

Title 15. Contracts and Obligations in General

Chapter 1 Interest

15-1-1 Interest rates -- Contracted rate -- Legal rate.

- (1) The parties to a lawful written, verbal, or implied contract may agree upon any rate of interest for the contract, including a contract for services, a loan or forbearance of any money, goods, or services, or a claim for breach of contract.
- (2) Unless the parties to a lawful written, verbal, or implied contract expressly specify a different rate of interest, the legal rate of interest for the contract, including a contract for services, a loan or forbearance of any money, goods, or services, or a claim for breach of contract is 10% per annum.
- (3) Nothing in this section may be construed in any way to affect any penalty or interest charge that by law applies to delinquent or other taxes or to any contract or obligations made before May 14, 1981.

Amended by Chapter 437, 2019 General Session

15-1-3 Calculated by the year.

Whenever in any statute or deed, or written or verbal contract, or in any public or private instrument whatever, any certain rate of interest is mentioned and no period of time is stated, interest shall be calculated at the rate mentioned by the year.

No Change Since 1953

15-1-4 Interest on judgments.

- (1) As used in this section, "federal postjudgment interest rate" means the interest rate established for the federal court system under 28 U.S.C. Sec. 1961, as amended.
- (2)
 - (a) Except as provided in Subsection (2)(b), a judgment rendered on a lawful contract shall conform to the contract and shall bear the interest agreed upon by the parties, which shall be specified in the judgment.
 - (b) A judgment rendered on a deferred deposit loan subject to Title 7, Chapter 23, Check Cashing and Deferred Deposit Lending Registration Act, shall bear interest at the rate imposed under Subsection (3)(a) on an amount not exceeding the sum of:
 - (i) the total of the principal balance of the deferred deposit loan;
 - (ii) interest at the rate imposed by the deferred deposit loan agreement for a period not exceeding 10 weeks as provided in Subsection 7-23-401(4);
 - (iii) costs;
 - (iv) attorney fees; and
 - (v) other amounts allowed by law and ordered by the court.
- (3)
 - (a) Except as otherwise provided by law, or as governed by Subsection (4), all other final civil and criminal judgments of the district court, the justice court, and the Business and Chancery Court shall bear interest at the federal postjudgment interest rate as of January 1 of each year, plus 2%.

- (b) The postjudgment interest rate in effect at the time of the judgment shall remain the interest rate for the duration of the judgment.
 - (c) The interest on criminal judgments shall be calculated on the total amount of the judgment.
 - (d) Interest paid on state revenue shall be deposited in accordance with Section 63A-3-505.
 - (e) Interest paid on revenue to a county or municipality shall be paid to the general fund of the county or municipality.
- (4) A judgment under \$10,000 in an action regarding the purchase of goods and services shall bear interest from the date on which the district court, the justice court, or the Business and Chancery Court enters the judgment at 10% plus the federal postjudgment interest rate in effect on January 1 of the year in which the judgment is entered.

Amended by Chapter 394, 2023 General Session

Chapter 2

Legal Capacity of Children

15-2-1 Period of minority.

The period of minority extends in males and females to the age of 18 years; but all minors obtain their majority by marriage. It is further provided that courts in divorce actions may order support to age 21.

Amended by Chapter 39, 1975 General Session

15-2-2 Liability for necessities and on contracts -- Disaffirmance.

A minor is bound not only for reasonable value of necessities but also by the minor's contracts, unless the minor disaffirms them before or within a reasonable time after the minor attains majority and restores to the other party all money or property received by the minor by virtue of said contracts and remaining within the minor's control at any time after attaining majority.

Amended by Chapter 365, 2024 General Session

15-2-3 Limitation on right to disaffirm.

No contract can be thus disaffirmed in cases where, on account of the minor's own misrepresentations as to the minor's majority or from the minor having engaged in business as adult, the other party had good reason to believe the minor capable of contracting.

Amended by Chapter 365, 2024 General Session

15-2-4 Payment for personal services.

When a contract for the personal services of a minor has been made with the minor alone, and those services are afterward performed, payment made therefor to such minor in accordance with the terms of the contract is a full satisfaction for those services, and the parent or guardian cannot recover therefor a second time.

Amended by Chapter 365, 2024 General Session

Chapter 3 Interparty Agreements

15-3-1 Conveyances, releases, sales by persons acting jointly.

A conveyance, release or sale may be made to or by two or more persons acting jointly and one or more, but less than all, of these persons acting either alone or with other persons; and a contract may be made between such parties.

Amended by Chapter 365, 2024 General Session

15-3-2 Contracts not discharged by merger in obligor and obligee.

No contract shall be discharged because after its formation the obligation and the right thereunder become vested in the same person, acting in different capacities as to the right and the obligation.

No Change Since 1953

15-3-3 Fraudulent transactions not validated.

Nothing herein shall validate a transaction within its provisions which is actually or constructively fraudulent.

No Change Since 1953

15-3-4 Effective date of chapter.

This chapter does not apply to conveyances, releases, sales or contracts made prior to July 1, 1929.

Amended by Chapter 378, 2010 General Session

Chapter 4 Joint Obligations

Superseded 9/1/2024

15-4-1 Definitions.

As used in this chapter:

- (1) "Obligation" includes a liability in tort and contractual obligations.
- (2) "Obligee" includes a creditor and a person having a right based on a tort.
- (3) "Obligor" includes a debtor and a person liable for a tort.
- (4)
 - (a) "School fee" means a charge, deposit, rent, or other mandatory payment imposed by:
 - (i) a public school as defined in Section 26B-2-401; or
 - (ii) a private school that provides education to students in any grade from kindergarten through grade 12.
 - (b) "School fee" includes:
 - (i) an admission fee;

- (ii) a transportation charge; or
 - (iii) a charge, deposit, rent, or other mandatory payment imposed by a third party in connection with an activity or function sponsored by a school described in Subsection (4)(a).
- (5) "Several obligors" means obligors severally bound for the same performance.
- (6) "Waiver" means the act of not requiring an individual to pay an amount that the individual otherwise owes.

