

James A. Dunnigan proposes the following substitute bill:

**Third Party Litigation Funding Amendments**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: James A. Dunnigan**

Senate Sponsor:

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**LONG TITLE**

**General Description:**

This bill modifies provisions related to maintenance funding agreements.

**Highlighted Provisions:**

This bill:

- defines terms;
- distinguishes between consumer maintenance funding agreements and commercial maintenance funding agreements;
- requires maintenance funding providers to register with the Division of Consumer Protection;
- extends the right of rescission for a consumer maintenance funding agreement;
- imposes disclosure requirements in connection with consumer and commercial maintenance funding agreements;
- restricts certain relationships between attorneys and maintenance funding providers;
- prohibits maintenance funding arrangements involving foreign entities or persons of concern;
- establishes priority and assignability provisions relating to maintenance funding interests;
- restricts a commercial maintenance funding provider from directing or controlling litigation decisions;
- provides for enforcement, penalties, and rulemaking; and
- makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

29 AMENDS:

30 **13-57-102**, as enacted by Laws of Utah 2020, Chapter 118

31 **13-57-201**, as enacted by Laws of Utah 2020, Chapter 118

32 **13-57-202**, as enacted by Laws of Utah 2020, Chapter 118

33 **13-57-203**, as enacted by Laws of Utah 2020, Chapter 118

34 **13-57-301**, as enacted by Laws of Utah 2020, Chapter 118

35 **13-57-302**, as enacted by Laws of Utah 2020, Chapter 118

36 **13-57-501**, as enacted by Laws of Utah 2020, Chapter 118

37 ENACTS:

38 **13-57-504**, Utah Code Annotated 1953

39 **13-57-601**, Utah Code Annotated 1953

40 REPEALS:

41 **13-57-101**, as enacted by Laws of Utah 2020, Chapter 118

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

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

45 **13-57-102 . Definitions.**

46 As used in this chapter:

47 (1) "Business entity" means a sole proprietorship, partnership, limited partnership, limited  
48 liability company, corporation, or other entity or association used to carry on a business  
49 for profit.

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

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

53 (ii) that creates a direct or collateralized interest in the proceeds of a legal claim by  
54 settlement, verdict, judgment, or otherwise, which interest is based in whole or in  
55 part on a funding-based obligation to a legal claim.

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

57 (i) a consumer maintenance funding agreement;

58 (ii) an agreement between an attorney and a client for the attorney to provide legal  
59 services on a contingency-fee basis or to advance the clients legal costs;

60 (iii) a health insurance plan or agreement;

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

- 63           (v) a funding agreement to a nonprofit organization that represents a client on a pro  
64           bono basis;
- 65           (vi) an agreement of an assigned claim to prosecute an environmental contamination  
66           matter seeking remediation of, or to recover the cost of remediating, a site that has  
67           been on the U.S. Environmental Protection Agency's Superfund National  
68           Priorities List;
- 69           (vii) an agreement between a health care provider and a patient to provide medical  
70           treatment on a lien if the repayment is not contingent on the outcome of the legal  
71           claim; or
- 72           (viii) an agreement between a third party and a party to a legal claim to provide  
73           funding for medical treatment related to a legal claim on a lien if the repayment is  
74           not contingent upon the outcome of the legal claim.
- 75           (3)(a) "Commercial maintenance funding provider" means a person that enters into a  
76           commercial maintenance funding agreement with a party to a legal claim.
- 77           (b) "Commercial maintenance funding provider" does not include a nonprofit  
78           organization exempt from federal income tax under Section 501(c)(3) of the Internal  
79           Revenue Code.
- 80           (4) "Consumer" means:
- 81           (a) an individual who resides or is domiciled in the state;
- 82           (b) an individual who is a plaintiff with a legal claim in the state; or
- 83           (c) an estate for a decedent in a wrongful death claim in the state.
- 84           (5)(a) "Consumer maintenance funding agreement" means a non-recourse transaction in  
85           which a consumer maintenance funding provider purchases contingent rights to  
86           receive an amount of the potential proceeds of a settlement, judgment, award, or  
87           verdict obtained in the consumer's legal claim, with funds paid directly to the  
88           consumer.
- 89           (b) "Consumer maintenance funding agreement" does not include:
- 90           (i) an agreement between a health care provider and a patient for providing medical  
91           treatment on a lien basis if repayment is not contingent on the outcome of the  
92           legal claim; or
- 93           (ii) an agreement between a third party and a party to a legal claim for providing  
94           funds for medical treatment related to the legal claim on a lien basis if repayment  
95           is not contingent on the outcome of the legal claim.
- 96           (6)(a) "Consumer maintenance funding provider" means a person that enters into a

97 consumer maintenance funding agreement with a consumer.

