

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:

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;
- provides a coordination clause to substantively and technically coordinate changes between this bill and S.B. 38, Consumer Protection Modifications, and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

29 This bill provides a coordination clause.

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **13-57-102**, as enacted by Laws of Utah 2020, Chapter 118

33 **13-57-201**, as enacted by Laws of Utah 2020, Chapter 118

34 **13-57-202**, as enacted by Laws of Utah 2020, Chapter 118

35 **13-57-203**, as enacted by Laws of Utah 2020, Chapter 118

36 **13-57-301**, as enacted by Laws of Utah 2020, Chapter 118

37 **13-57-302**, as enacted by Laws of Utah 2020, Chapter 118

38 **13-57-501**, as enacted by Laws of Utah 2020, Chapter 118

39 ENACTS:

40 **13-57-504**, Utah Code Annotated 1953

41 **13-57-601**, Utah Code Annotated 1953

42 REPEALS:

43 **13-57-101**, as enacted by Laws of Utah 2020, Chapter 118

44 **Utah Code Sections affected by Coordination Clause:**

45 **13-57-201**, as enacted by Laws of Utah 2020, Chapter 118

46 **13-57-202 (05/06/26)**, as enacted by Laws of Utah 2020, Chapter 118

47 **13-57-203**, as enacted by Laws of Utah 2020, Chapter 118



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

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

51 **13-57-102 . Definitions.**

52 As used in this chapter:

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

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

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

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

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

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

- 97 treatment on a lien basis if repayment is not contingent on the outcome of the
98 legal claim; or
- 99 (ii) an agreement between a third party and a party to a legal claim for providing
100 funds for medical treatment related to the legal claim on a lien basis if repayment
101 is not contingent on the outcome of the legal claim.
- 102 (6)(a) "Consumer maintenance funding provider" means a person that enters into a
103 consumer maintenance funding agreement with a consumer.
- 104 (b) "Consumer maintenance funding provider" does not include:
- 105 (i) an immediate family member of a consumer;
106 (ii) an accountant providing accounting services to a consumer;
107 (iii) an attorney providing legal services to a consumer; or
108 (iv) a bank, lender, financing entity, or other special purpose entity:
- 109 (A) that provides financing to a consumer litigation funding company; or
110 (B) to which a consumer litigation funding company grants a security interest or
111 transfers a right or interest in a consumer litigation funding agreement.
- 112 [~~2~~] (7) "Director" means the director of the Division of Consumer Protection.
- 113 [~~3~~] (8) "Division" means the Division of Consumer Protection of the Department of
114 Commerce established in Section 13-2-1.
- 115 [~~4~~] (9) "Foreign country or person of concern" means:
- 116 (a) a foreign government or person listed in 15 C.F.R. Sec. 791.4; or
117 (b) an entity designated as a restricted foreign entity in accordance with Section
118 63L-13-101.
- 119 (10)(a) "Foreign entity of concern" means a partnership, association, corporation,
120 organization, or other legal entity that:
- 121 (i) is organized or incorporated in a foreign country of concern;
122 (ii) is owned or operated by a government, a political subdivision, or a political party
123 of a foreign country of concern;
124 (iii) has a principal place of business in a foreign country of concern; or
125 (iv) a foreign organization owns, organizes, or controls that:
- 126 (A) is on the federal Office of Foreign Assets Control specially designated
127 nationals and blocked persons list; or
128 (B) the United States Secretary of State designates as a foreign terrorist
129 organization.
- 130 (b) "Foreign entity of concern" includes an individual that owns, has a controlling

131 interest in, or is a director or senior officer of any entity that falls within Subsection
 132 (10)(a).

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

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

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

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

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

140 ~~[(7) "Maintenance funding agreement" means an agreement between an individual and a~~
 141 ~~maintenance funding provider under which the maintenance funding provider provides~~
 142 ~~legal funding to the individual.]~~

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

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

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

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

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

149 (12) "Maintenance funding provider" means a consumer maintenance funding provider or a
 150 commercial maintenance funding provider.

