

HB0176S01 compared with HB0176

~~{Omitted text}~~ shows text that was in HB0176 but was omitted in HB0176S01

inserted text shows text that was not in HB0176 but was inserted into HB0176S01

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1 **Trust Business Modifications**
2026 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Anthony E. Loubet
Senate Sponsor:



2
3 **LONG TITLE**

4 **General Description:**

5 This bill amends provisions relating to trust business.

6 **Highlighted Provisions:**

7 This bill:

- 8 ▶ defines terms;
- 9 ▶ reorganizes and renumbers the sections of Title 7, Chapter 5, Trust Business;
- 10 ▶ exempts ~~{ a person acting as a trust director }~~ individuals from the definition of trust business;
- 11 ▶ ~~{ prohibits a person acting as a trust director from engaging in trust business; }~~
- 12 ▶ ~~{ exempts from the definition of trust business an attorney or certified public accountant that engages in fiduciary services that are incident to the attorney's or certified public accountant's business; and }~~
- 11 ▶ enacts provisions relating to the compensation of a settlor's attorney and an attorney-related person; and
- 15 ▶ makes technical changes.

14 **Money Appropriated in this Bill:**

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15 None

16 **Other Special Clauses:**

17 None

18 **Utah Code Sections Affected:**

19 AMENDS:

20 **7-1-401** , as last amended by Laws of Utah 2022, Chapter 449

21 **7-1-701** , as last amended by Laws of Utah 2014, Chapter 97

22 **7-5-11** , as last amended by Laws of Utah 2025, Chapter 310

23 **7-18a-302** , as enacted by Laws of Utah 1996, Chapter 63

24 **7-22-101** , as last amended by Laws of Utah 2020, Chapter 365

25 **16-15-102** , as enacted by Laws of Utah 1995, Chapter 310

26 **31A-23a-406** , as last amended by Laws of Utah 2024, Chapter 120

27 **31A-23a-409** , as last amended by Laws of Utah 2023, Chapters 111, 194

28 **59-10-202** , as last amended by Laws of Utah 2025, First Special Session, Chapter 9

29 **75B-1-101** , as last amended by Laws of Utah 2025, Chapters 310, 338

30 **75B-3-107** , as renumbered and amended by Laws of Utah 2025, Chapter 310

31 ENACTS:

32 **7-5-102** , Utah Code Annotated 1953

33 **7-5-117 , Utah Code Annotated 1953**

34 RENUMBERS AND AMENDS:

35 **7-5-101** , (Renumbered from 7-5-1, as last amended by Laws of Utah 2025, Chapters 310, 338 and 533)

37 **7-5-103** , (Renumbered from 7-5-2, as last amended by Laws of Utah 2014, Chapter 189)

38 **7-5-104** , (Renumbered from 7-5-3, as last amended by Laws of Utah 2025, Chapter 302)

39 **7-5-105** , (Renumbered from 7-5-4, as last amended by Laws of Utah 2010, Chapter 378)

40 **7-5-106** , (Renumbered from 7-5-5, as last amended by Laws of Utah 2001, Chapter 9)

41 **7-5-107** , (Renumbered from 7-5-6, as last amended by Laws of Utah 2025, Chapter 310)

42 **7-5-108** , (Renumbered from 7-5-7, as last amended by Laws of Utah 2025, Chapter 310)

43 **7-5-109** , (Renumbered from 7-5-8, as last amended by Laws of Utah 2014, Chapter 189)

44 **7-5-110** , (Renumbered from 7-5-9, as last amended by Laws of Utah 2010, Chapter 93)

45 **7-5-111** , (Renumbered from 7-5-10, as last amended by Laws of Utah 2025, Chapter 310)

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47 **7-5-112** , (Renumbered from 7-5-11, as last amended by Laws of Utah 2025, Chapter 310)

49 **7-5-113** , (Renumbered from 7-5-12, as last amended by Laws of Utah 2025, Chapter 302)

51 **7-5-114** , (Renumbered from 7-5-13, as last amended by Laws of Utah 2023, Chapter 401)

53 **7-5-115** , (Renumbered from 7-5-14, as last amended by Laws of Utah 2007, Chapter 277)

55 **7-5-116** , (Renumbered from 7-5-15, as last amended by Laws of Utah 2014, Chapter 189)

57

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

59 Section 1. Section **7-1-401** is amended to read:

60 **7-1-401. Fees payable to commissioner.**

62 (1) Except for an out-of-state depository institution with a branch in Utah, a depository institution under
the jurisdiction of the department shall pay an annual fee:

64 (a) computed by averaging the total assets of the depository institution shown on each quarterly report
of condition for the depository institution for the calendar year immediately preceding the date on
which the annual fee is due under Section 7-1-402; and

68 (b) at the following rates:

69 (i) on the first \$5,000,000 of these assets, the greater of:

70 (A) 65 cents per \$1,000; or

71 (B) \$500;

72 (ii) on the next \$10,000,000 of these assets, 35 cents per \$1,000;

73 (iii) on the next \$35,000,000 of these assets, 15 cents per \$1,000;

74 (iv) on the next \$50,000,000 of these assets, 12 cents per \$1,000;

75 (v) on the next \$200,000,000 of these assets, 10 cents per \$1,000;

76 (vi) on the next \$300,000,000 of these assets, 6 cents per \$1,000; and

77 (vii) on all amounts over \$600,000,000 of these assets, 2 cents per \$1,000.

78 (2) A financial institution with a trust department shall pay a fee determined in accordance with
Subsection (7) for each examination of the trust department by a state examiner.

80 (3) Notwithstanding Subsection (1), a credit union in [~~its~~] the credit union's first year of operation shall
pay a basic fee of \$25 instead of the fee required under Subsection (1).

82 (4) A trust company that is not a depository institution or a subsidiary of a depository institution holding
company shall pay:

84 (a) an annual fee of \$500; and

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- 85 (b) an additional fee determined in accordance with Subsection (7) for each examination by a state
examiner.
- 87 (5) Any person or institution under the jurisdiction of the department that does not pay a fee under
Subsections (1) through (4) shall pay:
- 89 (a) an annual fee of \$200; and
- 90 (b) an additional fee determined in accordance with Subsection (7) for each examination by a state
examiner.
- 92 (6) A person filing an application or request under Section 7-1-503, 7-1-702, 7-1-703, 7-1-704, 7-1-713,
[7-5-3] 7-5-104, or 7-18a-202 shall pay:
- 94 (a)
- (i) a filing fee of \$500 if on the day on which the application or request is filed the person:
- 96 (A) is a person with authority to transact business as a depository institution, a trust company,
or any other person described in Section 7-1-501 as being subject to the jurisdiction of the
department; and
- 99 (B) has total assets in an amount less than \$5,000,000; or
- 100 (ii) a filing fee of \$2,500 for any person not described in Subsection (6)(a)(i); and
- 101 (b) all reasonable expenses incurred in processing the application.
- 102 (7)
- (a) Per diem assessments for an examination shall be calculated at the rate of \$55 per hour:
- 104 (i) for each examiner; and
- 105 (ii) per hour worked.
- 106 (b) For an examination of a branch or office of a financial institution located outside of this state, in
addition to the per diem assessment under this Subsection (7), the institution shall pay all reasonable
travel, lodging, and other expenses incurred by each examiner while conducting the examination.
- 110 (8) In addition to a fee under Subsection (5), a person registering under Section 7-23-201, 7-24-201, or
7-27-201 shall pay an original registration fee of \$300.
- 112 (9) In addition to a fee under Subsection (5), a person applying for licensure under Chapter 25, Money
Transmitter Act, shall pay an original license fee of \$300.

113 Section 2. Section **7-1-701** is amended to read:

114 **7-1-701. Representing and transacting business as financial institution restricted --
Restricted names -- Penalty.**

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- 117 (1) As used in this section, "transact business" includes (a) :
- 118 (a) advertising;
- 119 (b) representing oneself in any manner as being engaged in transacting business;
- 120 (c) registering an assumed name under which to transact business; or
- 121 (d) using an assumed business name, sign, letterhead, business card, promotion, or other indication that
one is transacting business.
- 123 (2) Unless authorized by the department or an agency of the federal government to do so, it is unlawful
for a person to:
- 125 (a) transact business as a:
- 126 (i) bank;
- 127 (ii) savings and loan association;
- 128 (iii) savings bank;
- 129 (iv) industrial bank;
- 130 (v) credit union;
- 131 (vi) trust company; or
- 132 (vii) other financial or depository institution; or
- 133 (b) engage in any other activity subject to the jurisdiction of the department.
- 134 (3)
- (a) Except as provided in Subsections (3)(b) through (d), only the following may transact business
in this state under a name that includes "bank," "banker," "banking," "banque," "banc," "banco,"
"bancorp," "bancorporation," a derivative of these words, or another word or combination of words
reasonably identifying the business of a bank:
- 139 (i) a national bank;
- 140 (ii) a bank authorized to do business under Chapter 3, Banks;
- 141 (iii) a bank holding company; or
- 142 (iv) an industrial bank.
- 143 (b) A person authorized to operate in this state as a credit card bank, as described in Section 7-3-3:
- 145 (i) may transact business under the name "credit card bank"; and
- 146 (ii) may not transact business under the name of "bank" unless it is immediately preceded by "credit
card."

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- (c) A nonbank subsidiary of a bank holding company may transact business under a name restricted in Subsection (3)(a) if the name:
- 150 (i) is also part of the name of its parent holding company; or
- 151 (ii) is used for a group of subsidiaries of the parent holding company.
- 152 (d) A bona fide trade association of authorized banks recognized by the commissioner may transact its affairs in this state under a name restricted under Subsection (3)(a) if it does not operate and does not hold itself out to the public as operating a depository or financial institution.
- 156 (4)
- (a) Except as provided in Subsection (4)(b), only the following may transact business in this state under a name that includes "savings association," "savings and loan association," "building and loan association," "building association," a derivative of these words, or another word or combination of words reasonably identifying the business of a savings and loan association:
- 161 (i) a federal savings and loan association; or
- 162 (ii) a federal savings bank.
- 163 (b) A national bank may transact business under a name restricted in Subsection (4)(a) if the restricted words are part of the bank's corporate name.
- 165 (5) Only the following may transact business under the name "savings bank":
- 166 (a) a depository institution listed in Subsection (3)(a);
- 167 (b) a depository institution listed in Subsection (4)(a); or
- 168 (c) a depository institution authorized under the law of another state to operate in this state as a savings bank.
- 170 (6)
- (a) Only an industrial loan company authorized to do business under Chapter 8, Industrial Banks, to the extent permitted by Section 7-8-21, may transact business in this state under a name that includes "industrial loan company," "ILC," or another word, combination of words, or abbreviation reasonably identifying the business of an industrial loan company.
- 175 (b) Only an industrial bank authorized to do business under Chapter 8, Industrial Banks, may transact business in this state under a name that includes "industrial bank," "thrift," or another word, combination of words, or abbreviation reasonably identifying the business of an industrial bank.
- 179 (7)