98 (b) "Consumer maintenance funding provider" does not include:

99 (i) an immediate family member of a consumer;

100 (ii) an accountant providing accounting services to a consumer;

101 (iii) an attorney providing legal services to a consumer; or

102 (iv) a bank, lender, financing entity, or other special purpose entity:

103 (A) that provides financing to a consumer litigation funding company; or

104 (B) to which a consumer litigation funding company grants a security interest or  
105 transfers a right or interest in a consumer litigation funding agreement.

106 [~~(2)~~] (7) "Director" means the director of the Division of Consumer Protection.

107 [~~(3)~~] (8) "Division" means the Division of Consumer Protection of the Department of  
108 Commerce established in Section 13-2-1.

109 [~~(4)~~] (9) "Foreign country or person of concern" means:

110 (a) a foreign government or person listed in 15 C.F.R. Sec. 791.4; or

111 (b) an entity designated as a restricted foreign entity in accordance with Section  
112 63L-13-101.

113 (10)(a) "Foreign entity of concern" means a partnership, association, corporation,  
114 organization, or other legal entity that:

115 (i) is organized or incorporated in a foreign country of concern;

116 (ii) is owned or operated by a government, a political subdivision, or a political party  
117 of a foreign country of concern;

118 (iii) has a principal place of business in a foreign country of concern; or

119 (iv) a foreign organization owns, organizes, or controls that:

120 (A) is on the federal Office of Foreign Assets Control specially designated  
121 nationals and blocked persons list; or

122 (B) the United States Secretary of State designates as a foreign terrorist  
123 organization.

124 (b) "Foreign entity of concern" includes an individual that owns, has a controlling  
125 interest in, or is a director or senior officer of any entity that falls within Subsection  
126 (10)(a).

127 (11) "Health care provider" means the same as that term is defined in Section 78B-3-403.

128 [~~(5)~~ "Individual" means a person who:]

129 [~~(a) resides in this state; and]~~

130 [~~(b) has or may have a pending legal action in this state.]~~

131 [(6) "Legal funding" means a payment of \$500,000 or less to an individual in exchange for  
 132 the right to receive an amount out of the potential proceeds of any realized settlement,  
 133 judgment, award, or verdict the individual may receive in a civil legal action.]

134 [(7) "Maintenance funding agreement" means an agreement between an individual and a  
 135 maintenance funding provider under which the maintenance funding provider provides  
 136 legal funding to the individual.]

137 [(8)(a) "Maintenance funding provider" means a business entity that engages in the  
 138 business of legal funding.]

139 [(b) "Maintenance funding provider" does not include:]

140 [(i) an immediate family member of an individual;]

141 [(ii) an accountant providing accounting services to an individual; or]

142 [(iii) an attorney providing legal services to an individual.]

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

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

146 **13-57-201 . Maintenance funding provider registration and registration renewal.**

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

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

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

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

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

157 (b) that includes:

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

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

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

- 165 (a) in the manner the division determines; and  
 166 (b) that includes:  
 167 (i) an application fee in an amount determined by the division in accordance with  
 168 Sections 13-1-2 and 63J-1-504; and  
 169 (ii) anything else the division requires as established in rule made in accordance with  
 170 Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

171 [~~(4) A business entity who acts as a maintenance funding provider in the state between May~~  
 172 ~~12, 2019, and May 12, 2020, is permitted to continue to act as a maintenance funding~~  
 173 ~~provider.]~~

