



## HB0280S02 compared with HB0280S03

restricts a commercial maintenance funding provider from directing or controlling litigation decisions;

- 22       ▶ provides for enforcement, penalties, and rulemaking; {and-}
- 23       ▶ provides a coordination clause to substantively and technically coordinate changes between this bill and S.B. 38, Consumer Protection Modifications, and
- 23       ▶ makes technical and conforming changes.

### 26 Money Appropriated in this Bill:

27       None

### 28 Other Special Clauses:

29       This bill provides a coordination clause.

### 30 Utah Code Sections Affected:

31 AMENDS:

32       **13-57-102** , as enacted by Laws of Utah 2020, Chapter 118

33       **13-57-201** , as enacted by Laws of Utah 2020, Chapter 118

34       **13-57-202** , as enacted by Laws of Utah 2020, Chapter 118

35       **13-57-203** , as enacted by Laws of Utah 2020, Chapter 118

36       **13-57-301** , as enacted by Laws of Utah 2020, Chapter 118

37       **13-57-302** , as enacted by Laws of Utah 2020, Chapter 118

38       **13-57-501** , as enacted by Laws of Utah 2020, Chapter 118

39 ENACTS:

40       **13-57-504** , Utah Code Annotated 1953

41       **13-57-601** , Utah Code Annotated 1953

42 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

48

---

---

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

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

## HB0280S02 compared with HB0280S03

51 **13-57-102. Definitions.**

As used in this chapter:

47 (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.

50 (2)

(a) "Commercial maintenance funding agreement" means a written agreement:

51 (i) whereby a third party agrees to provide funds to a named party affiliated with a legal claim; and

53 (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  
obligation to a legal claim.

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

57 (i) a consumer maintenance funding agreement;

58 (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;

60 (iii) a health insurance plan or agreement;

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

63 (v) a funding agreement to a nonprofit organization that represents a client on a pro bono basis;

65 (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;

69 (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

72 (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.

75 (3)

(a) "Commercial maintenance funding provider" means a person that enters into a commercial  
maintenance funding agreement with a party to a legal claim.

77 (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.

## HB0280S02 compared with HB0280S03

- 80 (4) "Consumer" means:
- 81 (a) an individual who resides or is domiciled in the state;
- 82 (b) an individual who is a plaintiff with a legal claim in the state; or
- 83 (c) an estate for a decedent in a wrongful death claim in the state.
- 84 (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.
- 89 (b) "Consumer maintenance funding agreement" does not include:
- 90 (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
- 93 (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.
- 96 (6)
- (a) "Consumer maintenance funding provider" means a person that enters into a consumer maintenance funding agreement with a consumer.
- 98 (b) "Consumer maintenance funding provider" does not include:
- 99 (i) an immediate family member of a consumer;
- 100 (ii) an accountant providing accounting services to a consumer;
- 101 (iii) an attorney providing legal services to a consumer; or
- 102 (iv) a bank, lender, financing entity, or other special purpose entity:
- 103 (A) that provides financing to a consumer litigation funding company; or
- 104 (B) to which a consumer litigation funding company grants a security interest or transfers a right or interest in a consumer litigation funding agreement.
- 106 [(2)] (7) "Director" means the director of the Division of Consumer Protection.
- 107 [(3)] (8) "Division" means the Division of Consumer Protection of the Department of Commerce established in Section 13-2-1.
- 109 [(4)] (9) "Foreign country or person of concern" means:
- 110 (a) a foreign government or person listed in 15 C.F.R. Sec. 791.4; or

