry out the provisions of this chapter.

379 ~~{Section 8. Section 13-57-402 is amended to read: }~~

13-57-402. Public education regarding legal funding -- Reporting to Legislature.

- 381 [(1)] The director shall help educate the general public regarding legal funding in the state by:
- 383 [(a)] (1) analyzing and summarizing data consumer maintenance funding providers submit under
Section 13-57-203; and
- 385 [(b)] (2) publishing the analysis and summary described in Subsection (1)(a) on the division's web page.
- 387 [(2) Before October 1, 2022, the director shall report to the Business and Labor Interim Committee
on the status of legal funding in the state and make any recommendation the director decides is
necessary to improve the regulatory framework of legal funding, including a recommendation on
whether to limit charges a maintenance funding provider may impose under a maintenance funding
agreement.]

354 Section 7. Section 13-57-501 is amended to read:

13-57-501. Enforceability.

If a {~~consumer~~} maintenance funding provider willfully violates a provision of this chapter, a
{~~consumer~~} maintenance funding agreement associated with the violation is unenforceable by
the
{~~consumer~~} maintenance funding provider or any successor-in-interest to the {~~consumer~~}
maintenance funding
agreement.

398 ~~{Section 10. Section 13-57-502 is amended to read: }~~

13-57-502. Penalties -- Enforcement.

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(1) After notice and an opportunity for an administrative hearing in accordance with Title 63G, Chapter 4, Administrative Procedures Act, the division may, in addition to exercising the division's enforcement powers under Section 13-2-6, enforce the provisions of this chapter by:

- 404 (a) revoking or suspending a consumer maintenance funding provider's registration;
- 405 (b) ordering a consumer maintenance funding provider to cease and desist from further legal funding;
- 407 (c) imposing a penalty of up to:
- 408 (i) \$1,000 per violation; or
- 409 (ii) \$10,000 per violation that the division finds willful; or
- 410 (d) ordering the consumer maintenance funding provider to make restitution to [~~an individual~~] a consumer.
- 412 (2) The division's enforcement powers under this section and Section 13-2-6 do not affect [~~an individual's~~] a consumer's legal claim against a consumer maintenance funding provider.

415 ~~{Section 11. Section 13-57-503 is amended to read: }~~

416 **13-57-503. Applicability.**

The requirements of this chapter for a consumer maintenance funding provider do not apply to:

- 419 (1) a bank while in the course of conducting a banking business as described in Section 7-3-1;
- 421 (2) a deferred deposit lender, as defined in Section 7-23-102, while engaged in the business of deferred deposit lending;
- 423 (3) a title lender, as defined in Section 7-24-102, while engaged in the business of extending a title loan;
- or
- 425 (4) a creditor, as defined in Section 70C-1-302, subject to the provisions of Title 70C, Utah Consumer Credit Code.

360 Section 8. Section **8** is enacted to read:

361 **13-57-504. Assignability -- Liens.**

- 429 (1) The contingent right to receive an amount of the potential proceeds of a legal claim is assignable by a {consumer} party to a {consumer} maintenance funding provider.
- 431 (2) Only attorney's liens related to the legal claim that is the subject of the {consumer} maintenance funding or Medicare or other statutory liens related to the legal claim take priority over a lien of the {consumer} maintenance funding provider.

434 Section 13. Section **13** is enacted to read:

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435 **13-57-505. Effect of communication on privileges.**

Communications between a consumer's attorney and a consumer maintenance funding provider to allow the consumer maintenance funding provider to ascertain the status of a legal claim or a legal claims expected value are not discoverable by a person against whom the consumer asserts or files the claim.

440 Section 14. Section 14 is enacted to read:

441 **13-57-506. Joint and several liability for costs.**

A maintenance funding provider is jointly and severally liable for any award or order imposing or assessing costs or monetary sanctions against a consumer or a party's legal representative arising from or relating to any civil proceeding, administrative proceeding, claim, or cause of action for which the maintenance funding provider is providing funding.

367 Section 9. Section 9 is enacted to read:

368 **13-57-601. Commercial maintenance funding prohibitions.**

{ 6. Commercial Maintenance Funding }

449 (1) A commercial maintenance funding provider may not enter into a commercial maintenance funding agreement directly or indirectly with a foreign entity of concern or a foreign country or person of concern.

452 (2) A { party } ~~commercial maintenance funding provider may not receive,~~ { an attorney } ~~access,~~ or { a law firm for a party shall not disclose or share } ~~use~~ any documents or information subject to a court order to seal or protect { is issued } ~~that the court issues~~ in the course of the civil proceeding { with } ~~unless a court order specifically allows a commercial maintenance funding provider to have access to such documents or information.~~

455 (3)

(a) A commercial maintenance funding provider may not { make a decision, } ~~direct, or~~ have { influence } ~~a contractual right to control,~~ { or direct } the { plaintiff } ~~party~~ or the { plaintiff's } ~~party's~~ attorney { with respect to the conduct of the underlying legal claim or a settlement or resolution of the legal claim, or make a decision } with respect to the conduct of the underlying legal claim or a settlement or resolution of the legal claim.

460 (b) The right to make the decisions Subsection (3)(a) describes { remains } ~~remains~~ solely with the { plaintiff } ~~party~~ and the { plaintiff's } ~~party's~~ attorney in the civil proceeding.

382 Section 10. **Repealer.**

HB0280 compared with HB0280S03

This Bill Repeals:

383 This bill repeals:

384 Section **13-57-101, Title.**

462 Section 16. Section **16** is enacted to read:

463 **13-57-602. Disclosure of a commercial maintenance funding agreement.**

464 (1)

(a) Except as otherwise stipulated or ordered by the court, without awaiting a discovery request, a party or a party's counsel shall provide to the other parties any agreement in which a commercial maintenance funding provider has a right to receive compensation that is contingent on the outcome of the legal claim.

468 (b) The disclosure obligation Subsection (1)(a) requires is a continuing obligation.

469 (2) A commercial maintenance funding agreement is admissible as evidence in a court proceeding.

471 (3) A plaintiff or the plaintiff's attorney shall provide the agreement Subsection (1) requires within 20 days after the day on which the parties execute the commercial maintenance funding agreement.

385 Section 11. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

387 Section 12. **Coordinating H.B. 280 with S.B. 38.**

If H.B. 280, Third Party Litigation Funding Amendments, and S.B. 38, Consumer Protection Modifications, both pass and become law, the Legislature intends that, on May 6, 2026, the term "maintenance funding provider" in S.B. 38 be changed to the term "consumer maintenance funding provider" in the following subsections:

(1) Subsections 13-57-201(3), (5), and (6);

(2) Subsection 13-57-202(3); and

(3) Subsection 13-57-203(1)(a).

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