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- (a) Except as provided in Subsection (7)(b), only a credit union authorized to do business under the laws of the United States or Chapter 9, Utah Credit Union Act, may transact business in this state under a name that includes "credit union" or another word or combination of words reasonably identifying the business of a credit union.
- 184 (b) The restriction in Subsection (7)(a) does not apply to a bona fide trade association of authorized credit unions recognized by the commissioner, a credit union chapter, or another association affiliated with a bona fide trade association of authorized credit unions recognized by the commissioner that restricts its services primarily to credit unions.
- 189 (8)
- (a) Except as provided in Subsection (8)(b), only a person granted trust powers under Chapter 5, Trust Business, may transact business in this state under a name that includes "trust," "trustee," "trust company," or another word or combination of words reasonably identifying the business of a trust company.
- 193 (b) A business entity organized as a business trust, as defined in Section [~~7-5-1~~] 7-5-101, may use "business trust" in its name if it does not hold itself out as being a trust company.
- 196 (9) The restrictions of Subsections (3) through (8) do not apply to:
- 197 (a) the name under which an out-of-state depository institution operates a loan production office in this state, if the commissioner approves the name as not being reasonably likely to mislead the public;
- 200 (b) the name under which a service organization of a financial institution transacts business, if the commissioner approves the name as not being reasonably likely to mislead the public;
- 203 (c) the name under which a subsidiary of a depository or financial institution transacts business, if the commissioner approves the name as not being reasonably likely to mislead the public; or
- 206 (d) a trade association or other nonprofit organization composed of members of a particular class of financial institutions using words applicable to that class.
- 208 (10)
- (a) Upon written request, the commissioner may grant an exemption to this section if the commissioner finds that the use of an otherwise restricted name or word is not reasonably likely to cause confusion or lead the public to believe that the person requesting the exemption is a depository or financial institution or is conducting a business subject to the jurisdiction of the department.

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(b) In granting an exemption under Subsection (10)(a), the commissioner may restrict or condition the use of the name or word or the activities of the person or business as the commissioner considers necessary to protect the public.

216 (11)

(a) A person and a principal and officer of a business entity violating this section is guilty of a class A misdemeanor. Each day of violation constitutes a separate offense.

218 (b) In addition to a criminal penalty imposed under Subsection (11)(a), the commissioner may issue a cease and desist order against a person violating this section. The commissioner may impose a civil penalty of up to \$500 for each day the person fails to comply with the cease and desist order.

221 Section 3. Section **7-5-11** is amended to read:

222 **7-5-11. Self-dealing with trust property -- Own stock as trust property -- Policies for dealing with trust securities.**

224 (1) Except as provided in Section [~~7-5-7~~] 7-5-109, in Title 75B, Trusts, or as authorized under the instrument creating the relationship, a trust company may not invest funds held as an agent or fiduciary in stock or obligations of, or with such funds acquire property from, the trust company or any of its directors, officers or employees, nor shall a trust company sell property held as an agent or fiduciary to the company or to any of its directors, officers, or employees.

230 (2) A trust company may retain and vote stock of the trust company or of any of its affiliates received by it as assets of any trust account or in any other fiduciary relationship of which it is appointed agent or fiduciary, unless the instrument creating the relationship otherwise provides.

234 (3)

(a) Every trust company shall adopt written policies and procedures regarding decisions or recommendations to purchase or sell any security to facilitate compliance with federal and state securities laws.

237 (b) [~~-~~]These policies and procedures, in particular, shall prohibit the trust company from using material inside information in connection with any decision or recommendation to purchase or sell any security.

240 Section 4. Section **7-5-101** is renumbered and amended to read:

243

Part 1. General Provisions

243 [~~7-5-1~~]**7-5-101. Definitions.**

245 [(1)] As used in this chapter:

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- 246 [(a)] (1) "Business trust" means an entity engaged in a trade or business that is created by a declaration
of trust that transfers property to trustees, [~~to be held and managed by them~~] that the trustees hold
and manage for the benefit of [~~persons~~] one or more persons holding certificates representing the
beneficial interest in the trust estate and assets.
- 249 (2) "Compensation of an appointee" means:
- 250 (a) compensation in accordance with the terms of the trust; or
- 251 (b) if the terms of the trust do not specify compensation for the appointee, the appointee compensation
that a court determines is reasonable under the circumstances by weighing the following factors:
- 254 (i) the terms of the trust instrument;
- 255 (ii) the value of assets held in the trust;
- 256 (iii) the nature, number, and complexity of the trust assets;
- 257 (iv) the income produced by the appointee;
- 258 (v) the time and responsibilities required to administer the trust;
- 259 (vi) the expertise required of the appointee;
- 260 (vii) any management or sale that the appointee conducts of real property or closely-held business
interests;
- 262 (viii) any compensation promised or agreed to in writing in advance of the services rendered by the
appointee;
- 264 (ix) any involvement of the appointee in litigation or other disputes; and
- 265 (x) any other factor the court deems relevant to the appointee's compensation.
- 266 (3) "Interested person" means the same as that term is defined in Section 75-1-201.
- 267 (4) "Personal representative" means the same as that term is defined in Section 75-1-201.
- 250 ~~(2)~~(5) "Power of direction" means the same as that term is defined in Section 75B-3-102.
- 251 ~~[(b)] (3)~~{(6)} "Trust" means the same as that term is defined in Section 75B-1-101.
- 252 ~~[(e)] (4)~~{(7)}
- (a) "Trust business" means~~[, except as provided in Subsection (1)(d),]~~ a business in which ~~[one]~~ a
person acts in ~~[any]~~ an agency or a fiduciary capacity, including ~~[that of]~~ as a personal
representative, an executor, an administrator, a conservator, a guardian, an assignee, a receiver, a
depository, or a trustee under appointment as trustee for ~~[any]~~ a purpose permitted by law.
- 257 ~~[(d)] (b)~~ "Trust business" does not include ~~{~~:
- 258 ~~{(f)}~~ ~~{f}~~ ~~}~~ the following means of holding money, assets, or other property:

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- 259 ~~{(i)} {A}~~ money [held] that an attorney authorized to practice law in this state holds in a client trust account~~[by an attorney authorized to practice law in this state];~~
- 261 ~~{(ii)} {B}~~ money [held] that a person licensed as a principal broker in accordance with Title 61, Chapter 2f, Real Estate Licensing and Practices Act, holds in connection with the purchase or sale of real estate~~[by a person licensed as a principal broker in accordance with Title 61, Chapter 2f, Real Estate Licensing and Practices Act];~~
- 266 ~~{(iii)} {C}~~ money or other assets [held] that a person the department, in accordance with Chapter 22, Regulation of Independent Escrow Agents, authorizes to act as an escrow agent or that the Insurance Department authorizes to act as an escrow agent holds in escrow~~[by a person authorized by the department in accordance with Chapter 22, Regulation of Independent Escrow Agents, or by the Insurance Department to act as an escrow agent in this state];~~
- 272 ~~{(iv)} {D}~~ money [held by a] that a homeowners' association or similar organization holds to pay maintenance and other related costs for commonly owned property;
- 275 ~~{(v)} {E}~~ money [held] that a person, acting solely as the agent or representative or otherwise at the sole direction of the person to which the debt or payment is owed, holds in connection with the collection of debts or payments on loans~~[by a person acting solely as the agent or representative or otherwise at the sole direction of the person to which the debt or payment is owed], including money [held by]an escrow agent holds for payment of taxes or insurance;~~
- 281 ~~{(vi)} {F}~~ money [and] or other assets [held] that a person holds in trust on an occasional or isolated basis~~[by a person who does not represent that the person is engaged in the trust business in Utah] if the person does not represent that the person engages in the trust business in this state;~~
- 285 ~~{(vii)} {G}~~ money or other assets [~~found by a court to be held~~] that a court finds that a person holds in an implied, resulting, or constructive trust;
- 287 ~~{(viii)} {H}~~ money or other assets [~~held by a court appointed conservator, guardian, receiver, trustee, or other fiduciary~~] that a ~~{court appointed}~~ court-appointed conservator, guardian, receiver, trustee, or other fiduciary holds if the court-appointed conservator, guardian, receiver, trustee, or other fiduciary~~{;}~~
- 290 ~~{A}~~
- (I) ~~[{-}the conservator, receiver, guardian, trustee, or other fiduciary]~~ is responsible to the court in the same or similar manner as a personal representative under Title 75, Chapter 3, Part 5, Supervised Administration, or as a receiver under Rule 66, Utah Rules of Civil Procedure~~{;}~~ and

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- 311 ~~[(B)]~~ (II) ~~[{~~
294 ~~{(B)}~~ the conservator, trustee, or other fiduciary ~~]is a certified public accountant,~~[~~or {f}~~ has
qualified~~{ } qualifies~~ for and ~~{f}~~ received~~{ } receives~~ a designation as] a certified financial planner,
chartered financial consultant, or certified financial analyst~~[]~~; or
- 315 (B) ~~[~~ similar designation suitable to the court, that evidences the conservator's, trustee's, or other
fiduciary's professional competence to manage financial matters] demonstrates to the satisfaction
of the court a level of competence necessary to carry out, manage, and oversee the financial and
fiduciary duties that will reasonably be required of the court-appointed conservator, guardian,
receiver, trustee, or other fiduciary;
- 321 (ix) money or other assets that a court-appointed trustee or personal representative holds, if the court-
appointed trustee or personal representative:
- 323 (A) has the consent and approval of the majority of the current permissible distributees of trust income
and principal at the time of appointment or the interested persons in the estate at the time of
appointment; or
- 326 (B) otherwise demonstrates to the satisfaction of the court a level of competence necessary to carry out,
manage, or oversee the financial and fiduciary duties that are reasonably required of the trustee or
personal representative;
- 300 ~~[(ix)]~~ (I)~~{(x)}~~ money or other assets ~~[held by]~~ that a credit services organization operating in
compliance with Title 13, Chapter 21, Credit Services Organizations Act, holds;
- 303 ~~[(x)]~~ (J)~~{(xi)}~~ money, securities, or other assets ~~[held in]~~ that a customer account in connection with the
purchase or sale of securities by a regulated securities broker, dealer, or transfer agent holds;~~[or]~~
- 306 ~~[(xi)]~~ (K)~~{(xii)}~~ money, assets, and other property ~~[held]~~ that a person holds in a business trust for the
benefit of holders of certificates of beneficial interest if the fiduciary activities of the business trust
are merely incidental to conducting business in the business trust form~~[]~~ ;
- 310 (ii)~~{(xiii)}~~ a person exercising a fiduciary or non-fiduciary power, including power of direction, while
acting as a trust director~~{ ; or }~~, trust protector, trust advisor, or a similar capacity;
- 311 (iii)~~{(xiv)}~~ ~~{an attorney}~~ professional or ~~{certified public accountant who engages in}~~ fiduciary
services that an attorney admitted to practice law in this state provides, if the attorney:
- 312 (A) ~~{are incident to the attorney's or certified public accountant's traditional business activities;}~~
renders the professional and fiduciary services in accordance with the ethical and professional
standards required of an attorney authorized to practice law in this state;