Amended by Chapter 327, 2023 General Session

Effective 9/1/2024

15-4-1 Definitions.

As used in this chapter:

- (1) "Administrative agency" means the same as that term is defined in Section 81-6-101.
- (2) "Child" means the same as that term is defined in Section 81-6-101.
- (3) "Obligation" includes a liability in tort and contractual obligations.
- (4) "Obligee" includes a creditor and a person having a right based on a tort.
- (5) "Obligor" includes a debtor and a person liable for a tort.
- (6)
 - (a) "School fee" means a charge, deposit, rent, or other mandatory payment imposed by:
 - (i) a public school as defined in Section 26B-2-401; or
 - (ii) a private school that provides education to students in any grade from kindergarten through grade 12.
 - (b) "School fee" includes:
 - (i) an admission fee;
 - (ii) a transportation charge; or
 - (iii) a charge, deposit, rent, or other mandatory payment imposed by a third party in connection with an activity or function sponsored by a school described in Subsection (6)(a).
- (7) "Several obligors" means obligors severally bound for the same performance.
- (8) "Waiver" means the act of not requiring an individual to pay an amount that the individual otherwise owes.

Amended by Chapter 366, 2024 General Session

15-4-2 Discharge of co-obligors by judgment.

A judgment against one or more of several obligors, or against one or more of joint or of joint and several obligors, may not discharge a co-obligor who was not a party to the proceeding wherein the judgment was rendered.

Amended by Chapter 378, 2010 General Session

15-4-3 Payments by co-obligor.

The amount or value of any consideration received by the obligee from one or more of several obligors, or from one or more of joint or of joint and several obligors, in whole or in partial satisfaction of their obligations shall be credited to the extent of the amount received on the obligation of all co-obligors to whom the obligor or obligors giving the consideration did not stand in the relation of a surety.

No Change Since 1953

15-4-4 Release of co-obligor -- Reservation of rights.

Subject to the provisions of Section 15-4-3, the obligee's release or discharge of one or more of several obligors, or of one or more of joint or of joint and several obligors, does not discharge co-obligors against whom the obligee in writing and as part of the same transaction as the release or discharge expressly reserves his rights; and in the absence of such a reservation of rights shall discharge co-obligors only to the extent provided in Section 15-4-5.

Amended by Chapter 378, 2010 General Session

15-4-5 Release of co-obligor -- Effect of knowledge of obligee.

- (1) If an obligee releasing or discharging an obligor without express reservation of rights against a co-obligor then knows or has reason to know that the obligor released or discharged did not pay as much of the claim as that obligor was bound by that obligor's contract or relation with that co-obligor to pay, the obligee's claim against that co-obligor shall be satisfied to the amount which the obligee knew or had reason to know that the released or discharged obligor was bound to such co-obligor to pay.
- (2) If an obligee so releasing or discharging an obligor has not then such knowledge or reason to know, the obligee's claim against the co-obligor shall be satisfied to the extent of the lesser of two amounts, namely:
 - (a) the amount of the fractional share of the obligor released or discharged; or
 - (b) the amount that such obligor was bound by that obligor's contract or relation with the co-obligor to pay.

Amended by Chapter 365, 2024 General Session

15-4-6 Death of joint obligor -- Survivorship.

On the death of a joint obligor in contract the joint obligor's executor or administrator shall be bound as such jointly and severally with the surviving obligor or obligors.

Amended by Chapter 365, 2024 General Session

Superseded 9/1/2024

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

- (1) On the entering of a decree of divorce or separate maintenance of joint debtors in contract, the claim of a creditor remains unchanged unless otherwise provided by the contract or until a new contract is entered into between the creditor and the debtors individually.
- (2) In addition to the creditor's duties as a secured party under Title 70A, Chapter 9a, Uniform Commercial Code - Secured Transactions, and the creditor's duties as a trustee or beneficiary of a trust deed under Title 57, Chapter 1, Conveyances, a creditor, who has been notified by service of a copy of a court order under Section 30-3-5 or 30-4-3 that the debtors are divorced or living separately under an order for separate maintenance, and who has been expressly advised of the separate, current addresses of the debtors either by the court order or by other written notice, shall provide to the debtors individually all statements, notices, and other similar correspondence required by law or by the contract.
- (3)

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

Amended by Chapter 252, 2000 General Session

Effective 9/1/2024

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

- (1) On the entering of a decree of divorce or separate maintenance of joint debtors in contract, the claim of a creditor remains unchanged unless otherwise provided by the contract or until a new contract is entered into between the creditor and the debtors individually.
- (2) In addition to the creditor's duties as a secured party under Title 70A, Chapter 9a, Uniform Commercial Code - Secured Transactions, and the creditor's duties as a trustee or beneficiary of a trust deed under Title 57, Chapter 1, Conveyances, a creditor shall provide to the debtors individually all statements, notices, and other similar correspondence required by law or by the contract if:
 - (a) the creditor has been notified by service of a copy of a court order under Section 81-4-204 or 81-4-406 that the debtors are divorced or living separately under an order for separate maintenance; and
 - (b) the creditor has been expressly advised of the separate and current addresses of the debtors by the court order or by other written notice.
- (3)
 - (a) Except as provided in Subsection (3)(b), a creditor may:
 - (i) continue to make negative credit reports of joint debtors under Section 70C-7-107; and
 - (ii) report the repayment practices or credit history of joint debtors under Title 7, Chapter 14, Credit Information Exchange.
 - (b) If a debtor who is not ordered by the court under Section 81-4-204 or 81-4-406 to make payments on a joint obligation, the creditor may not make a negative credit report under Section 70C-7-107, or a report of the debtor's repayment practices or credit history under Title 7, Chapter 14, Credit Information Exchange, regarding the joint obligation after the creditor is served notice of the court's order as required under Subsection (2), unless the creditor has made a demand on the debtor for payment because of the failure to make payments by the other debtor who is ordered by the court to make the payments.