151 *The following section is affected by a coordination clause at the end of this bill.*

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

153 **13-57-201 . Maintenance funding provider registration and registration renewal.**

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

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

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

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

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

164 (b) that includes:

- 165 (i) an application fee in an amount determined by the division in accordance with
 166 Sections 13-1-2 and 63J-1-504; and
- 167 (ii) anything else the division requires as established in rule made in accordance with
 168 Title 63G, Chapter 3, Utah Administrative Rulemaking Act.
- 169 (3) Each year a maintenance funding provider shall renew the maintenance funding
 170 provider's registration by submitting to the division an application for registration
 171 renewal:
- 172 (a) in the manner the division determines; and
- 173 (b) that includes:
- 174 (i) an application fee in an amount determined by the division in accordance with
 175 Sections 13-1-2 and 63J-1-504; and
- 176 (ii) anything else the division requires as established in rule made in accordance with
 177 Title 63G, Chapter 3, Utah Administrative Rulemaking Act.
- 178 [~~(4) A business entity who acts as a maintenance funding provider in the state between May~~
 179 ~~12, 2019, and May 12, 2020, is permitted to continue to act as a maintenance funding~~
 180 ~~provider:]~~
- 181 [~~(a) if the person:]~~
- 182 [~~(i) applies for registration in accordance with this section; and]~~
- 183 [~~(ii) complies with the requirements of this chapter; and]~~
- 184 [~~(b) until the division makes a determination regarding the person's application for~~
 185 ~~registration under this section.]~~

186 *The following section is affected by a coordination clause at the end of this bill.*

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

188 **13-57-202 . Consumer maintenance funding provider operations.**

- 189 (1) A consumer maintenance funding provider may only provide legal funding to [~~an~~
 190 ~~individual]~~ a consumer if the [~~maintenance funding-~~] consumer maintenance funding
 191 provider and the [~~individual]~~ consumer enter into a consumer maintenance funding
 192 agreement that meets the requirements of Section 13-57-301.
- 193 (2) Before executing a consumer maintenance funding agreement, a consumer maintenance
 194 funding provider shall file with the division a template of the consumer maintenance
 195 funding agreement.
- 196 (3) A consumer maintenance funding provider may not:
- 197 (a) pay or offer to pay a commission, referral fee, or any other form of consideration to
 198 the following for referring [~~an individual]~~ a consumer to the consumer maintenance

- 199 funding provider:
- 200 (i) an attorney authorized to practice law;
- 201 (ii) a health care provider; or
- 202 (iii) an employee, independent contractor, or other person affiliated with a person
- 203 described in Subsection (3)(a)(i) or (ii);
- 204 (b) accept a commission, referral fee, or any other form of consideration from a person
- 205 described in Subsection (3)(a) for referring ~~[an individual]~~ a consumer to the person;
- 206 (c) refer ~~[an individual]~~ a consumer or potential ~~[individual]~~ consumer to a person
- 207 described in Subsection (3)(a), unless the referral is to a local or state bar association
- 208 referral service;
- 209 (d) intentionally advertise materially false or misleading information about the consumer
- 210 maintenance funding provider's services;
- 211 (e) make or attempt to influence a decision relating to the conduct, settlement, or
- 212 resolution of a legal action for which the maintenance funding provider provides
- 213 legal funding; ~~[or]~~
- 214 (f) knowingly pay or offer to pay court costs, filing fees, or attorney fees using legal
- 215 funding~~[-]~~ ; or
- 216 (g) attempt to obtain a waiver of a remedy or right from the consumer, including the
- 217 right to trial by jury.

218 (4) A consumer maintenance funding provider shall provide ~~[an individual]~~ a consumer who

219 enters a consumer maintenance funding agreement a copy of the executed consumer

220 maintenance funding agreement.

221 (5) A consumer maintenance funding provider may not offer maintenance funding to a

222 consumer who has retained, or been referred by, an attorney or law firm that has a

223 financial interest in the consumer maintenance funding provider.

224 (6) A consumer maintenance funding provider may not enter into a consumer maintenance

225 funding agreement directly or indirectly with a foreign entity of concern or a foreign

226 country or person of concern.

227 *The following section is affected by a coordination clause at the end of this bill.*

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

229 **13-57-203 . Annual reports.**

230 (1) On or before April 1 of each year, a maintenance funding provider registered in

231 accordance with Section 13-57-201 shall file a report:

232 (a) under oath;

- 233 (b) with the director; and
 234 (c) in a form the director prescribes.
- 235 (2) The report described in Subsection (1) shall include, for the preceding calendar year:
 236 (a) the number of consumer maintenance funding agreements and commercial
 237 maintenance funding agreements entered into by the maintenance funding provider;
 238 (b) the total dollar amount of [~~legal~~]funding the maintenance funding provider provided;
 239 (c) the total dollar amount of charges under each consumer maintenance funding
 240 agreement and each commercial maintenance funding agreement, itemized and
 241 including the annual rate of return;
 242 (d) the total dollar amount and number of [~~maintenance~~]funding transactions in which
 243 the realized profit to the [~~company~~] maintenance funding provider was as contracted[
 244 in the maintenance funding agreement];
 245 (e) the total dollar amount and number of [~~maintenance~~]funding transactions in which
 246 the realized profit to the [~~company~~] maintenance funding provider was less than
 247 contracted; and
 248 (f) any other information the director requires concerning the maintenance funding
 249 provider's business or operations in the state.