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- 314 (B) ~~{are}~~ does not advertise that the ~~{principal purpose of the attorney's or certified public accountant's~~
315 ~~business activities.}~~ attorney engages in an activity described in Subsection (7)(a);
- 316 ~~{{(e)}(5)}~~ receives compensation of an appointee; and
- 349 (D) complies with Section 7-5-117;
- 350 (xv) professional or fiduciary services that a certified public accountant licensed under Title 58, Chapter
351 26a, Certified Public Accountant Licensing Act, provides if the certified public accountant:
- 353 (A) renders the services in accordance with Title 58, Chapter 26a, Certified Public Accountant
354 Licensing Act;
- 355 (B) does not advertise that the certified public accountant engages in an activity described in Subsection
356 (7)(a); and
- 357 (C) receives compensation of an appointee;
- 358 (xvi) a person acting as a surrogate under Title 75A, Chapter 9, Uniform Health Care Decisions Act, or
359 in a similar capacity; or
- 360 (xvii) services as a guardian, if:
- 361 (A) the guardian's ward is a protected person with an appointed conservator that serves with the
362 guardian; or
- 363 (B) the responsibilities, powers, and authorities of the guardian are limited and non-financial in nature.
- 365 ~~[(e)]~~ (8) "Trust company" means ~~[an institution]~~ a person authorized to engage in ~~[the]~~ trust business
under this chapter. ~~[-Only the following may be a trust company:]~~
- 318 ~~[(i) a Utah depository institution or its wholly owned subsidiary;]~~
- 319 ~~[(ii) an out-of-state depository institution authorized to engage in business as a depository institution in~~
320 ~~Utah or its wholly owned subsidiary;]~~
- 321 ~~[(iii) a corporation, including a credit union service organization, owned entirely by one or more~~
322 ~~federally insured depository institutions as defined in Subsection 7-1-103(8);]~~
- 324 ~~[(iv) a direct or indirect subsidiary of a depository institution holding company that also has a direct or~~
325 ~~indirect subsidiary authorized to engage in business as a depository institution in Utah; and]~~
- 327 ~~[(v) any other corporation continuously and lawfully engaged in the trust business in this state since~~
328 ~~before July 1, 1981.]~~
- 329 ~~(6)~~ (9) "Trust director" means the same as that term is defined in Section 75B-3-102.
- 330 ~~[(2) Only a trust company may engage in the trust business in this state.]~~
- 331 ~~[(3) The requirements of this chapter do not apply to:]~~

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- 332 [~~(a) an institution authorized to engage in a trust business in another state that is engaged in trust
activities in this state solely to fulfill its duties as a trustee of a trust created and administered in
another state;~~]
- 335 [~~(b) a national bank, federal savings bank, federal savings and loan association, or federal credit union
authorized to engage in business as a depository institution in Utah, or any wholly owned subsidiary
of any of these, to the extent the institution is authorized by its primary federal regulator to engage
in the trust business in this state; or]~~
- 340 [~~(c) a state agency that is otherwise authorized by statute to act as a conservator, receiver, guardian,
trustee, or in any other fiduciary capacity.]~~
- 391 Section 5. Section **5** is enacted to read:
- 392 **7-5-102. Allowable trust companies -- Exceptions.**
- 344 (1) Only the following may be a trust company:
- 345 (a) a Utah depository institution or the Utah depository institution's wholly owned subsidiary;
- 347 (b) an out-of-state depository institution authorized to engage in business as a depository institution in
this state or the out-of-state depository institution's wholly owned subsidiary;
- 350 (c) a corporation, including a credit union service organization, owned entirely by one or more federally
insured depository institutions as defined in Subsection 7-1-103(8);
- 352 (d) a direct or indirect subsidiary of a depository institution holding company that also has a direct or
indirect subsidiary authorized to engage in business as a depository institution in this state; and
- 355 (e) any other corporation continuously and lawfully engaged in the trust business in this state since
before July 1, 1981.
- 357 (2) Only a trust company may engage in the trust business in this state.
- 358 (3) The requirements of this chapter do not apply to:
- 359 (a) an institution authorized to engage in trust business in another state that engages in trust activities
in this state solely to fulfill the institution's duties as a trustee of a trust created and administered in
another state;
- 362 (b) a national bank, federal savings bank, federal savings and loan association, or federal credit
union authorized to engage in business as a depository institution in this state, or a wholly owned
subsidiary of a national bank, federal savings bank, federal savings and loan association, or federal
credit union authorized to engage in business as a depository institution in this state, to the extent the

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institution is authorized by the institution's primary federal regulator to engage in trust business in this state; or

368 (c) a state agency that is otherwise authorized by statute to act as a conservator, receiver, guardian,
trustee, or in any other fiduciary capacity.

419 Section 6. Section **7-5-103** is renumbered and amended to read:

421 **[7-5-2] 7-5-103. Permit required to engage in trust business -- Exceptions.**

373 (1)

(a) ~~[No]~~ Unless a trust company [shall] obtains from the commissioner a permit to engage in trust business in this state, the trust company may not accept [any] an appointment to act in [any] an agency or a fiduciary capacity by order or judgment of a court or by authority of any law of this state, including [that of] as a:

377 (i) personal representative[-] ;

378 (ii) executor[-] ;

379 (iii) administrator[-] ;

380 (iv) conservator[-] ;

381 (v) guardian[-] ;

382 (vi) assignee[-] ;

383 (vii) receiver[-] ;

384 (viii) depository[-] ; or[-]

385 (ix) trustee ~~[under order or judgment of any court or by authority of any law of this state or as trustee for any purpose permitted by law or otherwise engage in the trust business in this state, unless and until it has obtained from the commissioner a permit to act under this chapter.]~~ .

389 (b) This ~~[provision]~~ Subsection (1) does not apply to [any] a bank or other corporation authorized to engage and lawfully engaged in the trust business in this state before July 1, 1981.

392 (2) Nothing in this chapter prohibits:

393 (a) ~~[any]~~ a corporation, organized under Title 16, Chapter 6a, Utah Revised Nonprofit Corporation Act, or Title 16, Chapter 10a, Utah Revised Business Corporation Act, from acting as trustee of [any] an employee benefit trust established for the employees of the corporation or the employees of one or more other corporations affiliated with the corporation;

398 (b) ~~[any]~~ a corporation, organized under Title 16, Chapter 6a, Utah Revised Nonprofit Corporation Act, [and owned or controlled by] and that a charitable, benevolent, eleemosynary, or religious

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organization owns or controls, from acting as a trustee for that organization or members of that organization but not offering trust services to the general public;

403 (c) ~~[any-]~~ a corporation, organized under Title 16, Chapter 6a, Utah Revised Nonprofit Corporation Act, or Title 16, Chapter 10a, Utah Revised Business Corporation Act, from holding in a fiduciary capacity the controlling shares of another corporation but not offering trust services to the general public; or

407 (d) ~~[any-]~~ a depository institution from holding in an agency or fiduciary capacity individual retirement accounts or Keogh plan accounts established under ~~[Section 401(a) or 408(a) of Title 26 of the United States Code]~~ 26 U.S.C. Sec. 401(a) or 26 U.S.C. Sec. 408(a).

460 Section 7. Section **7-5-104** is renumbered and amended to read:

462 ~~[7-5-3]~~**7-5-104. Application for authorization to engage in trust business -- Criteria for granting -- Authority of trust company.**

415 (1) A person seeking authorization to become a trust company and engage in ~~[the-]~~trust business in this state shall~~[-]~~ :

417 (a) file an application with the commissioner in the manner provided in Section 7-1-704~~[-]~~ ; and~~[-shall-]~~

419 (b) pay the fee ~~[prescribed]~~ described in Section 7-1-401.

420 (2) ~~[The commissioner shall, in-]~~ When deciding whether ~~[or not-]~~to approve ~~[the application, take into account]~~ an application described in Subsection (1), the commissioner shall consider:

423 (a) the character and condition of the applicant's assets;

424 (b) the adequacy of ~~[its]~~ the applicant's capital;

425 (c) ~~[its-]~~ the applicant's earnings record;

426 (d) the quality of ~~[its]~~ the applicant's management;

427 (e) the qualifications of ~~[any person proposed]~~ an individual the applicant proposes to be an officer in charge of the trust operations;

429 (f) the needs of the community for fiduciary services;

430 (g) the volume of business that the applicant will probably do; and

431 (h) any other relevant facts and circumstances, including the availability of legal counsel to advise and pass upon matters relating to the trust business.

433 (3) The commissioner may not apply criteria ~~[making it]~~ that makes the process to obtain approval to engage in trust business in this state more difficult for a state chartered depository institution ~~[to~~

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obtain approval to engage in the trust business] than for a federally chartered depository institution of the same class.

437 (4) ~~[The]~~ Notwithstanding Subsection (3), the commissioner may impose [such conditions] criteria
the commissioner considers appropriate to protect the public interest when authorizing a person
to engage in ~~[the]~~ trust business ~~[as the commissioner considers appropriate to protect the public~~
interest].

441 (5) Upon receiving authorization from the commissioner to become a trust company and engage in ~~[the~~
] trust business, the trust company ~~[is qualified to]~~ may act as fiduciary in any capacity without bond.

493 Section 8. Section **7-5-105** is renumbered and amended to read:

495 ~~[7-5-4]~~ **7-5-105. Withdrawal from trust business.**

447 (1) ~~[—Any]~~ A trust company ~~[which]~~ that desires to withdraw from and discontinue doing ~~[a]~~ trust
business shall furnish to the commissioner satisfactory evidence of ~~[its]~~ the trust company's
release and discharge from all the obligations and trusts ~~[undertaken by it, and]~~ the trust company
undertakes.

451 (2) ~~[after the company has furnished that evidence]~~ After the trust company provides the evidence
required by Subsection (1) to the commissioner, the commissioner shall revoke [his certificate of
authority] the trust company's permit to [do a] engage in trust business ~~[previously issued to that~~
trust company, and] in this state.

455 (3) ~~[thereafter that]~~ After the commissioner revokes a trust company's permit in accordance with
Subsection (2), the trust company may not[-] :

457 (a) ~~[be permitted to use and may not]~~ use the word "trust" in ~~[its]~~ the trust company's corporate name or
in connection with ~~[its]~~ the trust company's business ~~[-, nor]~~ ; or

459 (b) undertake the administration of any trust business.

