

SB15 ENGROSSED



1 SB15
2 FKG8J5C-2
3 By Senator Givhan
4 RFD: Fiscal Responsibility and Economic Development
5 First Read: 13-Jan-26
6 PFD: 20-Aug-25



SB15 Engrossed

A BILL
TO BE ENTITLED
AN ACT

Relating to secured transactions; to create the Uniform Assignment for Benefit of Creditors Act; to provide for definitions and the scope of the act; to provide requirements for assignee and assignment agreements and for the effect of assignments; to provide requirements for filing, recording, and title transfers; to provide for notification to creditors; to provide for the duties and powers of assignors and assignees; to provide for allowed, disallowed, and disputed claims; to provide requirements for a proof of claim; to specify the rights of transferees; to provide for distributions, claim subordination, and the validity of subordination agreements; to provide for the liability of assignors and assignees, the removal of assignees, and the appointment of successor assignees; to provide for the winding up and final accounting; to provide for interstate matters, potential court action, and ancillary assignees; and to specify which provisions of an agreement may vary.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Short title.

This act shall be known and may be cited as the Uniform Assignment for Benefit of Creditors Act.



SB15 Engrossed

Section 2. Definitions.

For the purposes of this act, the following terms have the following meanings:

(1) AFFILIATE. Includes:

a. A person that directly or indirectly owns, controls, or holds, with power to vote, 20 percent or more of the outstanding voting interests of another person, other than a person that holds the interests:

1. In a fiduciary or agency capacity without sole discretionary power to vote the interests; or

2. Solely to secure a debt, if the person has not in fact exercised the power to vote;

b. A person with 20 percent or more of the person's outstanding voting interests directly or indirectly owned, controlled, or held, with power to vote, by another person;

c. A person whose business is operated under a lease or operating agreement by another person, or a person substantially all of whose assets are controlled by the other person; or

d. A person that operates the business or substantially all the assets of another person under a lease or operating agreement.

(2) ASSET. A legal or equitable interest in property of an assignor, regardless of the person holding or in possession, custody, or control of the property or where the property is located. The term does not include:

a. A legal or equitable interest in property restricted from assignment if the restriction is effective under other



SB15 Engrossed

law, unless the other law permits assignment with the consent of another person and the person consents to the assignment in a manner permitted by the other law; or

b. If the assignor is an individual, a legal or equitable interest in property to the extent the equitable interest is exempt from legal process under other law.

(3) ASSIGNED ASSET. An asset transferred under an assignment.

(4) ASSIGNEE. A person to which assets are transferred under an assignment.

(5) ASSIGNMENT. A transfer by a person of all the person's assets to another person for the benefit of the transferor's creditors.

(6) ASSIGNMENT AGREEMENT. An agreement that transfers or provides for a transfer of all the assignor's assets.

(7) ASSIGNMENT ESTATE. The assets held at a given time by the assignee under an assignment.

(8) ASSIGNOR. A person whose assets are transferred under an assignment.

(9) CLAIM. A creditor's right to payment or to an equitable remedy, regardless of whether the right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured.

(10) COHABITANT. Each of two individuals not married to each other who live together as a couple after each has reached the age of majority or been emancipated.

(11) CREDITOR. A person that has a claim against an



SB15 Engrossed

85 assigned asset or the assignor.

86 (12) ELECTRONIC. Relating to technology having
87 electrical, digital, magnetic, wireless, optical,
88 electromagnetic, or similar capabilities.

89 (13) GOOD FAITH. Honesty in fact and the observance of
90 reasonable commercial standards of fair dealing.

91 (14) INSIDER. Includes:

92 a. In the case of an individual:

93 1. A relative of the individual;

94 2. A partnership or limited liability company in which
95 the individual is a general partner or managing member; or

96 3. An organization of which the individual is a
97 director, officer, or person in control;

98 b. In the case of an organization:

99 1. A director, officer, manager, or other person in
100 control of or with controlling equity interest in the
101 organization;

102 2. A partnership or limited liability company in which
103 the organization is a general partner or managing member;

104 3. A general partner or managing member of the
105 organization; or

106 4. A relative of a general partner, managing member,
107 director, officer, manager, or other person in control of or
108 with controlling equity interest in the organization;

109 c. An affiliate; or

110 d. A managing agent of an organization.