174 [~~(a) if the person:]~~

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

176 [~~(ii) complies with the requirements of this chapter; and]~~

177 [~~(b) until the division makes a determination regarding the person's application for~~  
 178 ~~registration under this section.]~~

179 Section 3. Section **13-57-202** is amended to read:

180 **13-57-202 . Consumer maintenance funding provider operations.**

- 181 (1) A consumer maintenance funding provider may only provide legal funding to [~~an~~  
 182 ~~individual]~~ a consumer if the [~~maintenance funding-~~] consumer maintenance funding  
 183 provider and the [~~individual]~~ consumer enter into a consumer maintenance funding  
 184 agreement that meets the requirements of Section 13-57-301.
- 185 (2) Before executing a consumer maintenance funding agreement, a consumer maintenance  
 186 funding provider shall file with the division a template of the consumer maintenance  
 187 funding agreement.
- 188 (3) A consumer maintenance funding provider may not:
- 189 (a) pay or offer to pay a commission, referral fee, or any other form of consideration to  
 190 the following for referring [~~an individual]~~ a consumer to the consumer maintenance  
 191 funding provider:  
 192 (i) an attorney authorized to practice law;  
 193 (ii) a health care provider; or  
 194 (iii) an employee, independent contractor, or other person affiliated with a person  
 195 described in Subsection (3)(a)(i) or (ii);
- 196 (b) accept a commission, referral fee, or any other form of consideration from a person  
 197 described in Subsection (3)(a) for referring [~~an individual]~~ a consumer to the person;
- 198 (c) refer [~~an individual]~~ a consumer or potential [~~individual]~~ consumer to a person

- 199 described in Subsection (3)(a), unless the referral is to a local or state bar association  
 200 referral service;
- 201 (d) intentionally advertise materially false or misleading information about the consumer  
 202 maintenance funding provider's services;
- 203 (e) make or attempt to influence a decision relating to the conduct, settlement, or  
 204 resolution of a legal action for which the maintenance funding provider provides  
 205 legal funding; [or]
- 206 (f) knowingly pay or offer to pay court costs, filing fees, or attorney fees using legal  
 207 funding[-]; or
- 208 (g) attempt to obtain a waiver of a remedy or right from the consumer, including the  
 209 right to trial by jury.
- 210 (4) A consumer maintenance funding provider shall provide [an individual] a consumer who  
 211 enters a consumer maintenance funding agreement a copy of the executed consumer  
 212 maintenance funding agreement.
- 213 (5) A consumer maintenance funding provider may not offer maintenance funding to a  
 214 consumer who has retained, or been referred by, an attorney or law firm that has a  
 215 financial interest in the consumer maintenance funding provider.
- 216 (6) A consumer maintenance funding provider may not enter into a consumer maintenance  
 217 funding agreement directly or indirectly with a foreign entity of concern or a foreign  
 218 country or person of concern.

219 Section 4. Section **13-57-203** is amended to read:

220 **13-57-203 . Annual reports.**

- 221 (1) On or before April 1 of each year, a maintenance funding provider registered in  
 222 accordance with Section 13-57-201 shall file a report:
- 223 (a) under oath;
- 224 (b) with the director; and
- 225 (c) in a form the director prescribes.
- 226 (2) The report described in Subsection (1) shall include, for the preceding calendar year:
- 227 (a) the number of consumer maintenance funding agreements and commercial  
 228 maintenance funding agreements entered into by the maintenance funding provider;
- 229 (b) the total dollar amount of [legal]funding the maintenance funding provider provided;
- 230 (c) the total dollar amount of charges under each consumer maintenance funding  
 231 agreement and each commercial maintenance funding agreement, itemized and  
 232 including the annual rate of return;

- 233 (d) the total dollar amount and number of [~~maintenance~~]funding transactions in which  
 234 the realized profit to the [~~company~~] maintenance funding provider was as contracted[  
 235 ~~in the maintenance funding agreement~~];
- 236 (e) the total dollar amount and number of [~~maintenance~~]funding transactions in which  
 237 the realized profit to the [~~company~~] maintenance funding provider was less than  
 238 contracted; and
- 239 (f) any other information the director requires concerning the maintenance funding  
 240 provider's business or operations in the state.