Amended by Chapter 366, 2024 General Session

Superseded 9/1/2024

15-4-6.7 Medical and miscellaneous expenses of minor children -- Collection and billing pursuant to court or administrative order of child support.

- (1) When a court enters an order that provides for the payment of medical and dental expenses of a minor child under Section 30-3-5, 30-4-3, or 78B-12-111, or an administrative order under Section 26B-9-224, a provider who receives a copy of the order:
 - (a) at or before the time the provider renders medical or dental services to the minor child shall, upon request from either parent, separately bill each parent for the share of the medical and dental expenses that the parent is required to pay under the order; or
 - (b) within 30 days after the day on which the provider renders the medical or dental service, may not:
 - (i) make a claim for unpaid medical and dental expenses against a parent who has paid in full the share of the medical and dental expenses that the parent is required to pay under the order; or
 - (ii) make a negative credit report under Section 70C-7-107, or report of the debtor's repayment practices or credit history under Title 7, Chapter 14, Credit Information Exchange, regarding a parent who has paid in full the share of the medical and dental expenses that the parent is required to pay under the order.
- (2)
 - (a) When a court enters an order that provides for the payment of school fees of a minor child under Section 30-3-5 or 30-4-3:
 - (i) a provider who receives a copy of the order before the day on which the provider first issues a bill for a school fee shall, upon request from either parent, separately bill each parent for the share of the school fee that the parent is required to pay under the order;
 - (ii) a provider who receives a copy of the order, regardless of whether the provider receives the copy before, on, or after the day on which the provider first issues a bill for the school fee may not make a negative credit report under Section 70C-7-107, or report of the debtor's repayment practices or credit history under Title 7, Chapter 14, Credit Information Exchange, regarding a parent who has paid in full the share of the school fee that the parent is required to pay under the order; and
 - (iii) each parent is liable only for the share of the school fee that the parent is required to pay under the order.
 - (b) A provider may bill a parent for the parent's share of a minor child's school fee under an order described in Subsection (2)(a) regardless of whether the provider grants the other parent a waiver for all or a portion of the other parent's share of the minor child's school fee.

Amended by Chapter 327, 2023 General Session

Effective 9/1/2024

15-4-6.7 Medical and miscellaneous expenses of a child -- Collection and billing pursuant to court or administrative order of child support.

- (1) When a court or an administrative agency enters an order that provides for the payment of medical and dental expenses of a child as described in Section 26B-9-224 or 81-6-202, a provider who receives a copy of the order:
 - (a) at or before the time the provider renders medical or dental services to the child, and upon request from a parent, shall separately bill each parent for the share of the medical and dental expenses that the parent is required to pay under the order; or
 - (b) within 30 days after the day on which the provider renders the medical or dental service to the child, may not:

- (i) make a claim for unpaid medical and dental expenses against a parent who has paid in full the share of the medical and dental expenses that the parent is required to pay under the order; or
 - (ii) make a negative credit report under Section 70C-7-107, or a report of the debtor's repayment practices or credit history under Title 7, Chapter 14, Credit Information Exchange, regarding a parent who has paid in full the share of the medical and dental expenses that the parent is required to pay under the order.
- (2)
- (a) When a court enters an order that provides for the payment of school fees of a child in a separate maintenance action under Section 81-4-204 or in a divorce action under Section 81-4-406:
 - (i) a provider, who receives a copy of the order before the day on which the provider first issues a bill for a school fee and upon request from a parent, shall separately bill each parent for the share of the school fee that the parent is required to pay under the order;
 - (ii) a provider, who receives a copy of the order, regardless of whether the provider receives the copy before, on, or after the day on which the provider first issues a bill for the school fee, may not make a negative credit report under Section 70C-7-107, or report of the debtor's repayment practices or credit history under Title 7, Chapter 14, Credit Information Exchange, regarding a parent who has paid in full the share of the school fee that the parent is required to pay under the order; and
 - (iii) each parent is liable only for the share of the school fee that the parent is required to pay under the order.
 - (b) A provider may bill a parent for the parent's share of a child's school fee under an order described in Subsection (2)(a) regardless of whether the provider grants the other parent a waiver for all or a portion of the other parent's share of the child's school fee.

Amended by Chapter 366, 2024 General Session

15-4-7 Effective date of chapter.

This chapter does not apply to obligations arising prior to July 1, 1929.

Amended by Chapter 378, 2010 General Session

Chapter 6 Prompt Payment Act

15-6-1 Short title.

This act shall be known and may be cited as the "Utah Prompt Payment Act."

Enacted by Chapter 300, 1983 General Session

15-6-2 Time for payment by state agencies.

- (1) An agency of the state of Utah which acquires property or services pursuant to a contract with a business shall pay for each complete delivered item of property or service on the date required by contract between such business and agency or, if no date for payment is specified by contract, within 60 days after receipt of the invoice covering the delivered items or services.

(2) The acquisition of property includes the rental of real or personal property.

Enacted by Chapter 300, 1983 General Session

15-6-3 Interest on payments by state agencies.

- (1)
- (a) Interest shall accrue and be charged on payments overdue under Section 15-6-2 at 2% above the rate paid by the Internal Revenue Service on refund claims.
 - (b) This rate is established and adjusted on a quarterly basis and shall be applied on a per annum basis beginning on the day after payment is due, if the payment due date is specified by contract, or on the 61st day after receipt of the invoice, if no payment date is specified by contract.
 - (c) Interest ceases to accrue on the date payment is made.
- (2) Any interest that remains unpaid at the end of any 60-day period or that remains unpaid at the end of any specified period provided by contract shall be added to the principal amount of the debt and shall accumulate interest.
- (3) A state agency may not seek additional appropriations to pay interest that accrues because the agency failed to make payments as required by Section 15-6-2.