## HB0280S02 compared with HB0280S03

- 111 (b) an entity designated as a restricted foreign entity in accordance with Section 63L-13-101.  
112 (10)  
113 (a) "Foreign entity of concern" means a partnership, association, corporation, organization, or other  
114 legal entity that:  
115 (i) is organized or incorporated in a foreign country of concern;  
116 (ii) is owned or operated by a government, a political subdivision, or a political party of a foreign  
117 country of concern;  
118 (iii) has a principal place of business in a foreign country of concern; or  
119 (iv) a foreign organization owns, organizes, or controls that:  
120 (A) is on the federal Office of Foreign Assets Control specially designated nationals and blocked  
121 persons list; or  
122 (B) the United States Secretary of State designates as a foreign terrorist organization.  
123 (b) "Foreign entity of concern" includes an individual that owns, has a controlling interest in, or is a  
124 director or senior officer of any entity that falls within Subsection (10)(a).  
125 (11) "Health care provider" means the same as that term is defined in Section 78B-3-403.  
126 [(5) "Individual" means a person who:]  
127 [(a) resides in this state; and]  
128 [(b) has or may have a pending legal action in this state.]  
129 [(6) "Legal funding" means a payment of \$500,000 or less to an individual in exchange for the right  
130 to receive an amount out of the potential proceeds of any realized settlement, judgment, award, or  
131 verdict the individual may receive in a civil legal action.]  
132 [(7) "Maintenance funding agreement" means an agreement between an individual and a maintenance  
133 funding provider under which the maintenance funding provider provides legal funding to the  
134 individual.]  
135 [(8)  
136 (a) "Maintenance funding provider" means a business entity that engages in the business of legal  
137 funding.]  
138 [(b) "Maintenance funding provider" does not include:]  
139 [(i) an immediate family member of an individual;]  
140 [(ii) an accountant providing accounting services to an individual; or]  
141 [(iii) an attorney providing legal services to an individual.]  
142

## HB0280S02 compared with HB0280S03

143 (12) "Maintenance funding provider" means a consumer maintenance funding provider or a commercial  
144 maintenance funding provider.

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

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

147 [(1) Except as provided in Subsection (4), a business entity may not act as a maintenance funding  
148 provider in this state without registering with the division.]

149 (1)

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

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

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

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

157 (b) that includes:

158 (i) an application fee in an amount determined by the division in accordance with Sections 13-1-2 and  
159 63J-1-504; and

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

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

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

165 (b) that includes:

166 (i) an application fee in an amount determined by the division in accordance with Sections 13-1-2 and  
167 63J-1-504; and

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

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

172 [(a) if the person:]

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

## HB0280S02 compared with HB0280S03

176 [(ii) complies with the requirements of this chapter; and]  
177 [(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.**

- 181 (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.
- 185 (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.
- 188 (3) A consumer maintenance funding provider may not:
- 189 (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:
- 192 (i) an attorney authorized to practice law;
- 193 (ii) a health care provider; or
- 194 (iii) an employee, independent contractor, or other person affiliated with a person described in  
Subsection (3)(a)(i) or (ii);
- 196 (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;
- 198 (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;
- 201 (d) intentionally advertise materially false or misleading information about the consumer maintenance  
funding provider's services;
- 203 (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]~~
- 206 (f) knowingly pay or offer to pay court costs, filing fees, or attorney fees using legal funding~~[-]~~ ; or
- 208 (g) attempt to obtain a waiver of a remedy or right from the consumer, including the right to trial by  
jury.

210

## HB0280S02 compared with HB0280S03

(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.

213 (5) A consumer maintenance funding provider may not offer maintenance funding to a consumer who has retained, or been referred by, an attorney or law firm that has a financial interest in the consumer maintenance funding provider.

216 (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.**

221 (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:

223 (a) under oath;

224 (b) with the director; and

225 (c) in a form the director prescribes.