241 Section 5. Section **13-57-301** is amended to read:

242 **13-57-301 . Consumer maintenance funding agreements.**

- 243 (1) A consumer maintenance funding agreement shall:
- 244 (a) be in writing;
- 245 (b) be written in a clear and coherent manner using words with common, everyday  
 246 meanings so that the average consumer, who makes a reasonable effort under  
 247 ordinary circumstances, can read and understand the terms of the consumer  
 248 maintenance funding agreement without requiring the assistance of a professional;
- 249 (c) be complete before the consumer signs the consumer maintenance funding  
 250 agreement;
- 251 [~~(b)~~] (d) contain a right of rescission permitting the [~~individual~~] consumer to cancel the [  
 252 ~~agreement~~] consumer maintenance funding agreement without penalty or further  
 253 obligation, if the [~~individual~~] consumer returns to the consumer maintenance funding  
 254 provider the full amount of the disbursed funds:
- 255 (i) within [~~five~~] 10 business days after the day on which the [~~individual~~] consumer and  
 256 consumer maintenance funding provider enter the agreement; and
- 257 (ii)(A) in person by delivering the consumer maintenance funding provider's  
 258 uncashed check to the consumer maintenance funding provider's office; or
- 259 (B) by insured, certified, or registered United States mail to the address specified  
 260 in the consumer maintenance funding agreement in the form of the consumer  
 261 maintenance funding provider's uncashed check or a registered or certified  
 262 check or money order;
- 263 [~~(e)~~] (e) contain the disclosures described in Section 13-57-302;
- 264 [~~(d)~~] (f) include the amount of money the consumer maintenance funding provider  
 265 provides to the [~~individual~~] consumer;
- 266 [~~(e)~~] (g) include an itemization of one-time charges;

- 267           ~~[(f)]~~ (h) include a payment schedule that:
- 268               (i) includes the funded amount and all charges; and
- 269               (ii) lists the total amount of any realized settlement, judgment, award, or verdict to be
- 270                     paid to the consumer maintenance funding provider at the end of each six-month
- 271                     period, if the ~~[contract]~~ consumer maintenance funding agreement is satisfied
- 272                     during that period; ~~[and]~~
- 273           ~~[(g)]~~ (i) include a provision that the consumer maintenance funding agreement includes
- 274                     no charge or fee other than the charges and fees disclosed in the ~~[maintenance~~
- 275                     ~~funding-]~~agreement; ~~[and]~~
- 276           ~~[(h)]~~ (j) include a provision that:
- 277               (i) if there are no available proceeds from the legal action, the ~~[individual]~~ consumer
- 278                     will owe the consumer maintenance funding provider nothing; and
- 279               (ii) the consumer maintenance funding provider's total charges will be paid only to
- 280                     the extent there are available proceeds from the legal action after the settlement of
- 281                     all liens, fees, and other costs~~[-]~~ ; and
- 282           (k) if the consumer seeks more than one consumer maintenance funding agreement from
- 283                     the same company, a disclosure providing the cumulative amount due from the
- 284                     consumer for all transactions, including charges under all consumer maintenance
- 285                     funding agreements, if repayment is made any time after the consumer maintenance
- 286                     funding agreements are executed.
- 287           (2) A consumer maintenance funding agreement may not require ~~[an individual]~~ a consumer
- 288                     to make a payment to the consumer maintenance funding provider in an amount
- 289                     determined as a percentage of the recovery from the legal action.
- 290           (3) A consumer maintenance funding agreement is not valid unless the agreement includes
- 291                     a written certification signed by the consumer stating that:
- 292               (a) the consumer, with the consumer's attorney, reviewed the mandatory disclosures in
- 293                     Section 13-57-302;
- 294               (b) the consumer is represented by an attorney in the legal claim on a contingency fee
- 295                     basis in accordance with a written fee agreement;
- 296               (c) the consumer will direct the consumer's attorney to receive and disburse all proceeds
- 297                     of the legal claim through the attorney's trust account or a settlement fund established
- 298                     for the benefit of the consumer; and
- 299               (d) the consumer will direct the consumer's attorney to disburse funds in accordance
- 300                     with the terms of the consumer maintenance funding agreement.