Amended by Chapter 79, 1989 General Session

15-6-4 Disputed payments excepted.

If the agency fails to pay the amount due on time because of a dispute between the agency and the business over the amount due or over compliance with the contract, the provisions of this chapter do not apply.

Amended by Chapter 79, 1989 General Session

15-6-5 Contractors' payments to subcontractors -- Time -- Interest.

Upon payment by an agency of the state of Utah or by an agency of the United States, a business which has acquired under contract, property or services in connection with its contract with such an agency from a subcontractor or supplier, shall pay such subcontractor or supplier within 30 days after payment from such agency. Interest at the rate of 15.5% per annum shall accrue and is due any subcontractor or supplier who is not paid within 45 days after the business receives payment from the agency, unless otherwise provided by contract between the business and the subcontractor or supplier. Interest begins to accrue on the 31st day at the rate specified in this subsection.

Enacted by Chapter 300, 1983 General Session

15-6-6 Exceptions.

This chapter does not apply to contracts that involve disbursement of federal funds, or state and federal funds, by the state or its agencies.

Enacted by Chapter 79, 1989 General Session

Chapter 7 Registered Public Obligations Act

15-7-1 Short title.

This act shall be known and may be cited as the "Registered Public Obligations Act."

Enacted by Chapter 62, 1983 General Session

15-7-2 Definitions.

As used in this chapter:

- (1) "Authorized officer" means any individual required or permitted by any law or by the issuing public entity to execute on behalf of the public entity, a certificated registered public obligation or a writing relating to an uncertificated registered public obligation.
- (2) "Certificated registered public obligation" means a registered public obligation which is represented by an instrument.
- (3) "Code" means the Internal Revenue Code of 1954.
- (4) "Facsimile seal" means the reproduction by engraving, imprinting, stamping, or other means of the seal of the issuer, official, or official body.
- (5) "Facsimile signature" means the reproduction by engraving, imprinting, stamping, or other means of a manual signature.
- (6) "Financial intermediary" means a bank, broker, clearing corporation or other person, or the nominee of any of them, which in the ordinary course of its business maintains registered public obligation accounts for its customers.
- (7) "Issuer" means a public entity which issues an obligation.
- (8) "Obligation" means an agreement by a public entity to pay principal and any interest on the obligation, whether in the form of a contract to repay borrowed money, a lease, an installment purchase agreement, or otherwise, and includes a share, participation, or other interest in any such agreement.
- (9) "Official" or "official body" means the person or group of persons that is empowered to provide for the original issuance of an obligation of the issuer, by defining the obligation and its terms, conditions, and other incidents, or to perform duties with respect to a registered public obligation and any successor of such person or group of persons.
- (10) "Official actions" means the actions by statute, order, ordinance, resolution, contract, or other authorized means by which the issuer provides for issuance of a registered public obligation.
- (11) "Public entity" means any entity, department, or agency which is empowered under the laws of one or more states, territories, possessions of the United States or the District of Columbia, including this state, to issue obligations any interest with respect to which may, under any provision of law, be provided an exemption from the income tax referred to in the Code. The term "public entity" includes, without limitation, this state, an entity deriving powers from and acting pursuant to a state constitution or legislative act, a county, city, town, a municipal corporation, a quasi-municipal corporation, a state university or college, a school district, a special service district, a special district, a separate legal or administrative entity created under the Interlocal Cooperation Act or other joint agreement entity, a community reinvestment agency, any other political subdivision, a public authority or public agency, a public trust, a nonprofit corporation, or other organizations.
- (12) "Registered public obligation" means an obligation issued by a public entity which is issued pursuant to a system of registration.

- (13) "System of registration" and its variants means a plan that provides:
- (a) with respect to a certificated registered public obligation, that:
 - (i) the certificated registered public obligation specifies a person entitled to the registered public obligation and the rights it represents; and
 - (ii) transfer of the certificated registered public obligation and the rights it represents may be registered upon books maintained for that purpose by or on behalf of the issuer; and
 - (b) with respect to an uncertificated registered public obligation, that:
 - (i) books maintained by or on behalf of the issuer for the purpose of registration of the transfer of a registered public obligation specify a person entitled to the registered public obligation and the rights evidenced by it; and
 - (ii) transfer of the uncertificated registered public obligation and the rights evidenced by it be registered upon such books.
- (14) "Uncertificated registered public obligation" means a registered public obligation which is not represented by an instrument.

Amended by Chapter 16, 2023 General Session

15-7-3 Purpose.

- (1) The Code provides that interest with respect to certain obligations may not be exempt from federal income taxation unless they are in registered form. It is therefore a matter of state concern that public entities be authorized to provide for the issuance of obligations in registered form. It is a purpose of this act to empower all public entities to establish and maintain a system which permits obligations to be issued in registered form within the meaning of the applicable Code provisions.
- (2) It is further a purpose of this act to empower the establishment and maintenance of differing systems of registration of obligations, including system incidents, so as to accommodate the differing impacts upon issuers and varieties of obligations. It is further a purpose of this act to authorize systems that will facilitate the prompt and accurate transfer of registered public obligations and developing practices with regard to the registration and transfer of registered public obligations.

Enacted by Chapter 62, 1983 General Session

15-7-4 Registration system established by issuer.