509 Section 9. Section **7-5-106** is renumbered and amended to read:

511 ~~[7-5-5]~~ **7-5-106. Revocation of trust authority -- Procedure-- Violations.**

463 (1)

(a) The commissioner may issue and serve upon a trust company a notice of intent to revoke
the authority of the trust company to exercise the powers granted by this chapter, if, in the
commissioner's opinion, the trust company:

466 (i) is unlawfully or unsoundly exercising the powers granted under this chapter;

467 (ii) has unlawfully or unsoundly exercised the powers granted under this chapter;

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- 468 (iii) has failed, for a period of five consecutive years, to exercise the powers granted by this chapter;
470 (iv) fails or has failed to comply with requirements upon which [its] the trust company's permit is
conditioned; or
- 472 (v) fails or has failed to comply with any rule of the commissioner.
- 473 (b) The notice shall:
- 474 (i) contain a statement of the facts constituting the alleged unlawful or unsound exercise of powers, or
failure to exercise powers, or failure to comply; and
- 476 (ii) fix the time and place at which the commissioner shall hold a hearing [~~will be held~~] to determine
whether the commissioner should issue an order revoking authority to execute [~~those~~] the powers
[~~should issue against the trust company~~] described in the notice.
- 480 (2)
- (a) If the trust company or [its] the trust company's representative does not appear at the hearing, the
commissioner may consider the trust company to be in default, and may issue a revocation order.
- 483 (b) If default has occurred, or if upon the record made at any hearing the commissioner finds that any
allegation specified in the notice of charges has been established, the commissioner shall issue and
serve upon the trust company [~~an~~] a revocation order:
- 486 (i) prohibiting [it] the trust company from accepting any new or additional trust accounts; and
- 488 (ii) revoking [its] the trust company's authority to exercise any powers granted under this chapter.
- 490 (c) Any order issued under this section permits the trust company to continue to service all previously
accepted trust accounts pending [~~their~~] the trust accounts' expeditious divestiture or termination.
- 493 (3) A revocation order [~~shall become~~] becomes effective 30 days after [~~service of the order upon~~] the
day on which the commissioner serves the revocation order to the trust company and [~~shall~~
remain] remains effective and enforceable, unless [~~it is stayed, modified, terminated, or set aside~~
by action of the commissioner or by judicial review as provided for in Section 7-1-714.] the
commissioner or a court, in accordance with Section 7-1-714, stays, modifies, terminates, or sets
aside the revocation order.
- 548 (4) If an attorney described in Subsection 7-5-101(4)(b)(iii) violates Title 75B, Trusts, the attorney:
- 550 (a) is not subject to enforcement by the commissioner or the department; and
- 551 (b) may be subject to disciplinary action generally applicable to an attorney licensed to practice in this
state.

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(5) If a certified public accountant described in Subsection 7-5-101(4)(b)(iv) violates Title 75B, Trusts, the certified public accountant:

555 (a) is not subject to enforcement by the commissioner or the department; and

556 (b) may be subject to disciplinary action under Title 58, Chapter 26a, Certified Public Accountant Licensing Act.

558 (6) If the commissioner or the department receives a complaint that an attorney described in Subsection 7-5-101(4)(b)(iii) or a certified public accountant described in Subsection 7-5-101(4)(b)(iv) violates Title 75B, Trusts, the commissioner or the department shall forward the complaint to:

562 (a) if the complaint involves an attorney, the Utah State Bar; or

563 (b) if the complaint involves a certified public accountant, the Division of Professional Licensing.

565 Section 10. Section **7-5-107** is renumbered and amended to read:

567 **[7-5-6]7-5-107. Confidentiality of communications and writings concerning trust -- Actions to protect property or authorized under probate laws not precluded.**

503 (1) [~~Any~~] A trust company exercising the powers and performing the duties described in this chapter shall keep [~~inviolate all communications and writings made to or by that~~] confidential each communication and writing the trust company makes or receives relating to the existence, condition, management or administration of [~~any~~] an agency or fiduciary account confided to [~~it and~~] the trust company.

508 (2) [~~no~~] A creditor or stockholder of [~~any such~~] a trust company [~~shall be~~] is not entitled to disclosure or knowledge of [~~any such~~] a communication or writing described in Subsection (1), [except that the] unless the creditor or stockholder is:

511 (a) [directors,] a director of the trust company;

512 (b) a president[,-] of the trust company;

513 (c) a vice president[,-] of the trust company;

514 (d) a manager[,-] employed by the trust company;

515 (e) a treasurer[,-and-] employed by the trust company;

516 (f) a trust [officers, and any] officer of the trust company;

517 (g) [employees] an employee of the trust company assigned to work on the trust business[,-] ;

518 (h) [and the] an attorney employed by the trust company; or[-]

519 (i) an auditor employed by [it shall be entitled to knowledge of any such communication or writing and except] the trust company.

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- 521 (3) ~~[that in any suit or]~~ In a proceeding relating to the existence, condition, management or
administration of ~~[the]~~ an account described in Subsection (1), ~~[the court in which the suit is~~
~~pending may]~~ a court may require disclosure of [any such] the communication or writing.
- 525 (4) ~~[-A]~~ Nothing in this section precludes a trust company ~~[is not, however, precluded]~~ from filing an
action in court to protect trust account property or as authorized under Title 75B, Trusts.
- 594 Section 11. Section ~~7-5-108~~ is renumbered and amended to read:
- 596 ~~[7-5-7]~~ **7-5-108. Management and investment of trust money.**
- 531 (1) ~~[Money received or held by a trust company as agent or fiduciary, whether for investment or~~
~~distribution, shall be invested or distributed as soon as practicable]~~ A trust company shall invest
or distribute money the trust company receives or holds as an agent or a fiduciary, whether for
investment or distribution, as soon as practicable as authorized under the instrument creating the
account[-and] .
- 536 (2) A trust company may not [be held uninvested] hold the money described in Subsection (1) without
investing the money for any longer than is reasonably necessary.
- 538 ~~[(2)]~~ (3) If the instrument creating an agency or fiduciary account ~~[contains provisions~~
~~authorizing]~~ authorizes the trust company, [its] the trust company's officers, or [its] the trust
company's directors to exercise[-their] discretion [in the matter of] over investments, the trust
company, the trust company's officers, or the trust company's directors may invest money [held] the
trust company holds in the trust account under that instrument [may be invested-] only in [those
classes] a class of securities [which are approved by the directors of the trust company or a
committee of directors appointed for that purpose] that the directors of the trust company, or a
committee of directors that the directors appoint, approve.[-]
- 547 (4) If a trust company acts in ~~[any]~~ an agency or a fiduciary capacity under appointment by a court with
jurisdiction, [it] the trust company shall make and account for the investments according to Title
75B, Trusts, unless the underlying instrument provides otherwise.
- 550 ~~[(3)]~~ (5)
- (a) ~~[Money received or held]~~ A trust company that is also a depository institution may deposit into the
trust company's commercial department or savings department money that the trust company holds
or receives as an agent or a fiduciary [by any trust company which is also a depository institution,
]whether for investment or distribution, [may be deposited in the commercial department or savings
department of that trust company-] to the credit of [its] the trust company's trust department.[-]

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- 556 (b) ~~[Whenever the money so deposited in]~~ When the money that a trust company deposits, in accordance with Subsection (5)(a), into a fiduciary or managing agency account ~~[exceed]~~ exceeds the amount of federal deposit insurance applicable to that fiduciary or managing agency account, the trust company shall deliver to the trust department or put under ~~[its]~~ the trust department's control collateral security as ~~[outlined]~~ described in [Regulation 9.10 of the Comptroller of the Currency] 12 C.F.R. Sec. 9.10.
- 563 (c) ~~[–However, if]~~ If the instrument [creating such] that creates a fiduciary or managing agency account described in Subsection (5)(b) expressly provides that a trust company may deposit money ~~[may be deposited to]~~ into the commercial or savings department of the trust company~~[, then] :~~
- 567 (i) the trust company may deposit the money ~~[may be so deposited]~~ without setting aside collateral securities as required under this section; and~~[–]~~
- 569 (ii) ~~[the deposits]~~ in the event of insolvency, a deposit of [any such] the trust company shall be treated as other general deposits are treated.
- 571 (d) ~~[–]~~ A trust company that deposits trust funds [in its] into the trust company's commercial or savings department ~~[shall be]~~ is liable for interest on the deposits only at the rates, if any, [paid by the trust company] the trust company pays on deposits of like kind not made to the credit of [its] the trust company's trust department.
- 575 ~~[(b)]~~ (6)
- (a) ~~[Money received or held]~~ A trust company may deposit in an affiliated depository institution money that a trust company receives or holds as agent or fiduciary~~[by a trust company], whether for investment or distribution~~~~[, may be deposited in an affiliated depository institution].~~
- 579 (b) ~~[–Whenever the money so deposited in]~~ If money that a trust company deposits, in accordance with Subsection (6)(a), into a fiduciary or managing agency account ~~[exceed]~~ exceeds the amount of federal deposit insurance applicable to that account, the depository institution shall deliver to the trust company or put under ~~[its]~~ the trust company's control collateral security as ~~[outlined in Regulation 9.10 of the Comptroller of the Currency]~~ described in 12 C.F.R. Sec. 9.10.
- 585 (c) ~~[–However, if]~~ If the instrument [creating] that creates the fiduciary or managing agency account described in Subsection (6)(b) expressly permits the trust company to deposit money ~~[to be deposited in]~~ into the affiliated depository institution~~[, –] :~~
- 588 (i) the trust company may deposit money ~~[may be so deposited]~~ without setting aside collateral securities ~~[as required under]~~ in accordance with this section; and~~[–]~~

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- 590 (ii) ~~[deposits]~~in the event of insolvency of the depository institution, deposits the trust company makes
shall be treated as other general deposits are treated.
- 592 (d) ~~[-]~~A trust company that deposits trust money ~~[in]~~ into an affiliated depository institution is liable for
interest on the deposits only at the rates, if any, ~~[paid by]~~the depository institution pays on deposits
of like kind.
- 595 ~~[(4)]~~ (7) In carrying out all aspects of ~~[its]~~ the trust company's trust business, a trust company ~~[shall~~
~~have]~~ has all the powers, privileges, and duties as set forth in Sections 75B-2-813 and 75B-2-814
with respect to trustees, whether ~~[or not]~~the trust company ~~[is acting]~~ acts as a trustee as defined in
Section 75B-1-101.
- 599 ~~[(5)]~~ (8) Nothing in this section may alter, amend, or limit the powers of a trust company acting
in a fiduciary capacity as specified in the particular instrument or order creating the fiduciary
relationship.
- 668 Section 12. Section **7-5-109** is renumbered and amended to read:
- 670 ~~[7-5-8]~~**7-5-109. Segregation of trust assets -- Books and records required -- Examination --**
Trust property not subject to claims or debts against trust company.
- 606 (1) A trust company exercising the powers to act as an agent or fiduciary under this chapter shall~~{:~~~~[-]~~
608 ~~{(a)}~~ :
- 674 (a) segregate all assets ~~[held]~~ the trust company holds in any agency or fiduciary capacity from the
general assets of the trust company; and~~[-shall]~~
- 610 (b) keep a separate set of books and records showing in proper detail ~~[all transactions engaged in under~~
~~authority of]~~ each transaction in which the trust company engages in accordance with this chapter.
- 613 (2) ~~[-These books and records shall be open to inspection by the commissioner and shall be examined~~
~~by him or by examiners appointed by him as provided in Chapter 1, General Provisions, or~~
~~examined by other appropriate regulating agencies or both]~~ The trust company shall allow the
commissioner, an examiner the commissioner appoints in accordance with Chapter 1, General
Provisions, and an appropriate regulating agency to inspect books and records described in
Subsection (1).
- 619 (3) ~~[-]~~Property ~~[held]~~ the trust company holds in an agency or fiduciary capacity ~~[by a trust company~~
~~]is not subject to claims or debts against the trust company.~~

687 Section 13. Section **7-5-110** is renumbered and amended to read:

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~~[7-5-9]~~7-5-110. Registration of investment in name of nominee -- Records -- Possession of investment.