- 301 (4)(a) The consumer maintenance funding agreement is null and void if the consumer  
302 does not provide the acknowledgment Subsection (3) requires.
- 303 (b) The consumer maintenance funding agreement remains valid and enforceable if the  
304 consumer terminates an attorney or law firm that the consumer retains.
- 305 (5) A consumer maintenance funding provider may not charge or collect a prepayment  
306 penalty or fee.

307 Section 6. Section **13-57-302** is amended to read:

308 **13-57-302 . Required disclosures.**

309 A consumer maintenance funding provider shall disclose in a consumer maintenance  
310 funding agreement:

- 311 (1) that the consumer maintenance funding provider may not participate in deciding  
312 whether, when, or the amount for which a legal action is settled;
- 313 (2) that the maintenance funding provider may not interfere with the independent  
314 professional judgment of the attorney handling the legal action or any settlement of the  
315 legal action;
- 316 (3) the following statement in substantially the following form, in all capital letters and at  
317 least a 12-point type: "THE FUNDED AMOUNT AND AGREED-TO CHARGES  
318 SHALL BE PAID ONLY FROM THE PROCEEDS OF YOUR LEGAL CLAIM, AND  
319 SHALL BE PAID ONLY TO THE EXTENT THAT THERE ARE AVAILABLE  
320 PROCEEDS FROM YOUR LEGAL CLAIM. YOU WILL NOT OWE (INSERT  
321 NAME OF THE CONSUMER MAINTENANCE FUNDING PROVIDER HERE)  
322 ANYTHING IF THERE ARE NO PROCEEDS FROM YOUR LEGAL CLAIM,  
323 UNLESS YOU HAVE VIOLATED A MATERIAL TERM OF THIS AGREEMENT  
324 OR YOU HAVE COMMITTED FRAUD AGAINST THE CONSUMER  
325 MAINTENANCE FUNDING PROVIDER.";
- 326 (4) in accordance with Section 13-57-301, the following statement in substantially the  
327 following form and at least a 12-point type: "CONSUMER'S RIGHT TO  
328 CANCELLATION: You may cancel this agreement without penalty or further  
329 obligation within [~~five~~] 10 business days after the day on which you enter into this  
330 agreement with the consumer maintenance funding provider if you either: 1. return to  
331 the consumer maintenance funding provider the full amount of the disbursed funds by  
332 delivering the consumer maintenance funding provider's uncashed check to the  
333 consumer maintenance funding provider's office in person; or 2. send, by insured,  
334 certified, or registered United States mail, to the consumer maintenance funding

335 provider at the address specified in this agreement, a notice of cancellation and include  
336 in the mailing a return of the full amount of disbursed funds in the form of the consumer  
337 maintenance funding provider's uncashed check or a registered or certified check or  
338 money order"; and

339 (5) immediately above the line for the [~~individual's~~] consumer's signature, the following  
340 statement in at least a 12-point type: "Do not sign this agreement before you read it  
341 completely or if it contains any blank spaces. You are entitled to a completed copy of  
342 the agreement. Before you sign this agreement, you should obtain the advice of an  
343 attorney. Depending on your circumstances, you may want to consult a tax, benefits  
344 planning, or financial professional."

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

346 **13-57-501 . Enforceability.**

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

351 Section 8. Section **13-57-504** is enacted to read:

352 **13-57-504 . Assignability -- Liens.**

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

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

358 Section 9. Section **13-57-601** is enacted to read:

359 **13-57-601 . Commercial maintenance funding prohibitions.**

360 (1) A commercial maintenance funding provider may not enter into a commercial  
361 maintenance funding agreement directly or indirectly with a foreign entity of concern or  
362 a foreign country or person of concern.

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

368 (3)(a) A commercial maintenance funding provider may not direct, or have a contractual

369 right to control, the party or the party's attorney with respect to the conduct of the  
370 underlying legal claim or a settlement or resolution of the legal claim.

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

373 Section 10. **Repealer.**

374 This bill repeals:

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

376 Section 11. **Effective Date.**

377 This bill takes effect on May 6, 2026.