- (1)
 - (a) Each issuer is authorized to establish and maintain a system of registration with respect to each obligation it issues.
 - (b) The system described in this Subsection (1) may either be:
 - (i) a system pursuant to which only certificated registered public obligations are issued;
 - (ii) a system pursuant to which only uncertificated registered public obligations are issued; or
 - (iii) a system pursuant to which both certificated and uncertificated registered public obligations are issued.
 - (c) The issuer may amend, discontinue, and reinstitute a system established under this section, from time to time, subject to covenants.
- (2) The system shall be established, amended, discontinued, or reinstated, for the issuer by, and shall be maintained for the issuer as provided by, the official or official body.
- (3) The system shall be described in the registered public obligation or in the official actions which provide for original issuance of the registered public obligation, and in subsequent official

- actions providing for amendments and other matters from time to time. The description may be by reference to a program of the issuer which is established by the official or official body.
- (4) The system shall define the method or methods by which transfer of the registered public obligation is effective with respect to the issuer, and by which payment of principal and any interest shall be made. The system may permit the issuance of registered public obligations in any denomination to represent several registered public obligations of smaller denominations. The system may also provide for the form of any certificated registered public obligation or of any writing relating to an uncertificated registered public obligation, for identifying numbers or other designations, for a sufficient supply of certificates for subsequent transfers, for record and payment dates, for varying denominations, for communications to holders or owners of obligations, and for accounting, cancelled certificate destruction, registration and release of security interests and other incidental matters. Unless the issuer otherwise provides, the record date for interest payable on the first or fifteenth days of a month shall be the fifteenth day or the last business day of the preceding month, respectively, and for interest payable on other than the first or fifteenth days of a month, shall be the fifteenth calendar day before the interest payment date.
 - (5) Under a system pursuant to which both certificated and uncertificated registered public obligations are issued, both types of registered public obligations may be regularly issued, or one type may be regularly issued and the other type issued only under described circumstances or to particular described categories of owners and provision may be made for registration and release of security interests in registered public obligations.
 - (6) The system may include covenants of the issuer as to amendments, discontinuances, and reinstatements of the system and the effect of such on the exemption of interest from the income tax provided for by the Code.
 - (7) Whenever an issuer issues an uncertificated registered public obligation, the system of registration may provide that, as long as the uncertificated registered obligation remains outstanding and unpaid, a true copy of the official actions of the issuer relating to the uncertificated registered public obligation will be maintained by the issuer or by the person, if any, maintaining the system on behalf of the issuer. A copy of such official actions verified by an authorized officer is admissible before any court of record, administrative body, or arbitration panel without further authentication.
 - (8) Nothing in this act precludes conversion from one form of registered public obligation provided by this act to a form of obligation not provided by this act if interest on the converted obligation continues to be exempt from income taxation under the Code.
 - (9) Rights provided by other laws with respect to obligations in forms not provided by this act shall, to the extent not inconsistent with this act, apply with respect to registered public obligations issued in forms authorized by this act.

Amended by Chapter 258, 2015 General Session

15-7-5 Execution of obligations.

- (1) A certificated registered public obligation shall be executed by the issuer by the manual or facsimile signature or signatures of authorized officers. Any signature of an authorized officer may be attested by the manual or facsimile signature of another authorized officer.
- (2) In addition to the signatures referred to in Subsection (1), any certificated registered public obligation or any writing relating to an uncertificated registered public obligation may include a certificate or certificates signed by the manual or facsimile signature of an authenticating agent, registrar, transfer agent, or the like.

- (3) At least one signature of an authorized officer or other persons required or permitted to be placed on a certificated registered public obligation shall be the manual signature.

Enacted by Chapter 62, 1983 General Session

15-7-6 Signatures of officers.

- (1) Any certificated registered public obligation is valid and binding, notwithstanding the fact that any authorized officer who signed it ceased to be an authorized officer before it is issued.
- (2) An authorized officer may adopt as and for the signature of such officer the signature of a predecessor in office if that predecessor's signature appears on the certificated registered public obligation. An authorized officer incurs no liability by adoption of a predecessor's signature that would not be incurred by such authorized officer if the signature were that of such authorized officer.

Enacted by Chapter 62, 1983 General Session

15-7-7 Seals.

If a seal is required or permitted in the execution of a certificated registered public obligation, an authorized officer may cause a facsimile of the seal to be placed on such obligation. Use of a facsimile of the seal has the same legal effect as the impression of the seal.

Enacted by Chapter 62, 1983 General Session

15-7-8 Agents of issuer.

- (1) An issuer may appoint for such term as may be agreed, including for so long as a registered public obligation may be outstanding, corporate or other authenticating agents, transfer agents, registrars, paying or other agents and specify the terms of their appointment, including their rights, their compensation and duties, limits upon their liabilities and the provision for their payment of liquidated damages in the event of breach of certain of the duties imposed, which liquidated damages may be made payable to the issuer, the owner, or a financial intermediary. Such agents need not maintain a place of business in Utah or do business within this state.
- (2) An issuer may agree with custodian banks and financial intermediaries, or their nominees, in connection with the establishment and maintenance by others of a central depository system for the transfer or pledge of registered public obligations. Any such custodian banks and financial intermediaries, or nominees, may, if qualified and acting as fiduciaries, also serve as authenticating agents, transfer agents, registrars, paying or other agents of the issuer with respect to the same issue of registered public obligations.
- (3) Nothing precludes an issuer from performing, alone or jointly with other issuers, any function described in this section.

Enacted by Chapter 62, 1983 General Session

15-7-9 Transfer costs -- Agreements as to payment of costs.

- (1) An issuer, before or at original issuance of registered public obligations, may as part of a system of registration provide that the transferor or transferee of the registered public obligations pay all or a designated part of the costs of the system as a condition precedent to transfer or that costs be paid out of proceeds of the registered public obligations, or that both

methods may be used. Any costs of the system not required to be paid by the transferor or transferee or out of such proceeds is the liability of the issuer.