- 625 (1) As used in this section, "security" means the same as that term is defined in Section 75-1-201.
627 ~~[(1)]~~ (2) A trust company may ~~[cause any-]~~ require that a person register and hold a security~~[, as defined~~
in Section 75-1-201, held in its] that the trust company holds in the trust company's agency or
fiduciary capacity ~~[to be registered and held-]~~ in the name of a nominee or nominees of the trust
company.
- 631 (3) ~~[-]~~The trust company ~~[shall be]~~ is liable for the acts of ~~[any such]~~ a nominee described in
Subsection (2) with respect to any investment ~~[so registered]~~ registered in accordance with
Subsection (2).~~[-]~~
- 634 (4) ~~[Investments-]~~ An investment other than ~~[securities]~~ a security held in the name of a nominee on
June 30, 1981, may continue to be held in that manner.
- 636 ~~[(2)]~~ (5) ~~[The records of the]~~ For an investment described in Subsection (4), the trust company shall:
638 (a) ~~[-]~~at all times maintain records that show the trust company's ownership of ~~[any such]~~ an
investment~~[,];~~ ;
- 640 (b) ~~[-which investment shall be in the]~~ maintain possession or control ~~[of the trust company]~~ over the
investment; and
- 642 (c) ~~[-be kept-]~~ keep the investment separate and apart from the assets of the trust company.

710 Section 14. Section 7-5-111 is renumbered and amended to read:

712 ~~[7-5-10]~~7-5-111. **Lending trust funds to trust company, officer, director, or employee** ~~{as}~~ **a**
felony.

- 648 (1) Except as provided in Subsection (2), a trust company may not lend funds that the trust company
holds in a trust account in accordance with this chapter to:
- 650 (a) the trust company;
651 (b) an officer of the trust company;
652 (c) a director of the trust company; or
653 (d) an employee of the trust company.
- 654 (2) ~~[Unless-]~~ A trust company may lend funds to a person described in Subsection (1) if:
655 (a) ~~[expressly permitted in-]~~the instrument creating a trust account authorizes the trust company to lend
funds to the person;

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(b) ~~[or by]~~ a person authorized to ~~[give that permission]~~ grant authorization to the trust company to lend funds to the person grants authorization; or

659 (c) ~~[by a court order as permitted in]~~ a court issues an order in accordance with Section 75B-2-802~~[-a trust company may not lend to itself or to any officer or director or employee of the trust company any funds held in any trust account under the powers conferred in this chapter].~~

663 ~~[(2)] (3) [Any-]~~ An officer, a director, or an employee [making such a loan] is guilty of a third degree felony if the officer, director, or employee:

665 (a) ~~[-]~~ makes a loan in violation of Subsection (1); or[-]

666 (b) ~~[to whom such a loan is made, is guilty of a third degree felony]~~ receives a loan that violates Subsection (1).

734 Section 15. Section **7-5-112** is renumbered and amended to read:

736 ~~[7-5-11]~~ **7-5-112. Self-dealing with trust property -- Own stock as trust property -- Policies for dealing with trust securities.**

672 (1) Except as provided in Section ~~[7-5-7]~~ 7-5-109, ~~[in]~~ Title 75B, Trusts, or as authorized under the instrument creating the relationship, a trust company may not~~[-]~~ :

674 (a) invest funds [held] the trust company holds as an agent or fiduciary in stock or obligations of[; or with such funds acquire property from,] the trust company or any of [its] the trust company's directors, officers or employees~~[-, nor shall]~~ ;

677 (b) use funds the trust company holds as an agent or fiduciary to acquire property from the trust company or any of the trust company's directors, officers, or employees; or

679 (c) ~~[a trust company-]~~ sell property [held] the trust company holds as an agent or fiduciary to the [company] trust company or to any of [its] trust company's directors, officers, or employees.

682 (2) A trust company may retain and vote stock of the trust company or of any of [its] the trust company's affiliates ~~[received by it]~~ the trust company receives as assets of any trust account or in any other fiduciary relationship ~~[of]~~ for which [it] the trust company is appointed agent or fiduciary, unless the instrument creating the relationship otherwise provides.

687 (3)

(a) ~~[Every-]~~ A trust company shall adopt written policies and procedures regarding decisions or recommendations to purchase or sell ~~[any]~~ a security ~~[to facilitate compliance]~~ in accordance with federal and state securities laws.~~[-]~~

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(b) ~~[These policies and procedures, in particular,]~~ The policies and procedures described in Subsection (3)(a) shall prohibit the trust company from using material inside information in connection with any decision or recommendation to purchase or sell any security.

760 Section 16. Section **7-5-113** is renumbered and amended to read:

762 ~~[7-5-12]~~ **7-5-113. Directors' audit of trust business -- Report available to commissioner or examiners -- Examinations in lieu of audit.**

698 (1) A committee of the board of directors, ~~[exclusive of]~~ excluding any active officers of the trust department, of every trust company ~~[authorized to engage in the trust business in this state]~~ shall, at least once during a 15-month period~~[-]~~ :

701 (a)

(i) ~~[make a suitable]~~ conduct an audit of the trust business operations of the ~~[institution]~~ trust company; or

703 (ii) ~~[-] cause that auditors responsible only to the board of directors conduct a suitable audit[- to be made by auditors responsible only to the board of directors]~~ ; and~~[-]~~

705 (b) ~~[shall]~~ using the findings from the audit, ascertain whether the trust company conducts the trust business operations of the ~~[institution have been administered-]~~ trust business in accordance with law and sound fiduciary principles.

708 (2) ~~[A-]~~ Upon request, the committee of the board of directors shall make available a report of the audit described in Subsection (1), ~~[together with the action taken thereon]~~ including any action the committee of the board of directors takes as a result of the audit, ~~[shall be made available-]~~ to the commissioner, the commissioner's examiners, or the examiners of other trust company regulating agencies~~[- upon request]~~.

713 (3) ~~[An examination by the state or other trust company regulating agencies or both made during the same period may be substituted for this audit.]~~ The requirements of Subsection (1) do not apply if the state or other agency that regulates trust companies conducts an examination of the trust company during the same 15-month period.

783 Section 17. Section **7-5-114** is renumbered and amended to read:

785 ~~[7-5-13]~~ **7-5-114. Collective investment funds.**

720 (1) A ~~[person authorized to engage in the trust business in this state]~~ trust company may:

721 (a) establish collective investment funds that authorize participation by fiduciary or trust accounts of the trust company, ~~[its]~~ the trust company's affiliates, or both; and

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- 723 (b) participate in collective investment funds established by an affiliate of the trust company, if:
- 725 (i) the affiliate is authorized under the laws of ~~[its]~~ the trust company's chartering authority to establish
a collective investment fund in which ~~[its]~~ the trust company's affiliates may participate; and
- 728 (ii) the plan establishing the collective investment fund specifically authorized the participation.
- 730 (2) ~~[Funds held by a trust company may be invested]~~ A person may invest funds that a trust company
holds collectively in a collective investment fund in accordance with the rules prescribed by the
appropriate governmental regulatory agency or agencies, if ~~[this-]~~ the instrument, judgment, decree,
or order creating the regulatory relationship does not specifically prohibit the investment~~[is not~~
~~specifically prohibited under the instrument, judgment, decree, or order creating the regulatory~~
~~relationship]~~.
- 736 (3)
- (a) Unless ordered to do so by a court, a trust company operating collective investment funds is not
required to render a court accounting ~~[with regard to those funds]~~ for the collective investment
funds.
- 739 (b) ~~[but the-]~~ A trust company may petition a court with jurisdiction under Title 78A, Judiciary and
Judicial Administration, to secure approval of ~~[such-an]~~ a court accounting on ~~[such conditions as~~
~~the court may establish]~~ conditions the court establishes.
- 743 (4) This section applies to all relationships in existence on or after May 1, 1989.
- 810 Section 18. Section **7-5-115** is renumbered and amended to read:
- 812 ~~[7-5-14]~~ **7-5-115. Mergers, consolidations, acquisitions, transfers, or reorganizations**
involving entities engaged in trust business -- Succession of rights and duties -- Petition for
appointment of another trust company.
- 749 (1) As used in this section:
- 750 (a) "Eligible trust company" means any of the following that is authorized under this chapter or the laws
of the United States to engage in the trust business in this state:
- 752 (i) a trust company;
- 753 (ii) a depository institution; or
- 754 (iii) a corporation.
- 755 (b) "Reorganization" ~~[includes]~~ means:
- 756 (i) the creation by a trust company of a subsidiary corporation that is:
- 757 (A) wholly owned by that trust company; and

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- 758 (B) organized solely for the purpose of conducting all or any portion of the trust business of that trust
company; or
- 760 (ii) ~~[any]~~ a merger or other combination between a trust company and:
- 761 (A) a wholly owned trust company subsidiary of that trust company; or
- 762 (B) a wholly owned trust company subsidiary of the depository institution holding company
~~[which]~~ that owns or controls that trust company.
- 764 (2) Notwithstanding any provision of law to the contrary, an eligible trust company may, subject to
Sections 7-1-702, 7-1-704, and 7-1-705:
- 766 (a)
- (i) merge or consolidate with another eligible trust company;
- 767 (ii) acquire control of another eligible trust company;
- 768 (iii) acquire all or a portion of the assets and trust business of another eligible trust company;
- 770 (iv) assume all or any portion of the liabilities of another eligible trust company;
- 771 (v) transfer control to another eligible trust company;
- 772 (vi) transfer all or a portion of ~~[its]~~ the trust company's assets and trust business to another eligible trust
company; or
- 774 (vii) transfer all or a portion of ~~[its]~~ the trust company's liabilities to another eligible trust company; or
- 776 (b) ~~[reorganize]~~ conduct a reorganization.
- 777 (3)
- (a) Subject to Subsection (3)(b), upon final approval by the commissioner of ~~[any]~~ a merger, a
consolidation, an acquisition of control, an acquisition of assets, an assumption of liabilities, or
a reorganization, and upon written notice of ~~[this]~~ the final approval to ~~[all persons]~~ each person
entitled to and then receiving trust accountings from the transferring or reorganizing trust company,
the resulting or acquiring trust company shall, without court proceedings or a court order, succeed
to~~[-]~~ :
- 783 (i) ~~[all]~~ the transferring or reorganizing trust company's rights, privileges, duties, obligations,
and undertakings under all trust instruments, agency and fiduciary relationships and
arrangements~~[-]~~ ; and~~[-]~~
- 786 (ii) all other trust business the transferring or reorganizing trust company transferred and acquired
in ~~[the manner authorized by]~~ accordance with this section.
- 788 (b)

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(i) Except as provided otherwise in the relevant trust instrument, ~~[any]~~ an interested person may, not more than 30 days after ~~[receipt of]~~ the day on which the interested person receives written notice of the merger, consolidation, acquisition, transfer, or reorganization, petition ~~[any]~~ a court ~~[of competent]~~ with jurisdiction to appoint another or succeeding trust company with respect to ~~[any]~~ an agency or fiduciary relationship affecting that interested person~~[-]~~ .

