

Representative Merlynn T. Newbold proposes the following substitute bill:

POWER OF ATTORNEY FOR TRUST

2002 GENERAL SESSION

STATE OF UTAH

Sponsor: Merlynn T. Newbold

This act modifies and enacts provisions of the Probate Code relating to powers of attorney. It prohibits powers of attorney holders from creating, modifying, or revoking trusts without specific authorization, changing interests in the principal's property, or making loans to the holder of the power of attorney.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

75-5-501, as last amended by Chapter 14, Laws of Utah 2001, First Special Session

ENACTS:

75-5-503, Utah Code Annotated 1953

75-5-504, Utah Code Annotated 1953

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

Section 1. Section **75-5-501** is amended to read:

75-5-501. Power of attorney not affected by disability or lapse of time -- Agent responsibilities.

(1) Whenever a principal designates another his attorney-in-fact or agent by a power of attorney in writing and the writing contains the words "This power of attorney shall not be affected by disability of the principal," or "This power of attorney shall become effective upon the disability of the principal," or similar words showing the intent of the principal that the authority conferred shall be exercisable notwithstanding his disability, the authority of the attorney-in-fact or agent is exercisable by him as provided in the power on behalf of the principal notwithstanding:

(a) later disability or incapacity of the principal at law or later uncertainty as to whether



26 the principal is dead or alive; or

27 (b) the lapse of time since the execution of the instrument, unless the instrument states a
28 time of termination.

29 (2) If an attorney-in-fact or agent determines that the principal has become incapacitated
30 or disabled and the power of attorney by its terms remains in effect or becomes effective as a result
31 of a principal's incapacity or disability, the attorney-in-fact or agent shall:

32 (a) notify all interested persons of his status as the power of attorney holder within 30 days
33 of the principal's incapacitation, and provide them with his name and address;

34 (b) provide to any interested persons upon written request, a copy of the power of attorney
35 [~~and a statement of the assets to which the power of attorney applies~~]; and

36 [~~(c) provide to any interested persons upon written request, an annual accounting of the~~
37 ~~assets to which the power of attorney applies; and]~~

38 [~~(d)~~] (c) notify all interested persons upon the death of the principal.

39 (3) All interested persons shall be notified within ten days if the attorney-in-fact or agent
40 changes. The notification shall be made by the new attorney-in-fact or agent who shall then be
41 accountable to the interested persons in accordance with Subsection (2).

42 (4) All acts done by the attorney-in-fact or agent pursuant to the power during any period
43 of disability or incompetence or uncertainty as to whether the principal is dead or alive have the
44 same effect and inure to the benefit of and bind the principal or his heirs, devisees, and personal
45 representative as if the principal were alive, competent, and not disabled, except as provided in
46 Section 75-5-503.

47 (5) A conservator may be appointed for a principal even ~~if~~ [thought] **THOUGH** ~~if~~ the
47a principal has a valid

48 power of attorney in place. If a conservator thereafter is appointed for the principal, the
49 attorney-in-fact or agent, during the continuance of the appointment, shall account to the
50 conservator rather than the principal. [~~The conservator has the same power the principal would~~
51 ~~have had if he were not disabled or incompetent to revoke, suspend, or terminate all or any part~~
52 ~~of the power of attorney or agency.~~]

53 [(5)] (6) For the purposes of this section, "interested person" means any person entitled to
54 a part of the principal's estate from the principal's will or through the intestacy laws, whichever is
55 applicable.

56 Section 2. Section **75-5-503** is enacted to read:

57 **75-5-503. Power of attorney -- Prohibitions and restrictions.**

58 A power of attorney may not be construed to grant authority to an attorney-in-fact or agent
59 to perform any of the following, unless expressly authorized in the power of attorney:

60 (1) create, modify, or revoke an inter vivos revocable trust created by the principal;

61 (2) fund, with the principal's property, a trust not created by the principal or by a person
62 authorized to create a trust on behalf of the principal;

63 (3) make or revoke a gift of the principal's property, in trust or otherwise;

64 (4) designate or change the designation of beneficiaries to receive any property, benefit,
65 or contract right on the principal's death.

66 Section 3. Section **75-5-504** is enacted to read:

67 **75-5-504. Voidable Transactions.**

68 Any loan, sale or encumbrance on behalf of a principal with his attorney in fact, or with
69 the attorney in fact's spouse, agent, or attorney, or any entity or trust in which the attorney in fact
70 has a substantial beneficial interest, or any transaction involving the attorney in fact which is
71 affected by a substantial conflict of interest, is voidable unless the transaction is approved by the
72 court after notice to interested persons and others as directed by the court.