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

251 **13-57-301 . Consumer maintenance funding agreements.**

- 252 (1) A consumer maintenance funding agreement shall:
 253 (a) be in writing;
 254 (b) be written in a clear and coherent manner using words with common, everyday
 255 meanings so that the average consumer, who makes a reasonable effort under
 256 ordinary circumstances, can read and understand the terms of the consumer
 257 maintenance funding agreement without requiring the assistance of a professional;
 258 (c) be complete before the consumer signs the consumer maintenance funding
 259 agreement;
 260 [~~(b)~~] (d) contain a right of rescission permitting the [~~individual~~] consumer to cancel the [
 261 agreement] consumer maintenance funding agreement without penalty or further
 262 obligation, if the [~~individual~~] consumer returns to the consumer maintenance funding
 263 provider the full amount of the disbursed funds:
 264 (i) within [~~five~~] 10 business days after the day on which the [~~individual~~] consumer and
 265 consumer maintenance funding provider enter the agreement; and
 266 (ii)(A) in person by delivering the consumer maintenance funding provider's

- 267 uncashed check to the consumer maintenance funding provider's office; or
- 268 (B) by insured, certified, or registered United States mail to the address specified
- 269 in the consumer maintenance funding agreement in the form of the consumer
- 270 maintenance funding provider's uncashed check or a registered or certified
- 271 check or money order;
- 272 ~~[(e)]~~ (e) contain the disclosures described in Section 13-57-302;
- 273 ~~[(f)]~~ (f) include the amount of money the consumer maintenance funding provider
- 274 provides to the ~~[individual]~~ consumer;
- 275 ~~[(g)]~~ (g) include an itemization of one-time charges;
- 276 ~~[(h)]~~ (h) include a payment schedule that:
- 277 (i) includes the funded amount and all charges; and
- 278 (ii) lists the total amount of any realized settlement, judgment, award, or verdict to be
- 279 paid to the consumer maintenance funding provider at the end of each six-month
- 280 period, if the ~~[contract]~~ consumer maintenance funding agreement is satisfied
- 281 during that period; ~~[and]~~
- 282 ~~[(g)]~~ (i) include a provision that the consumer maintenance funding agreement includes
- 283 no charge or fee other than the charges and fees disclosed in the ~~[maintenance~~
- 284 ~~funding-]~~agreement; ~~[and]~~
- 285 ~~[(h)]~~ (j) include a provision that:
- 286 (i) if there are no available proceeds from the legal action, the ~~[individual]~~ consumer
- 287 will owe the consumer maintenance funding provider nothing; and
- 288 (ii) the consumer maintenance funding provider's total charges will be paid only to
- 289 the extent there are available proceeds from the legal action after the settlement of
- 290 all liens, fees, and other costs~~[-]~~ ; and
- 291 (k) if the consumer seeks more than one consumer maintenance funding agreement from
- 292 the same company, a disclosure providing the cumulative amount due from the
- 293 consumer for all transactions, including charges under all consumer maintenance
- 294 funding agreements, if repayment is made any time after the consumer maintenance
- 295 funding agreements are executed.
- 296 (2) A consumer maintenance funding agreement may not require ~~[an individual]~~ a consumer
- 297 to make a payment to the consumer maintenance funding provider in an amount
- 298 determined as a percentage of the recovery from the legal action.
- 299 (3) A consumer maintenance funding agreement is not valid unless the agreement includes
- 300 a written certification signed by the consumer stating that:

- 301 (a) the consumer, with the consumer's attorney, reviewed the mandatory disclosures in
 302 Section 13-57-302;
- 303 (b) the consumer is represented by an attorney in the legal claim on a contingency fee
 304 basis in accordance with a written fee agreement;
- 305 (c) the consumer will direct the consumer's attorney to receive and disburse all proceeds
 306 of the legal claim through the attorney's trust account or a settlement fund established
 307 for the benefit of the consumer; and
- 308 (d) the consumer will direct the consumer's attorney to disburse funds in accordance
 309 with the terms of the consumer maintenance funding agreement.
- 310 (4)(a) The consumer maintenance funding agreement is null and void if the consumer
 311 does not provide the acknowledgment Subsection (3) requires.
- 312 (b) The consumer maintenance funding agreement remains valid and enforceable if the
 313 consumer terminates an attorney or law firm that the consumer retains.
- 314 (5) A consumer maintenance funding provider may not charge or collect a prepayment
 315 penalty or fee.