794 (ii) ~~[and until]~~ Until the court appoints another or succeeding trust company~~[-is so appointed]~~ in
accordance with Subsection (3)(b)(i), the acquiring or resulting trust company ~~[is entitled to]~~ may
act as agent or fiduciary with respect to the agency or fiduciary relationship.

864 Section 19. Section ~~7-5-116~~ is renumbered and amended to read:

866 ~~[7-5-15]~~ **7-5-116. Assets of trust company in possession of the commissioner.**

With respect to the assets of a trust company in the possession of the commissioner under Chapter 2, Possession of Depository Institution by Commissioner, notwithstanding any law to the contrary, the assets ~~[held by]~~ that the trust company holds in a fiduciary capacity as a part of ~~[its]~~ the trust company's trust business~~[-, as defined in Section 7-5-1,]~~ are not subject to the claims of ~~[any]~~ a secured or unsecured creditor of the trust company.

872 Section 20. Section ~~20~~ is enacted to read:

873 **7-5-117. Compensation requirements for settlor's attorney and attorney-related person.**

875 (1) As used in this section:

876 (a) "Appointee" means a trustee, a trust director, a trust protector, or other person who, by appointment, performs an official role or responsibility in a trust business activity.

878 (b) "Attorney" means an attorney described in Subsection 7-5-101(7)(b)(xiv).

879 (c) "Attorney-related person" means:

880 (i) a law firm or other entity to which the settlor's attorney maintains an active affiliation at the time of the execution of the trust, an amendment to the trust, or any other modification to the trust;

883 (ii) an individual employed by the law firm or other entity described in Subsection (1)(c)(i);

885 (iii) a spouse or cohabitant of the settlor's attorney;

886 (iv) a child, parent, grandparent, or sibling of the settlor's attorney, a spouse of the settlor's attorney, or a cohabitant of the settlor's attorney; and

888 (v) a spouse of an individual described in Subsections (1)(c)(ii) and (iv).

889

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- (d) "Settlor's attorney" means an attorney licensed to practice law in this state or another state who advised, drafted, supervised, or participated in any way in the planning, execution, or implementation of the trust, an amendment to the trust, or a modification to the trust.
- 893 (e) "Trust business activity" means an activity described in Subsection 7-5-101(7)(a).
- 894 (2) A settlor's attorney or an attorney-related person may receive compensation for engaging in a trust business activity as an appointee if:
- 896 (a) the settlor is an attorney-related person; and
- 897 (b) the settlor provides the settlor's attorney with an acknowledgment similar in substance to the acknowledgment described in Subsection (3) contemporaneously with:
- 900 (i) the execution of the trust instrument in which the settlor's attorney or an attorney-related person is appointed to a compensated role or responsibility with respect to administration of the trust; or
- 903 (ii) the appointment of the settlor's attorney or an attorney-related person to a compensated role or responsibility with respect to administration of the trust.
- 905 (3) If a settlor designates the settlor's attorney or an attorney-related person as an appointee with compensation arising from the appointee's role or responsibility with respect to the trust, the settlor shall provide the settlor's attorney with an acknowledgment separate from the trust instrument that states that the settlor:
- 909 (a) designates the settlor's attorney or attorney-related person to the appointed role or responsibility; and
- 911 (b) understands that:
- 912 (i) except for a person specifically disqualified within the trust instrument, any person is eligible to be appointed as a trustee, trust director, trust protector, or similar appointee, regardless of the person's state of residence, including a family member, friend, or corporate fiduciary;
- 916 (ii) a person, including an attorney, who serves as an appointee with respect to the trust is entitled to receive reasonable compensation for serving in that capacity; and
- 919 (iii) compensation payable to settlor's attorney or to an attorney-related person is in addition to any attorney fees payable to the settlor's attorney and law firm for legal services rendered to the trustee, trust director, trust protector, or other appointee engaging in a trust business activity.
- 923 (4) Failure to obtain the settlor's acknowledgment under Subsection (3) does not:
- 924 (a) disqualify the settlor's attorney or an attorney-related person from serving as an appointee; or
- 926 (b) affect the validity of the trust instrument.
- 927 (5) This section applies to all appointments made in accordance with a trust instrument:

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- 928 (a) that a resident of this state executes on or after May 6, 2026; or
929 (b) amended or modified by a resident of this state on or after May 6, 2026, if the trust instrument
designates the settlor's attorney or an attorney-related person as an appointee.

932 Section 21. Section **7-18a-302** is amended to read:

933 **7-18a-302. Trust business.**

A foreign depository institution may not engage in the trust business, as that term is defined in Section [~~7-5-1~~] 7-5-101, in this state.

936 Section 22. Section **7-22-101** is amended to read:

937 **7-22-101. Definitions -- Exemptions.**

812 (1) As used in this chapter:

813 (a) "Escrow" means an agreement, express or implied, that provides for one or more parties to deliver or
entrust money, a certificate of deposit, a security, a negotiable instrument, a deed, or other property
or asset to another person to be held, paid, or delivered in accordance with terms and conditions
prescribed in the agreement.

817 (b) "Escrow agent" means a person that provides or offers to provide escrow services to the public.

819 (c) "Nationwide database" means the Nationwide Mortgage Licensing System and Registry, authorized
under 12 U.S.C. Sec. 5101 for federal licensing of mortgage loan originators.

822 (2) This chapter does not apply to:

823 (a) a trust company authorized to engage in the trust business in Utah in accordance with Chapter 5,
Trust Business;

825 (b) a person other than an escrow agent regulated under this chapter that is exempted from the definition
of trust business in [~~Subsection 7-5-1(1)~~] Section 7-5-101;

827 (c) a depository institution chartered by a state or the federal government that is engaged in business as
a depository institution in Utah;

829 (d) the Utah Board of Higher Education, the Utah Higher Education Assistance Authority, or the [~~State~~
~~Treasurer~~] state treasurer; and

831 (e) a person licensed under Title 31A, Insurance Code.

958 Section 23. Section **16-15-102** is amended to read:

959 **16-15-102. Definition of business trust.**

As used in this chapter:

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(1) "Beneficiary" means a person holding a certificate representing a beneficial interest in the trust estate and assets.

837 (2) "Business trust" [~~has the same meaning as~~] means the same as that term is defined in Section
[~~7-5-1~~] 7-5-101.

839 (3) "Division" means the Division of Corporations and Commercial Code.

840 (4) "Person" means an individual, general partnership, limited liability partnership, limited partnership,
limited liability company, limited association, domestic or foreign trust, estate, association, or
corporation.

969 Section 24. Section **31A-23a-406** is amended to read:

970 **31A-23a-406. Title insurance producer's business.**

845 (1) As used in this section:

846 (a) "Automated clearing house network" or "ACH network" means a national electronic funds transfer
system regulated by the Federal Reserve and the Office of the Comptroller of the Currency.

849 (b) "Depository institution" means the same as that term is defined in Section 7-1-103.

850 (c) "Funds transfer system" means the same as that term is defined in Section 70A-4a-105.

852 (2) An individual title insurance producer or agency title insurance producer may do escrow involving
real property transactions if all of the following exist:

854 (a) the individual title insurance producer or agency title insurance producer is licensed with:

856 (i) the title line of authority; and

857 (ii) the escrow subline of authority;

858 (b) the individual title insurance producer or agency title insurance producer is appointed by a title
insurer authorized to do business in the state;

860 (c) except as provided in Subsection (4), the individual title insurance producer or agency title insurance
producer issues one or more of the following as part of the transaction:

863 (i) an owner's policy offering title insurance;

864 (ii) a lender's policy offering title insurance; or

865 (iii) if the transaction does not involve a transfer of ownership, an endorsement to an owner's or a
lender's policy offering title insurance;

867 (d) money deposited with the individual title insurance producer or agency title insurance producer in
connection with any escrow is deposited:

869 (i) in a federally insured depository institution, as defined in Section 7-1-103, that:

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- 870 (A) has a branch in this state, if the individual title insurance producer or agency title insurance
producer depositing the money is a resident licensee; and
- 872 (B) is authorized by the depository institution's primary regulator to engage in trust business, as defined
in Section [~~7-5-1~~] 7-5-101, in this state; and
- 874 (ii) in a trust account that is separate from all other trust account money that is not related to real estate
transactions;
- 876 (e) money deposited with the individual title insurance producer or agency title insurance producer in
connection with any escrow is the property of the one or more persons entitled to the money under
the provisions of the escrow;
- 879 (f) money deposited with the individual title insurance producer or agency title insurance producer
in connection with an escrow is segregated escrow by escrow in the records of the individual title
insurance producer or agency title insurance producer;
- 882 (g) earnings on money held in escrow may be paid out of the trust account to any person in accordance
with the conditions of the escrow;
- 884 (h) the escrow does not require the individual title insurance producer or agency title insurance producer
to hold:
- 886 (i) construction money; or
- 887 (ii) money held for exchange under Section 1031, Internal Revenue Code; and
- 888 (i) the individual title insurance producer or agency title insurance producer shall maintain a physical
office in Utah staffed by a person with an escrow subline of authority who processes the escrow.
- 891 (3) Notwithstanding Subsection (2), an individual title insurance producer or agency title insurance
producer may engage in the escrow business if:
- 893 (a) the escrow involves:
- 894 (i) a mobile home;
- 895 (ii) a grazing right;
- 896 (iii) a water right; or
- 897 (iv) other personal property authorized by the commissioner; and
- 898 (b) the individual title insurance producer or agency title insurance producer complies with this section
except for Subsection (2)(c).
- 900 (4)

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- (a) Subsection (2)(c) does not apply if the transaction is for the transfer of real property from the School and Institutional Trust Lands Administration.
- 902 (b) This subsection does not prohibit an individual title insurance producer or agency title insurance producer from issuing a policy described in Subsection (2)(c) as part of a transaction described in Subsection (4)(a).
- 905 (5) Money held in escrow:
- 906 (a) is not subject to any debts of the individual title insurance producer or agency title insurance producer;
- 908 (b) may only be used to fulfill the terms of the individual escrow under which the money is accepted; and
- 910 (c) may not be used until the conditions of the escrow are met.
- 911 (6) Assets or property other than escrow money received by an individual title insurance producer or agency title insurance producer in accordance with an escrow shall be maintained in a manner that will:
- 914 (a) reasonably preserve and protect the asset or property from loss, theft, or damages; and
- 915 (b) otherwise comply with the general duties and responsibilities of a fiduciary or bailee.
- 916 (7)
- (a) A check from the trust account described in Subsection (2)(d) may not be drawn, executed, or dated, or money otherwise disbursed unless the segregated trust account from which money is to be disbursed contains a sufficient credit balance consisting of collected and cleared money at the time the check is drawn, executed, or dated, or money is otherwise disbursed.
- 921 (b) As used in this Subsection (7), money is considered to be "collected and cleared," and may be disbursed as follows:
- 923 (i) cash may be disbursed on the same day the cash is deposited;
- 924 (ii) a wire transfer may be disbursed on the same day the wire transfer is deposited;
- 925 (iii) the proceeds of one or more of the following financial instruments may be disbursed on the same day the financial instruments are deposited if received from a single party to the real estate transaction and if the aggregate of the financial instruments for the real estate transaction is less than \$10,000:
- 929 (A) a cashier's check, certified check, or official check that is drawn on an existing account at a federally insured financial institution;