- (2) The issuer may as a part of a system of registration provide for reimbursement or for satisfaction of its liability by payment by others. The issuer may enter into agreements with others respecting such reimbursement or payment, may establish fees and charges pursuant to such agreements or otherwise, and may provide that the amount or estimated amount of such fees and charges shall be reimbursed or paid from the same sources and with the same priority and effect and subject to the same procedures as the obligations.

Enacted by Chapter 62, 1983 General Session

15-7-10 Investment of public funds in registered obligations of public entities of other states.

Obligations issued by public entities under the laws of another state, the District of Columbia, or by territories or possessions of the United States, which are in registered form, whether or not represented by an instrument, and which, except for their form, satisfy the requirements with regard to security for deposits of money of public agencies prescribed pursuant to the law of Utah, are deemed to satisfy all such requirements even though they are in registered form if a security interest in such obligations is perfected on behalf of the public agency whose money is deposited.

Enacted by Chapter 62, 1983 General Session

15-7-11 Registration records -- Public inspection -- Location.

- (1) Records, with regard to the ownership of or security interests in registered public obligations, are not subject to inspection or copying under any law of this state relating to the right of the public to inspect or copy public records.
- (2) Registration records of the issuer may be maintained at such locations within or without this state as the issuer determines.

Enacted by Chapter 62, 1983 General Session

15-7-12 Obligations subject to chapter.

- (1) Unless the official or official body of the issuer determines otherwise before or at the time of the original issuance of a registered public obligation, this act is applicable to such registered public obligation. When this act is applicable, the provisions of this act prevail over any inconsistent provision under any other law. Pursuant to Section 11-14-401, this act is specifically made applicable to registered public obligations issued under Title 11, Chapter 14, Local Government Bonding Act, in accordance with Section 11-14-305.
- (2) Nothing in this act limits or prevents the issuance of obligations in any other form or manner authorized by law.
- (3) Unless determined otherwise pursuant to Subsection (1), this act is applicable with respect to obligations which have been approved before enactment of this act by vote, referendum, or hearing, which authorized or permitted the authorization of obligations in bearer and registered form, or in bearer form only, and such obligations need not be resubmitted for a further vote, referendum or hearing, for the purpose of authorizing or permitting the authorization of registered public obligations under this act.

Amended by Chapter 105, 2005 General Session

15-7-13 Construction with other law.

This act shall be construed in conjunction with the Uniform Commercial Code and the principles of contract law relative to the registration and transfer of obligations.

Enacted by Chapter 62, 1983 General Session

15-7-14 Covenant against repeal of chapter.

The state hereby covenants with the owners of any registered public obligations that it will not amend or repeal this act if the effect may be to impair the exemption from income taxation of interest on registered public obligations.

Enacted by Chapter 62, 1983 General Session

**Chapter 8
Utah Rental Purchase Agreement Act**

15-8-1 Short title.

This chapter is known as the "Utah Rental Purchase Agreement Act."

Enacted by Chapter 251, 1993 General Session

15-8-2 Purpose -- Rules of construction.

- (1) This chapter shall be liberally construed and applied to promote its underlying purposes and policies.
- (2) The underlying purposes and policies of this chapter are to:
 - (a) define, simplify, and clarify the law governing consumer rental purchase agreements;
 - (b) provide certain disclosures to consumers who enter into consumer rental purchase agreements, and further consumer understanding of the terms of consumer rental purchase agreements;
 - (c) protect consumers against unfair practices;
 - (d) permit and encourage the development of fair and economically sound rental purchase practices; and
 - (e) make the law on consumer rental purchase agreements, including administrative rules, more uniform among the various consumer credit code jurisdictions.

Enacted by Chapter 251, 1993 General Session

15-8-3 Definitions.

As used in this title:

- (1) "Cash price" means the price at which the lessor would have sold the property to the consumer for cash on the date of the rental purchase agreement.
- (2) "Consumer" means a natural person who rents personal property under a rental purchase agreement to be used primarily for personal, family, or household purposes.
- (3) "Consummation" means the time at which a consumer becomes contractually obligated on a rental purchase agreement.

- (4) "Lessor" means a person who regularly provides the use of property through rental purchase agreements and to whom rental payments are initially payable on the face of a rental purchase agreement.
- (5) "Rental purchase agreement" means an agreement for the use of personal property by a natural person primarily for personal, family, or household purposes for an initial period of four months or less that is automatically renewable with each payment after the initial period, but which does not obligate or require the consumer to continue renting or using the property beyond the initial period, and that permits the consumer to become the owner of the property.

Enacted by Chapter 251, 1993 General Session

15-8-4 Inapplicability of other laws -- Exempted transactions.

- (1) Rental purchase agreements that comply with this chapter are not governed by the laws relating to:
 - (a) a security interest as defined in Subsection 70A-1a-201(2)(ii); or
 - (b) Title 70C, Utah Consumer Credit Code, except that Sections 70C-7-102 through 70C-7-104 and 70C-2-205 shall apply to lessors as defined in this chapter to the same extent as they apply to creditors under Title 70C, Utah Consumer Credit Code.
- (2) The chapter does not apply to the following:
 - (a) rental purchase agreements primarily for business, commercial, or agricultural purposes, or those made with governmental agencies or instrumentalities or with organizations;
 - (b) a lease of a safe deposit box;
 - (c) a lease or bailment of personal property which is incidental to the lease of real property and which provides that the consumer has no option to purchase the leased property; or
 - (d) a lease of a motor vehicle, as defined in Section 41-1a-102.

Amended by Chapter 189, 2014 General Session

15-8-5 General requirements of disclosure.