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

317 **13-57-302 . Required disclosures.**

318 A consumer maintenance funding provider shall disclose in a consumer maintenance
 319 funding agreement:

- 320 (1) that the consumer maintenance funding provider may not participate in deciding
 321 whether, when, or the amount for which a legal action is settled;
- 322 (2) that the maintenance funding provider may not interfere with the independent
 323 professional judgment of the attorney handling the legal action or any settlement of the
 324 legal action;
- 325 (3) the following statement in substantially the following form, in all capital letters and at
 326 least a 12-point type: "THE FUNDED AMOUNT AND AGREED-TO CHARGES
 327 SHALL BE PAID ONLY FROM THE PROCEEDS OF YOUR LEGAL CLAIM, AND
 328 SHALL BE PAID ONLY TO THE EXTENT THAT THERE ARE AVAILABLE
 329 PROCEEDS FROM YOUR LEGAL CLAIM. YOU WILL NOT OWE (INSERT
 330 NAME OF THE CONSUMER MAINTENANCE FUNDING PROVIDER HERE)
 331 ANYTHING IF THERE ARE NO PROCEEDS FROM YOUR LEGAL CLAIM,
 332 UNLESS YOU HAVE VIOLATED A MATERIAL TERM OF THIS AGREEMENT
 333 OR YOU HAVE COMMITTED FRAUD AGAINST THE CONSUMER
 334 MAINTENANCE FUNDING PROVIDER.";

335 (4) in accordance with Section 13-57-301, the following statement in substantially the
 336 following form and at least a 12-point type: "CONSUMER'S RIGHT TO
 337 CANCELLATION: You may cancel this agreement without penalty or further
 338 obligation within [five] 10 business days after the day on which you enter into this
 339 agreement with the consumer maintenance funding provider if you either: 1. return to
 340 the consumer maintenance funding provider the full amount of the disbursed funds by
 341 delivering the consumer maintenance funding provider's uncashed check to the
 342 consumer maintenance funding provider's office in person; or 2. send, by insured,
 343 certified, or registered United States mail, to the consumer maintenance funding
 344 provider at the address specified in this agreement, a notice of cancellation and include
 345 in the mailing a return of the full amount of disbursed funds in the form of the consumer
 346 maintenance funding provider's uncashed check or a registered or certified check or
 347 money order"; and

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

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

355 **13-57-501 . Enforceability.**

356 If a maintenance funding provider willfully violates a provision of this chapter, a
 357 maintenance funding agreement associated with the violation is unenforceable by the
 358 maintenance funding provider or any successor-in-interest to the maintenance funding
 359 agreement.

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

361 **13-57-504 . Assignability -- Liens.**

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

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

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

368 **13-57-601 . Commercial maintenance funding prohibitions.**

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

372 (2) A commercial maintenance funding provider may not receive, access, or use any
373 documents or information subject to a court order to seal or protect that the court issues
374 in the course of the civil proceeding unless a court order specifically allows a
375 commercial maintenance funding provider to have access to such documents or
376 information.

377 (3)(a) A commercial maintenance funding provider may not direct, or have a contractual
378 right to control, the party or the party's attorney with respect to the conduct of the
379 underlying legal claim or a settlement or resolution of the legal claim.

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

382 Section 10. **Repealer.**

383 This bill repeals:

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

385 Section 11. **Effective Date.**

386 This bill takes effect on May 6, 2026.

387 Section 12. **Coordinating H.B. 280 with S.B. 38.**

388 If H.B. 280, Third Party Litigation Funding Amendments, and S.B. 38, Consumer
389 Protection Modifications, both pass and become law, the Legislature intends that, on May 6,
390 2026, the term "maintenance funding provider" in S.B. 38 be changed to the term "consumer
391 maintenance funding provider" in the following subsections:

392 (1) Subsections 13-57-201(3), (5), and (6);

393 (2) Subsection 13-57-202(3); and

394 (3) Subsection 13-57-203(1)(a).