111 (15) LIEN. An interest in an asset that secures payment
112 or performance of an obligation.



SB15 Engrossed

113 (16) ORGANIZATION. A person other than an individual.

114 (17) PERFECTED LIEN. Includes:

115 a. A lien on real property other than fixtures on which
116 a bona fide purchaser of the property cannot acquire an
117 interest superior to the interest of the lienholder; or

118 b. A lien on fixtures or property other than real
119 property on which a creditor cannot acquire a lien by
120 attachment, levy, or the like that is superior to the interest
121 of the lienholder.

122 (18) PERSON. An individual, estate, for-profit or
123 nonprofit entity, government or governmental subdivision,
124 agency, instrumentality, or other legal entity. The term
125 includes a protected series, however denominated, of an entity
126 if the protected series is established under law that limits,
127 or limits if conditions specified under law are satisfied, the
128 ability of a creditor of the entity or of any other protected
129 series of the entity to satisfy a claim from assets of the
130 protected series.

131 (19) PROOF OF CLAIM. A record a creditor submits to an
132 assignee to evidence the creditor's claim.

133 (20) RECORD. Information:

134 a. Inscribed on a tangible medium; or

135 b. Stored in an electronic or other medium and
136 retrievable in perceivable form.

137 (21) RELATIVE. An individual related by affinity or
138 consanguinity within the third degree or a cohabitant.

139 (22) SECURITY INTEREST. A lien created by an agreement.

140 (23) SEND. In connection with a record or notification,



SB15 Engrossed

means:

a. To deposit in the mail, deliver for transmission, or transmit by any other usual means of communication, with postage or cost of transmission provided for, addressed to any address reasonable under the circumstances; or

b. To cause the record or notification to be received within the time the record or notification would have been received if properly sent under paragraph a.

(24) SIGN. With present intent to authenticate or adopt a record, means:

a. Execute or adopt a tangible symbol; or

b. Attach to or logically associate with the record an electronic symbol, sound, or process.

(25) STATE. A state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any other territory or possession subject to the jurisdiction of the United States. The term includes a federally recognized Indian tribe.

(26) TRANSFER. Disposing of or parting with an asset or with an interest in an asset, regardless of whether the disposition or parting is indirect, conditional, or involuntary.

Section 3. Scope.

This act applies to an assignment made by an assignor that is:

(1) An organization whose principal place of business is in this state;

(2) An organization whose internal affairs are governed



SB15 Engrossed

by the law of this state;

(3) An individual whose principal residence is in this state;

(4) An organization wholly owned, directly or indirectly, by an assignor that satisfies subdivision (1), (2), or (3); or

(5) An organization that:

a. Is partly owned, directly or indirectly, and controlled by an assignor that satisfies subdivision (1), (2), or (3);

b. Has no place of business or employees; and

c. Relies on the services the organization receives from an assignor that satisfies subdivision (1), (2), or (3).

Section 4. Requirements for assignee and assignment agreement.

(a) An assignee must be a person that:

(1) Is not a creditor, affiliate, or insider of the assignor;

(2) Is not an affiliate or insider of a creditor of the assignor;

(3) Does not have a claim against the assignment estate, other than a claim for fees and expenses to be paid under the assignment agreement;

(4) Does not have a material financial interest in the outcome of the assignment, other than fees and expenses to be paid under the assignment agreement;

(5) Does not hold an equity interest in the assignor other than a noncontrolling interest in a publicly traded



SB15 Engrossed

company; and

(6) Is not an affiliate of a person that fails to satisfy subdivision (1), (2), (3), (4), or (5).

(b) A person that satisfies subsection (a) is not precluded from being an assignee merely because the person performed services for the assignor before the assignment.

(c) An assignment agreement must be in a record signed by the assignee and the assignor. The record must:

(1) State the name and address of the assignor and of the assignee;

(2) Transfer or provide for a transfer of all the assignor's assets;

(3) Describe the assigned assets in sufficient detail to identify the assets;

(4) Provide for the distribution of the assignment estate;

(5) Describe the fees to be charged by the assignee in connection with the assignment, including the basis on which they are to be calculated; and

(6) Include a representation by the assignor, under penalty of perjury, that the assignor is assigning all the assignor's assets.