226 (2) The report described in Subsection (1) shall include, for the preceding calendar year:

227 (a) the number of consumer maintenance funding agreements and commercial maintenance funding agreements entered into by the maintenance funding provider;

229 (b) the total dollar amount of ~~[legal-]~~ funding the maintenance funding provider provided;

230 (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;

233 (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]~~;

236 (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

239 (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.**

## HB0280S02 compared with HB0280S03

- 243 (1) A consumer maintenance funding agreement shall:
- 244 (a) be in writing;
- 245 (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, can read  
and understand the terms of the consumer maintenance funding agreement without requiring the  
assistance of a professional;
- 249 (c) be complete before the consumer signs the consumer maintenance funding agreement;
- 251 ~~(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:
- 255 (i) within ~~[five]~~ 10 business days after the day on which the ~~[individual]~~ consumer and consumer  
maintenance funding provider enter the agreement; and
- 257 (ii)
- (A) in person by delivering the consumer maintenance funding provider's uncashed check to the  
consumer maintenance funding provider's office; or
- 259 (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;
- 263 ~~(e)~~ (e) contain the disclosures described in Section 13-57-302;
- 264 ~~(f)~~ (f) include the amount of money the consumer maintenance funding provider provides to the  
~~[individual]~~ consumer;
- 266 ~~(e)~~ (g) include an itemization of one-time charges;
- 267 ~~(f)~~ (h) include a payment schedule that:
- 268 (i) includes the funded amount and all charges; and
- 269 (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  
~~[contract]~~ consumer maintenance funding agreement is satisfied during that period; ~~[and]~~
- 273 ~~(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]~~
- 276 ~~(h)~~ (j) include a provision that:

## HB0280S02 compared with HB0280S03

- 277 (i) if there are no available proceeds from the legal action, the ~~[individual]~~ consumer will owe the  
consumer maintenance funding provider nothing; and
- 279 (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
- 282 (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.
- 287 (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.
- 290 (3) A consumer maintenance funding agreement is not valid unless the agreement includes a written  
certification signed by the consumer stating that:
- 292 (a) the consumer, with the consumer's attorney, reviewed the mandatory disclosures in Section  
13-57-302;
- 294 (b) the consumer is represented by an attorney in the legal claim on a contingency fee basis in  
accordance with a written fee agreement;
- 296 (c) the consumer will direct the consumer's attorney to receive and disburse all proceeds of the legal  
claim through the attorney's trust account or a settlement fund established for the benefit of the  
consumer; and
- 299 (d) the consumer will direct the consumer's attorney to disburse funds in accordance with the terms of  
the consumer maintenance funding agreement.
- 301 (4)
- (a) The consumer maintenance funding agreement is null and void if the consumer does not provide the  
acknowledgment Subsection (3) requires.
- 303 (b) The consumer maintenance funding agreement remains valid and enforceable if the consumer  
terminates an attorney or law firm that the consumer retains.
- 305 (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.**  
A consumer maintenance funding provider shall disclose in a consumer maintenance

## HB0280S02 compared with HB0280S03

funding agreement:

- 311 (1) that the consumer maintenance funding provider may not participate in deciding whether, when, or  
the amount for which a legal action is settled;
- 313 (2) 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;
- 316 (3) 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.";
- 326 (4) 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
- 339 (5) 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."

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

## HB0280S02 compared with HB0280S03

355 **13-57-501. Enforceability.**

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

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

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

353 (1) The contingent right to receive an amount of the potential proceeds of a legal claim is assignable by a party to a maintenance funding provider.

355 (2) Only attorney's liens related to the legal claim that is the subject of the maintenance funding or Medicare or other statutory liens related to the legal claim take priority over a lien of the maintenance funding provider.

367 Section 9. Section **9** is enacted to read:

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

360 (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.

363 (2) A commercial maintenance funding provider may not receive, access, or use any documents or information subject to a court order to seal or protect that the court issues in the course of the civil proceeding unless a court order specifically allows a commercial maintenance funding provider to have access to such documents or information.

368 (3)

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

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

382 Section 10. **Repealer.**

This Bill Repeals:

383 This bill repeals:

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

## HB0280S02 compared with HB0280S03

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).

2-23-26 9:50 AM