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- 931 (B) a check drawn on the trust account of a principal broker or associate broker licensed under Title
61, Chapter 2f, Real Estate Licensing and Practices Act, if the individual title insurance producer
or agency title insurance producer has reasonable and prudent grounds to believe sufficient money
will be available from the trust account on which the check is drawn at the time of disbursement
of proceeds from the individual title insurance producer or agency title insurance producer's trust
account;
- 938 (C) a personal check not to exceed \$500 per closing; or
- 939 (D) a check drawn on the trust account of another individual title insurance producer or agency title
insurance producer, if the individual title insurance producer or agency title insurance producer
in the escrow transaction has reasonable and prudent grounds to believe that sufficient money
will be available for withdrawal from the account upon which the check is drawn at the time of
disbursement of money from the trust account of the individual title insurance producer or agency
title insurance producer in the escrow transaction;
- 946 (iv) deposits made through the ACH network may be disbursed on the same day the deposit is made if:
- 948 (A) the transferred funds remain uniquely designated and traceable throughout the entire ACH network
transfer process;
- 950 (B) except as a function of the ACH network process, the transferred funds are not subject to
comingling or third party access during the transfer process;
- 952 (C) the transferred funds are deposited into the title insurance producer's trust account and are available
for disbursement; and
- 954 (D) either the ACH network payment type or the title insurance producer's systems prevent the
transaction from being unilaterally canceled or reversed by the consumer once the transferred funds
are deposited to the individual title insurance producer or agency title producer; or
- 958 (v) deposits may be disbursed on the same day the deposit is made if the deposit is made via:
- 960 (A) the Federal Reserve Bank through the Federal Reserve's Fedwire funds transfer system; or
- 962 (B) a funds transfer system provided by an association of federally insured depository institutions.
- 964 (c) A check or deposit not described in Subsection (7)(b) may be disbursed:
- 965 (i) within the time limits provided under the Expedited Funds Availability Act, 12 U.S.C. Sec. 4001 et
seq., as amended, and related regulations of the Federal Reserve System; or
- 968 (ii) upon notification from the financial institution to which the money has been deposited that final
settlement has occurred on the deposited financial instrument.

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- 970 (8) An individual title insurance producer or agency title insurance producer shall maintain a record of a
receipt or disbursement of escrow money.
- 972 (9) An individual title insurance producer or agency title insurance producer shall comply with:
- 974 (a) Section 31A-23a-409;
- 975 (b) Title 46, Chapter 1, Notaries Public Reform Act; and
- 976 (c) any rules adopted by the Title and Escrow Commission, subject to Section 31A-2-404, that govern
escrows.
- 978 (10) If an individual title insurance producer or agency title insurance producer conducts a search for
real estate located in the state, the individual title insurance producer or agency title insurance
producer shall conduct a reasonable search of the public records.
- 1107 Section 25. Section **31A-23a-409** is amended to read:
- 1108 **31A-23a-409. Trust obligation for money collected.**
- 983 (1)
- (a) Subject to Subsection (7), a licensee is a trustee for money that is paid to, received by, or collected
by a licensee for forwarding to insurers or to insureds.
- 985 (b)
- (i) Except as provided in Subsection (1)(b)(ii), a licensee may not commingle trust funds with:
- 987 (A) the licensee's own money; or
- 988 (B) money held in any other capacity.
- 989 (ii) This Subsection (1)(b) does not apply to:
- 990 (A) amounts necessary to pay bank charges; and
- 991 (B) money paid by insureds and belonging in part to the licensee as a fee or commission.
- 993 (c) Except as provided under Subsection (4), a licensee owes to insureds and insurers the fiduciary
duties of a trustee with respect to money to be forwarded to insurers or insureds through the
licensee.
- 996 (d)
- (i) Unless money is sent to the appropriate payee by the close of the next business day after their
receipt, the licensee shall deposit them in an account authorized under Subsection (2).
- 999 (ii) Money deposited under this Subsection (1)(d) shall remain in an account authorized under
Subsection (2) until sent to the appropriate payee.
- 1001 (2) Money required to be deposited under Subsection (1) shall be deposited:

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- 1002 (a) into a federally insured trust account in a depository institution, as defined in Section 7-1-103,
which:
- 1004 (i) has a branch in this state, if the individual title insurance producer or agency title insurance producer
depositing the money is a resident licensee;
- 1006 (ii) has federal deposit insurance; and
- 1007 (iii) is authorized by its primary regulator to engage in the trust business, as defined by Section
[7-5-1] 7-5-101, in this state; or
- 1009 (b) into some other account, that:
- 1010 (i) the commissioner approves by rule or order; and
- 1011 (ii) provides safety comparable to an account described in Subsection (2)(a).
- 1012 (3) It is not a violation of Subsection (2)(a) if the amounts in the accounts exceed the amount of the
federal insurance on the accounts.
- 1014 (4) A trust account into which money is deposited may be interest bearing. The interest accrued on the
account may be paid to the licensee, so long as the licensee otherwise complies with this section and
with the contract with the insurer.
- 1017 (5) A depository institution or other organization holding trust funds under this section may not offset
or impound trust account funds against debts and obligations incurred by the licensee.
- 1020 (6) A licensee who, not being lawfully entitled to do so, diverts or appropriates any portion of the
money held under Subsection (1) to the licensee's own use, is guilty of theft under Title 76, Chapter
6, Part 4, Theft. Sanctions under Section 31A-2-308 also apply.
- 1023 (7) A nonresident licensee:
- 1024 (a) shall comply with Subsection (1)(a) by complying with the trust account requirements of the
nonresident licensee's home state; and
- 1026 (b) is not required to comply with the other provisions of this section.
- 1153 Section 26. Section **59-10-202** is amended to read:
- 1154 **59-10-202. Additions to and subtractions from unadjusted income of a resident or
nonresident estate or trust.**
- 1030 (1) There shall be added to unadjusted income of a resident or nonresident estate or trust:
- 1031 (a) a lump sum distribution allowable as a deduction under Section 402(d)(3), Internal Revenue Code,
to the extent deductible under Section 62(a)(8), Internal Revenue Code, in determining adjusted
gross income;

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- 1034 (b) except as provided in Subsection (3), for bonds, notes, and other evidences of indebtedness acquired
on or after January 1, 2003, the interest from bonds, notes, and other evidences of indebtedness:
- 1037 (i) issued by one or more of the following entities:
- 1038 (A) a state other than this state;
- 1039 (B) the District of Columbia;
- 1040 (C) a political subdivision of a state other than this state; or
- 1041 (D) an agency or instrumentality of an entity described in Subsections (1)(b)(i)(A) through (C); and
- 1043 (ii) to the extent the interest is not included in federal taxable income on the taxpayer's federal income
tax return for the taxable year;
- 1045 (c) any portion of federal taxable income for a taxable year if that federal taxable income is derived
from stock:
- 1047 (i) in an S corporation; and
- 1048 (ii) that is held by an electing small business trust;
- 1049 (d) the amount withdrawn under Title 53H, Chapter 10, Utah Education Savings, from the account of a
resident or nonresident estate or trust that is an account owner as defined in Section 53H-10-101, for
the taxable year for which the amount is withdrawn, if that amount withdrawn from the account of
the resident or nonresident estate or trust that is the account owner:
- 1054 (i) is not expended for:
- 1055 (A) higher education costs as defined in Section 53H-10-201; or
- 1056 (B) a payment or distribution that qualifies as an exception to the additional tax for distributions not
used for educational expenses provided in Sections 529(c) and 530(d), Internal Revenue Code; and
- 1059 (ii) is:
- 1060 (A) subtracted by the resident or nonresident estate or trust:
- 1061 (I) that is the account owner; and
- 1062 (II) on the resident or nonresident estate's or trust's return filed under this chapter for a taxable year
beginning on or before December 31, 2007; or
- 1064 (B) used as the basis for the resident or nonresident estate or trust that is the account owner to claim a
tax credit under Section 59-10-1017; and
- 1066 (e) any fiduciary adjustments required by Section 59-10-210.
- 1067 (2) There shall be subtracted from unadjusted income of a resident or nonresident estate or trust:
- 1069

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- (a) the interest or a dividend on obligations or securities of the United States and its possessions or of any authority, commission, or instrumentality of the United States, to the extent that interest or dividend is included in gross income for federal income tax purposes for the taxable year but exempt from state income taxes under the laws of the United States, but the amount subtracted under this Subsection (2) shall be reduced by any interest on indebtedness incurred or continued to purchase or carry the obligations or securities described in this Subsection (2), and by any expenses incurred in the production of interest or dividend income described in this Subsection (2) to the extent that such expenses, including amortizable bond premiums, are deductible in determining federal taxable income;
- 1079 (b) income of an irrevocable resident trust if:
- 1080 (i) the income would not be treated as state taxable income derived from Utah sources under Section 59-10-204 if received by a nonresident trust;
- 1082 (ii) the trust first became a resident trust on or after January 1, 2004;
- 1083 (iii) no assets of the trust were held, at any time after January 1, 2003, in another resident irrevocable trust created by the same settlor or the spouse of the same settlor;
- 1086 (iv) the trustee of the trust is a trust company as that term is defined in [Subsection 7-5-1(1)(d)] Section 7-5-101;
- 1088 (v) the amount subtracted under this Subsection (2)(b) is reduced to the extent the settlor or any other person is treated as an owner of any portion of the trust under Subtitle A, Subchapter J, Subpart E of the Internal Revenue Code; and
- 1091 (vi) the amount subtracted under this Subsection (2)(b) is reduced by any interest on indebtedness incurred or continued to purchase or carry the assets generating the income described in this Subsection (2)(b), and by any expenses incurred in the production of income described in this Subsection (2)(b), to the extent that those expenses, including amortizable bond premiums, are deductible in determining federal taxable income;
- 1097 (c) if the conditions of Subsection (4)(a) are met, the amount of income of a resident or nonresident estate or trust derived from a deceased Ute tribal member:
- 1099 (i) during a time period that the Ute tribal member resided on homesteaded land diminished from the Uintah and Ouray Reservation; and
- 1101 (ii) from a source within the Uintah and Ouray Reservation;
- 1102 (d) any amount:

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- 1103 (i) received by a resident or nonresident estate or trust;
- 1104 (ii) that constitutes a refund of taxes imposed by:
- 1105 (A) a state; or
- 1106 (B) the District of Columbia; and
- 1107 (iii) to the extent that amount is included in total income on that resident or nonresident estate's or trust's
federal tax return for estates and trusts for that taxable year;
- 1110 (e) the amount of a railroad retirement benefit:
- 1111 (i) paid:
- 1112 (A) in accordance with The Railroad Retirement Act of 1974, 45 U.S.C. Sec. 231 et seq.;
- 1114 (B) to a resident or nonresident estate or trust derived from a deceased resident or nonresident
individual; and
- 1116 (C) for the taxable year; and
- 1117 (ii) to the extent that railroad retirement benefit is included in total income on that resident or
nonresident estate's or trust's federal tax return for estates and trusts;
- 1119 (f) an amount:
- 1120 (i) received by a resident or nonresident estate or trust if that amount is derived from a deceased
enrolled member of an American Indian tribe; and
- 1122 (ii) to the extent that the state is not authorized or permitted to impose a tax under this part on that
amount in accordance with:
- 1124 (A) federal law;
- 1125 (B) a treaty; or
- 1126 (C) a final decision issued by a court of competent jurisdiction;
- 1127 (g) the amount that a qualified nongrantor charitable lead trust deducts under Section 642(c), Internal
Revenue Code, as a charitable contribution deduction, as allowed on the qualified nongrantor
charitable lead trust's federal income tax return for estates and trusts for the taxable year;
- 1131 (h) any fiduciary adjustments required by Section 59-10-210;
- 1132 (i) an amount received:
- 1133 (i) for the interest on a bond, note, or other obligation issued by an entity for which state statute
provides an exemption of interest on its bonds from state individual income tax;
- 1136 (ii) by a resident or nonresident estate or trust;
- 1137 (iii) for the taxable year; and

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- 1138 (iv) to the extent the amount is included in federal taxable income on the taxpayer's federal income tax
return for the taxable year;
- 1140 (j) for a taxable year beginning on or after January 1, 2019, but beginning on or before December 31,
2019, only:
- 1142 (i) the amount of any FDIC premium paid or incurred by the resident or nonresident estate or trust that
is disallowed as a deduction for federal income tax purposes under Section 162(r), Internal Revenue
Code, on the resident's or nonresident estate's or trust's 2018 federal income tax return; plus
- 1146 (ii) the amount of any FDIC premium paid or incurred by the resident or nonresident estate or trust that
is disallowed as a deduction for federal income tax purposes under Section 162(r), Internal Revenue
Code, for the taxable year; and
- 1149 (k) for a taxable year beginning on or after January 1, 2020, the amount of any FDIC premium paid or
incurred by the resident or nonresident estate or trust that is disallowed as a deduction for federal
income tax purposes under Section 162(r), Internal Revenue Code, for the taxable year.
- 1153 (3) Notwithstanding Subsection (1)(b), interest from bonds, notes, and other evidences of indebtedness
issued by an entity described in Subsections (1)(b)(i)(A) through (D) may not be added to
unadjusted income of a resident or nonresident estate or trust if, as annually determined by the
commission:
- 1157 (a) for an entity described in Subsection (1)(b)(i)(A) or (B), the entity and all of the political
subdivisions, agencies, or instrumentalities of the entity do not impose a tax based on income on any
part of the bonds, notes, and other evidences of indebtedness of this state; or
- 1161 (b) for an entity described in Subsection (1)(b)(i)(C) or (D), the following do not impose a tax based on
income on any part of the bonds, notes, and other evidences of indebtedness of this state:
- 1164 (i) the entity; or
- 1165 (ii)
- (A) the state in which the entity is located; or
- 1166 (B) the District of Columbia, if the entity is located within the District of Columbia.
- 1168 (4)
- (a) A subtraction for an amount described in Subsection (2)(c) is allowed only if:
- 1169 (i) the income is derived from a deceased Ute tribal member; and
- 1170 (ii) the governor and the Ute tribe execute and maintain an agreement meeting the requirements of
this Subsection (4).

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- 1172 (b) The agreement described in Subsection (4)(a):
1173 (i) may not:
1174 (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;
1176 (B) provide a subtraction under this section greater than or different from the subtraction described in
Subsection (2)(c); or
1178 (C) affect the power of the state to establish rates of taxation; and
1179 (ii) shall:
1180 (A) provide for the implementation of the subtraction described in Subsection (2)(c);
1182 (B) be in writing;
1183 (C) be signed by:
1184 (I) the governor; and
1185 (II) the chair of the Business Committee of the Ute tribe;
1186 (D) be conditioned on obtaining any approval required by federal law; and
1187 (E) state the effective date of the agreement.
1188 (c)
(i) The governor shall report to the commission by no later than February 1 of each year regarding
whether or not an agreement meeting the requirements of this Subsection (4) is in effect.
1191 (ii) If an agreement meeting the requirements of this Subsection (4) is terminated, the subtraction
permitted under Subsection (2)(c) is not allowed for taxable years beginning on or after the January
1 following the termination of the agreement.
1194 (d) For purposes of Subsection (2)(c) and in accordance with Title 63G, Chapter 3, Utah Administrative
Rulemaking Act, the commission may make rules:
1196 (i) for determining whether income is derived from a source within the Uintah and Ouray Reservation;
and
1198 (ii) that are substantially similar to how adjusted gross income derived from Utah sources is determined
under Section 59-10-117.
- 1326 Section 27. Section **75B-1-101** is amended to read:
1327 **75B-1-101. Definitions for title.**
As used in this title:
1203 (1) "Agent" means the same as that term is defined in Section 75-1-201.
1204 (2) "Beneficiary" means a person that:

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- 1205 (a) has a present or future beneficial interest in a trust, vested or contingent; or
1206 (b) in a capacity other than that of trustee, holds a power of appointment over trust property.
1208 (3) "Charitable trust" means a trust, or portion of a trust, created for a charitable purpose described in
Subsection 75B-2-405(1).
1210 (4) "Child" means, except as provided in Sections 75B-2-503 and 75B-2-504, the same as that term is
defined in Section 75-1-201.
1212 (5) "Claims" means the same as that term is defined in Section 75-1-201.
1213 (6) "Conservator" means the same as that term is defined in Section 75-1-201.
1214 (7) "Court" means a court with jurisdiction under Title 78A, Judiciary and Judicial Administration.
1216 (8) "Descendant" means the same as that term is defined in Section 75-1-201.
1217 (9) "Devise" means the same as that term is defined in Section 75-1-201.
1218 (10) "Distributee" means the same as that term is defined in Section 75-1-201.
1219 (11) "Estate" means the same as that term is defined in Section 75-1-201.
1220 (12) "Fiduciary" means the same as that term is defined in Section 75-1-201.
1221 (13) "Governing instrument" means the same as that term is defined in Section 75-1-201.
1222 (14) "Guardian" means the same as that term is defined in Section 75-1-201.
1223 (15) "Incapacitated" means the same as that term is defined in Section 75-1-201.
1224 (16) "Income" means the same as that term is defined in Section 75A-5-102.
1225 (17) "Interested person" means, except as provided in Section 75B-2-110, the same as that term is
defined in Section 75-1-102.
1227 (18) "Lease" means the same as that term is defined in Section 75-1-201.
1228 (19) "Minor" means an individual who is younger than 18 years old.
1229 (20) "Mortgage" means the same as that term is defined in Section 75-1-201.
1230 (21) "Nongeneral power of appointment" means the same as that term is defined in Section 75A-4-102.
1232 (22) "Organization" means the same as that term is defined in Section 75-1-201.
1233 (23) "Parent" means the same as that term is defined in Section 75-1-201.
1234 (24) "Person" means the same as that term is defined in Section 75-1-201.
1235 (25) "Personal representative" means the same as that term is defined in Section 75-1-201.
1236 (26) "Petition" means the same as that term is defined in Section 75-1-201.
1237 (27) "Power of appointment" means the same as that term is defined in Section 75A-4-102.
1238 (28) "Principal" means the same as that term is defined in Section 75A-5-102.

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- 1239 (29) "Property" means the same as that term is defined in Section 75-1-201.
- 1240 (30) "Protected person" means the same as that term is defined in Section 75-1-201.
- 1241 (31) "Record" means the same as that term is defined in Section 75-1-201.
- 1242 (32) "Security" means the same as that term is defined in Section 75-1-201.
- 1243 (33)
- (a) "Settlor" means a person, including a testator, who creates, or contributes property to, a trust.
- 1245 (b) If more than one person creates or contributes property to a trust, each person is a settlor of the portion of the trust property attributable to that person's contribution except to the extent another person has the power to revoke or withdraw that portion.
- 1248 (34) "Sign" means the same as that term is defined in Section 75-1-201.
- 1249 (35) "State" means the same as that term is defined in Section 75-1-201.
- 1250 (36) "Successor" means a person, other than a creditor, that is entitled to property of a decedent under the decedent's will or Title 75, Utah Uniform Probate Code.
- 1252 (37) "Testator" means the same as that term is defined in Section 75-1-201.
- 1253 (38)
- (a) "Trust" means:
- 1254 (i) a health savings account, as defined in Section 223 of the Internal Revenue Code;
- 1255 (ii) an express trust, private or charitable, with additions thereto, wherever and however created; or
- 1257 (iii) a trust created or determined by judgment or decree under which the trust is to be administered in the manner of an express trust.
- 1259 (b) "Trust" does not include:
- 1260 (i) a constructive trust;
- 1261 (ii) a resulting trust;
- 1262 (iii) a conservatorship;
- 1263 (iv) a personal representative;
- 1264 (v) a trust account as defined in Title 75, Chapter 6, Nonprobate Transfers;
- 1265 (vi) a custodial arrangement under Title 75A, Chapter 8, Uniform Transfers To Minors Act;
- 1267 (vii) a business trust providing for certificates to be issued to beneficiaries;
- 1268 (viii) a common trust fund;
- 1269 (ix) a voting trust;
- 1270 (x) a preneed funeral plan under Title 58, Chapter 9, Funeral Services Licensing Act;

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- 1271 (xi) a security arrangement;
- 1272 (xii) a liquidation trust;
- 1273 (xiii) a trust for the primary purpose of paying debts, dividends, interest, salaries, wages, profits,
pensions, or employee benefits of any kind; or
- 1275 (xiv) any arrangement under which a person is nominee or escrowee for another person.
- 1277 (39) "Trust company" means the same as that term is defined in Section ~~[7-5-1]~~ 7-5-101.
- 1278 (40) "Trustee" means an original, additional, and successor trustee, and cotrustee, whether or not
appointed or confirmed by the court.
- 1280 (41) "Trust instrument" means an instrument executed by the settlor that contains terms of the trust,
including any amendments thereto.
- 1282 (42) "Ward" means the same as that term is defined in Section 75-1-201.
- 1283 (43) "Will" means the same as that term is defined in Section 75-1-201.
- 1410 Section 28. Section **75B-3-107** is amended to read:
- 1411 **75B-3-107. Limitations on trust director.**
- 1286 (1) A trust director is subject to the same rules as a trustee in a like position and under similar
circumstances in the exercise or nonexercise of a power of direction or further power under
Subsection 75B-3-106(2)(a) regarding:
- 1289 ~~[(1)]~~ (a) a payback provision in the terms of a trust necessary to comply with the Medicaid
reimbursement requirements in Section 1917 of the Social Security Act, 42 U.S.C. Sec. 1396p(d)(4)
(A), as amended, and any related regulations; and
- 1292 ~~[(2)]~~ (b) a charitable interest in the trust, including notice regarding the interest to the attorney general.
- 1294 (2) A trust director may not engage in trust business, as that term is defined in Section 7-5-101.
- 1422 Section 29. **Effective date.**
Effective Date.
This bill takes effect on May 6, 2026.

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