(d) If an assignee relies in good faith on the assignor's representation made under subdivision (c)(6), all the assignor's assets are deemed to be assigned, even if the representation is inaccurate.

Section 5. Effect of assignment; when assignment effective.



SB15 Engrossed

(a) An assignee obtains the rights, title, and interests of the assignor in the assigned assets.

(b) Unless the assignor is an individual, an assignee obtains the rights, title, and interests of the assignor in assets acquired after the assignment.

(c) Except as provided in Section 10(b)(12), an assignee takes each assigned asset subject to an existing interest in the asset held by another person.

(d) An assignee holds the assigned assets subject to the assignee's duties under Section 9.

(e) An assignment is subject to other law under which the assignment may be fraudulent or otherwise voidable.

(f) The effective date of the assignment agreement is the date the assignment agreement is signed by the last party to the assignment agreement which is required to sign the assignment agreement unless a later date is identified in the assignment agreement as the effective date.

Section 6. Filing, recording, and title transfer requirements.

(a) In this section, "financing statement" has the meaning in Section 7-9A-102(a)(39).

(b) An assignee of a legal or equitable interest in personal property may file a financing statement in the filing office of:

(1) This state established for purposes of Section 7-9A-501(a)(2);

(2) Any other state in which:

a. The assignor would be located under Section 7-9A-307



SB15 Engrossed

if the assignor were a debtor for the purpose of that section;
or

b. An asset of the assignment estate may be located.

(c) A financing statement filed under subsection (b) must indicate that the financing statement is filed in connection with an assignment.

(d) When filing a financing statement under subsection (b), the assignee must:

(1) Attach a copy of the assignment agreement to each financing statement filed; or

(2) State on the financing statement that a copy of the assignment agreement is available on request to the assignee.

(e) A financing statement filed under subsection (b) may:

(1) Designate the assignor as "debtor" and the assignee as "secured party"; or

(2) Use the terms "assignor" and "assignee" or words of similar import.

(f) The filing of a financing statement under subsection (b) is not itself a factor in determining whether an asset secures an obligation. The rights of the assignee under the assignment are not affected if the assignee does not file a financing statement under subsection (b).

(g) An assignee of an estate that includes a legal or equitable interest in real property shall record the assignment of the interest or notice of the assignment under the real estate recording law of the jurisdiction where the property is located.



SB15 Engrossed

(h) An assignee shall comply with other law governing the transfer of title to an asset.

(i) By signing an assignment agreement, the assignor authorizes the assignee to take the actions required by this section.

Section 7. Notification to creditors.

(a) Unless a creditor waives the right to notification in a signed record, an assignee shall send a notification of the assignment to each creditor known to the assignee within a reasonable time not to exceed 30 days after the effective date of the assignment agreement.

(b) The notification must:

(1) Be in a record signed by the assignee;

(2) Include the assignee's name, address, and other contact information reasonably necessary to communicate with the assignee;

(3) Provide reasonable instructions for submitting a proof of claim using the method established by the assignee under Section 9(b)(5); and

(4) Identify the date established under Section 9(b)(6) by which each creditor whose claim is not otherwise allowed without a timely proof of claim under this act must submit a proof of claim to the assignee.

(c) An assignee shall use reasonable means to provide the information in subsection (b) to unknown creditors, including by any means the assignor regularly used to:

(1) Provide information to the assignor's creditors; or

(2) Communicate information about the assignor, other



SB15 Engrossed

309 than advertising, to the public.

310 Section 8. Duties of assignor.

311 (a) Subject to Section 23, an assignor has a duty to
312 take all reasonable actions necessary for the assignee to
313 administer the assignment, the assigned assets, and the
314 assignment estate.