- (1) A lessor shall disclose to a consumer the information required by this chapter. In a transaction involving more than one lessor, only one lessor needs to make the disclosures, but all lessors shall be bound by the disclosures.
- (2) The disclosures shall be made at or before consummation of the rental purchase agreement.
- (3) The disclosures shall be made clearly and conspicuously in writing and a copy of the rental purchase agreement shall be provided to the consumer at consummation or at some specified time after consummation, with consent of the consumer. The disclosures required under Subsection 15-8-6(1) shall be made on the face of the contract, above the line provided for the consumer's signature.
- (4) If a disclosure becomes inaccurate as the result of any act, occurrence, or agreement by the consumer after delivery of the required disclosures, the resulting inaccuracy is not a violation of this chapter.

Amended by Chapter 12, 1994 General Session

15-8-6 Disclosures.

- (1) For each rental purchase agreement, the lessor shall disclose in the agreement the following items, as applicable:

- (a) the total number, total dollar amount, and timing of all payments necessary to acquire ownership of the property;
 - (b) a statement that the consumer will not own the property until the consumer has made the total payments necessary to acquire ownership;
 - (c) a statement that the consumer is responsible to the lessor for the fair market value of the property if, and as of the time, it is stolen, damaged, or destroyed;
 - (d) a brief description of the rented property, sufficient to identify the property to the consumer and the lessor, including an identification number, if applicable, and a statement indicating whether the property is new or used, but a statement that indicates new property is used, is not a violation of this chapter;
 - (e) a statement of the cash price of the property, which, in the case of a single agreement involving a lease of two or more items as a set, is sufficient if it states the aggregate cash price of all items;
 - (f) the total amount initially payable or required at or before consummation of the agreement or delivery of the property, whichever is later;
 - (g) a statement that the total of payments does not include other charges, such as late payment, default, pickup, and reinstatement fees, which fees shall be separately disclosed in the agreement;
 - (h) a statement clearly summarizing the terms of the consumer's option to purchase, including a statement that the consumer has the right to exercise an early purchase option and the price, formula, or method for determining the price at which the property may be so purchased;
 - (i) a statement identifying the party responsible for maintaining or servicing the property while it is being rented, together with a description of that responsibility, and a statement that if any part of a manufacturer's express warranty covers the property at the time the consumer acquires ownership of the property, it shall be transferred to the consumer, if allowed by the terms of the warranty;
 - (j) the consummation date of the agreement and the identities of the lessor and consumer;
 - (k) a statement that the consumer may terminate the agreement without penalty upon expiration of any rental period by voluntarily surrendering or returning the property in good repair, along with any past due rental payments; and
 - (l) a notice of the right to reinstate an agreement as provided in this chapter.
- (2) With respect to matters specifically governed by the federal Consumer Credit Protection Act, compliance with that act satisfies the requirements of this section.

Enacted by Chapter 251, 1993 General Session

15-8-7 Prohibited practices.

A rental purchase agreement may not contain:

- (1) a confession of judgment;
 - (2) a negotiable instrument;
 - (3) a claim of a property interest in any goods except those goods delivered by the lessor pursuant to the rental purchase agreement;
 - (4) a wage assignment;
 - (5) a waiver by the consumer of claims or defenses;
 - (6) a provision authorizing the lessor or a person acting on the lessor's behalf to enter upon the consumer's premises or to commit any breach of the peace while repossessing rented property;
- or

- (7) a provision mandating that the consumer purchase from the lessor insurance or a liability damage waiver for the merchandise.

Enacted by Chapter 251, 1993 General Session

15-8-8 Reinstatement.

- (1)
- (a) A consumer who fails to make a timely rental payment may reinstate the agreement, without losing any rights or options that exist under the agreement, by paying:
 - (i) all past due rental charges;
 - (ii) reasonable costs of pickup and redelivery if the consumer reinstates after lessor has been required to pick up the property from the consumer; and
 - (iii) any applicable late fee.
 - (b) Any reinstatement payment shall be made within five days after the renewal date if the consumer pays monthly, or within two days after the renewal date if the consumer pays more frequently than monthly.
- (2) A consumer who has paid less than 2/3 of the total of payments necessary to acquire ownership and who has returned or voluntarily surrendered the property, other than through judicial process, during the applicable reinstatement period set forth in Subsection (1), may reinstate the agreement. Reinstatement may occur under the circumstance described in this subsection, during a period, as agreed by the parties, which may not be less than 45 days from the date of the return or surrender of the property.
- (3) A consumer who has paid 2/3 or more of the total payments necessary to acquire ownership and who has returned or voluntarily surrendered the property, other than through judicial process, during the applicable period set forth in Subsection (1), may reinstate the agreement. Reinstatement may occur under the circumstances described in this subsection during a period, as agreed by the parties, which may not be less than 90 days from the date of the return or surrender of the property.
- (4) This section does not prevent a lessor from attempting to repossess property during the reinstatement period, but such a repossession does not affect the consumer's right to reinstate. Upon reinstatement, the lessor shall provide the consumer with the same property, if available, or substitute property of comparable quality and condition.

Enacted by Chapter 251, 1993 General Session

15-8-9 Receipts and accounts.

A lessor shall, upon request by the consumer, provide a written receipt for each payment made by cash or money order.

Enacted by Chapter 251, 1993 General Session

15-8-10 Renegotiations and extensions.

- (1) A renegotiation shall occur when an existing rental purchase agreement is satisfied and replaced by a new agreement entered into by the same lessor and consumer. A renegotiation shall be considered a new agreement requiring new disclosures. However, events such as the following may not be treated as renegotiations:

- (a) the addition or return of property in a multiple item agreement or the substitution of the rental property, if in either case the previous periodic payment allocable to a rental period does not change by more than 25%;
 - (b) a deferral or extension of one or more periodic payments, or any portion of a periodic payment;
 - (c) a reduction in charges in the agreement; or
 - (d) any court proceedings involving an agreement.
- (2) Disclosures are not required for any extension of a rental purchase agreement.

Enacted by Chapter 251, 1993 General Session

15-8-11 Enforcement -- Penalties.

