

Representative Gordon E. Snow proposes the following substitute bill:

**LIEN RECOVERY FUND - RATE OF
INTEREST**

2003 GENERAL SESSION

STATE OF UTAH

Sponsor: Gordon E. Snow

This act modifies the lien recovery fund provisions of the Liens Code. The act changes the set interest rate to the current interest rate. The act also limits the amount of attorney's fees to 15% of the original judgement.

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

AMENDS:

38-11-203, as last amended by Chapter 198, Laws of Utah 2001

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

Section 1. Section **38-11-203** is amended to read:

38-11-203. Disbursements from the fund -- Limitations.

(1) A payment of any claim upon the fund by a qualified beneficiary shall be made only upon an order issued by the director finding that:

(a) the claimant was a qualified beneficiary during the construction on a residence;

(b) the claimant complied with the requirements of Section 38-11-204; and

(c) there is adequate money in the fund to pay the amount ordered.

(2) A payment of a claim upon the fund by a laborer shall be made only upon an order issued by the director finding that:

(a) the laborer complied with the requirements of Subsection 38-11-204(6); and

(b) there is adequate money in the fund to pay the amount ordered.

(3) (a) An order under this section may be issued only after the division has complied with the procedures established by rule under Section 38-11-105.



26 (b) The director shall order payment of the qualified services as established by
27 evidence, or if the claimant has obtained a judgment, then in the amount awarded for qualified
28 services in the judgment to the extent the qualified services are attributable to the
29 owner-occupied residence at issue in the claim.

30 (c) The director shall order payment of interest on all amounts claimed for qualified
31 services based on the current prime interest rate at the [~~rate of 12%, annual percentage rate,~~
32 ~~from the date~~] time payment was due to the date the claim is approved for payment except for
33 delays attributable to the claimant. **§ BUT NOT MORE THAN 10% PER ANNUM §**

34 (d) The rate shall be the Prime Lending Rate as published in the Wall Street Journal on
35 the first business day of each calendar year adjusted annually.

36 [~~(d)~~] (e) The director shall order payment of costs in the amount stated in the judgment.
37 If the judgment does not state a sum certain for costs, or if no judgment has been obtained, the
38 director shall order payment of reasonable costs as supported by evidence. The claim
39 application fee as established by the division pursuant to Subsection 38-11-204(1)(b) is not a
40 reimbursable cost.

41 [~~(e)~~] ~~The director shall order payment of attorney's fees in the amount stated in a~~
42 ~~judgment.]~~

43 (f) If a judgment has been obtained with attorneys' fees, notwithstanding the amount
44 stated in a judgment, or if no judgment has been obtained but the contract provides for
45 attorneys' fees, the director shall order payment of attorneys' fees not to exceed 15% of
46 qualified services. If the judgment does not state a sum for attorneys' fees, no attorneys' will be
47 paid by the director.

48 (4) (a) Payments made from the fund may not exceed \$75,000 per construction project
49 to all qualified beneficiaries and laborers who have claim against the fund for that construction
50 project.

51 (b) If claims against the fund for a construction project exceed \$75,000, the \$75,000
52 shall be awarded proportionately so that each qualified beneficiary and laborer awarded
53 compensation from the fund for qualified services shall receive an identical percentage of the
54 qualified beneficiary's or laborer's award.

55 (5) Subject to the limitations of Subsection (4), if on the day the order is issued there
56 are inadequate funds to pay the entire claim and the director determines that the claimant has

57 otherwise met the requirements of Subsection (1) or (2), the director shall order additional
58 payments once the fund meets the balance limitations of Section 38-11-206.

59 (6) The Executive Director of the Department of Commerce shall initiate a study to
60 determine the viability of the Lien Recovery Fund.

Fiscal Note**Lien Recovery Fund - Rate of Interest***21-Feb-03***Bill Number HB0078s3***10:48 AM*

State Impact

Payments from the fund will be individually reduced because of the caps on attorney costs and interest. This will reduce fund draw down.

Individual and Business Impact

Payments to claimants will be reduced.

Office of the Legislative Fiscal Analyst