- (1)
- (a) A lessor who fails to comply with the requirements of this chapter is liable to a consumer in an amount equal to the greater of:
 - (i) the actual damages sustained by the consumer as a result of the lessor's failure to comply with this chapter; or
 - (ii) 25% of the total payments necessary to acquire ownership, but not less than \$100 nor more than \$1,000.
 - (b) A lessor may also be liable to the consumer for the costs of the action and reasonable attorneys' fees, as determined by the court.
- (2) A consumer may not take any action to offset the amount for which a lessor is potentially liable under Subsection (1) against any amount owed by the consumer, unless the amount of the lessor's liability has been determined by judgment of a court of competent jurisdiction in an action in which the lessor was a party. This subsection does not bar a consumer then in default on an obligation from asserting a violation of this chapter as an original action, or as a defense or counterclaim, to an action brought by a lessor against the consumer.
- (3) No action under this section may be brought in any court of competent jurisdiction more than two years after the date the consumer made his last rental payment or more than two years after the date of the occurrence of the violation that is the subject of the suit, whichever is later.

Enacted by Chapter 251, 1993 General Session

15-8-12 Lessor's defenses.

- (1) If a lessor established by a preponderance of evidence that a violation of this chapter is unintentional or the result of a bona fide error, no penalty specified in Section 15-8-11 may be imposed and the validity of the transaction is not affected.
- (2) A lessor has no liability under this part for any failure to comply with any requirement imposed under this chapter if, within 60 days after discovering an error, and prior to the institution of an action under this chapter or the receipt of written notice of the error from the consumer, the lessor notifies the affected consumer of the error and makes whatever adjustments in the consumer's account as are necessary to correct the error.
- (3) A penalty does not apply if any action is performed or omitted in good faith and in conformity with any provision of this chapter, notwithstanding that after an action or omission has occurred, the provision of the chapter is, for any reason, amended, rescinded, or determined by judicial or other competent authority to be invalid.

Enacted by Chapter 251, 1993 General Session

Chapter 10 Service Contracts Act

Part 1 General Provisions

15-10-101 Title.

This chapter is known as the "Service Contracts Act."

Enacted by Chapter 46, 2003 General Session

15-10-102 Definitions.

As used in this chapter:

- (1) "Automatic renewal provision" means a provision under which a service contract is renewed for one or more specified periods if:
 - (a) the renewal causes the service contract to be in effect more than six months after the day of the initiation of the service contract; and
 - (b) the renewal is effective unless the consumer gives notice to the seller of the consumer's intention to terminate the service contract.
- (2) "Business consumer" means a person engaged in business if the person enters into a service contract as part of the person's business activities.
- (3)
 - (a) "Consumer" means a person receiving service, maintenance, or repair under a service contract.
 - (b) "Consumer" includes a representative of an association subject to:
 - (i) Title 57, Chapter 8, Condominium Ownership Act; or
 - (ii) Title 57, Chapter 8a, Community Association Act.
- (4) "Seller" means a person providing service, maintenance, or repair under a service contract.
- (5)
 - (a) "Service contract" means a contract for service, maintenance, or repair:
 - (i) in connection with real property; or
 - (ii) that provides a benefit to the real property.
 - (b) "Service contract" does not include a contract affecting any right, title, estate, or interest in real property, including:
 - (i) a fee title interest;
 - (ii) a leasehold interest;
 - (iii) an option contract relating to real property;
 - (iv) a real estate purchase contract;
 - (v) an easement; or
 - (vi) any other real property interest governed by Title 57, Real Estate.

Amended by Chapter 262, 2011 General Session

Part 2

Restrictions on Automatic Renewal Provisions

15-10-201 Notice requirement.

- (1) Except as provided in Subsection (2)(b), a service contract may not contain an automatic renewal provision unless the seller provides the consumer written notice complying with Subsection (2) that informs the consumer of the automatic renewal provision.
- (2)
 - (a) For a service contract executed on or after July 1, 2011, that exceeds 12 months for a renewal period, a seller shall provide written notice of an automatic renewal provision prominently displayed on the first page of the service contract.
 - (b) In addition to complying with Subsection (2)(a), a seller shall provide written notice required under Subsection (1) to the consumer:
 - (i) personally;
 - (ii) by certified mail; or
 - (iii) prominently displayed on the first page of a monthly statement.
 - (c)
 - (i) A seller shall provide written notice under Subsection (2)(b):
 - (A) no later than 30 calendar days before the last day on which the consumer may give notice of the consumer's intention to terminate the service contract; and
 - (B) no sooner than 90 calendar days before the last day on which the consumer may give notice of the consumer's intention to terminate the service contract.
 - (ii) A seller may not provide written notice required under Subsection (1) except:
 - (A) as provided in Subsection (2)(a); or
 - (B) during the time period described in Subsection (2)(c)(i).
 - (d) Written notice required under Subsection (1) shall be:
 - (i) written in clear and understandable language; and
 - (ii) printed in an easy-to-read type size and style.

Amended by Chapter 189, 2014 General Session

15-10-202 Remedy for violation.

- (1) Subject to Subsection (2), if a seller does not comply with Section 15-10-201 with respect to a service contract containing an automatic renewal provision:
 - (a) the automatic renewal provision is void and unconscionable as a matter of public policy; and
 - (b) the service contract shall automatically renew on a month-to-month basis.
- (2) Subsection (1) applies to an automatic renewal provision in a service contract with a business consumer for which a seller does not comply with Section 15-10-201 only if the service contract is executed on or after July 1, 2011.

Amended by Chapter 262, 2011 General Session

Part 3 Exemptions

15-10-301 Exemptions.

This chapter does not apply to a contract made pursuant to Title 11, Chapter 13, Interlocal Cooperation Act.

Enacted by Chapter 46, 2003 General Session