315 (b) In furtherance of the duty under subsection (a),
316 the assignor shall:

317 (1) Preserve and turn over to the assignee the assigned
318 assets in the assignor's possession or control;

319 (2) Identify and provide to the assignee information
320 reasonably necessary to administer the assignment and the
321 assigned assets;

322 (3) Sign, and comply with any notarization required
323 under other law, any record reasonably necessary to transfer
324 an assigned asset;

325 (4) Provide the assignee with the name, address, and
326 other contact information reasonably necessary to communicate
327 with an appropriate person willing and able to act as a
328 representative on behalf of the assignor as may be reasonably
329 necessary to administer the assignment, the assigned assets,
330 and the assignment estate;

331 (5) If the assignment includes a legal or equitable
332 interest in real property or titled personal property,
333 cooperate with the assignee in taking actions under Section 6;

334 (6) On or as soon as practicable after the effective
335 date of the assignment agreement, provide the assignee a list
336 of all assets, a list of all the assignor's employees



SB15 Engrossed

including those whose employment is terminated in connection with the assignment, and a list of all the assignor's known creditors including, for each creditor, the creditor's address and other contact information reasonably necessary to communicate with the creditor;

(7) Verify under penalty of perjury the accuracy of the lists required under subdivision (6);

(8) With respect to a legal or equitable interest in property restricted from assignment, cooperate with the assignee to obtain consent from a person whose consent to assign the interest is necessary under other law; and

(9) Provide assistance to the assignee as required by the assignment agreement.

(c) The duties in this section also apply to a representative identified in subdivision (b) (4).

Section 9. Duties of assignee.

(a) Subject to Section 23, an assignee has a fiduciary duty to the assignment estate for the benefit of creditors:

(1) Of loyalty, including the duty to manage the assignment in good faith;

(2) To use reasonable care to maximize distributions under Section 15; and

(3) To wind up the assignment under Section 19 in a manner compatible with the best interests of the assignment estate and creditors.

(b) Without limitation on the duties under subsection (a), and subject to Section 23, the assignee shall also have a duty to:



SB15 Engrossed

(1) Maintain a separate deposit account for funds related to the assignment;

(2) Collect on or dispose of each assigned asset, unless the assignee determines it is more economically efficient to abandon the asset;

(3) Prepare and retain appropriate business records, including a record of each receipt, disbursement, and collection on or disposition of an assigned asset;

(4) Pay administrative expenses of the assignment estate, to the extent the assignment estate has sufficient unencumbered assets;

(5) Establish a method that is reasonably designed to permit a creditor to submit a proof of claim;

(6) Establish a single date by which creditors whose claims are not otherwise allowed without timely proofs of claim under this act must submit proofs of claim, which must be not less than 90 and not more than 210 days after the effective date of the assignment agreement;

(7) Unless a claim would receive minimal or no distribution without regard to its validity or asserted priority, examine the validity and priority of claims against the assignment estate and, if necessary, consult with the assignor's representative designated under Section 8(b)(4), if any;

(8) At least every six months, provide to each creditor a summary of the assets, liabilities, and expenses of the assignment estate, and a status report that provides in summary form actions taken to liquidate assets and plans of



SB15 Engrossed

393 distribution;

394 (9) Comply with all requirements of the Internal
395 Revenue Service and state and local taxing authorities;

396 (10) Send a notification to each creditor of the
397 assignee's compensation and any change in the method of
398 determining the assignee's compensation from the method
399 provided in the assignment agreement;

400 (11) Send a final accounting under Section 19(a); and

401 (12) Comply with the other requirements imposed on the
402 assignee under this act.

403 Section 10. Powers of assignee.

404 (a) An assignee has the powers necessary or appropriate
405 to perform the assignee's duties.

406 (b) Unless the assignment agreement expressly provides
407 otherwise, the assignee has power to:

408 (1) Operate an existing business that uses an assigned
409 asset, including preservation of the asset and collection on
410 or the sale, lease, license, or other disposition of the
411 asset;

412 (2) Incur secured or unsecured debt and pay expenses
413 incidental to the exercise of the power under subdivision (1);

414 (3) Assert a right, claim, cause of action, or defense
415 the assignor could have asserted that relates to the
416 assignment estate;

417 (4) Engage professionals, including a professional
418 previously engaged by the assignor, to give advice, to
419 prosecute or defend litigation, or for other purposes as the
420 assignee considers appropriate, and pay the professional a



SB15 Engrossed

reasonable fee for services from the assignment estate;

(5) Collect on or sell, lease, license, or otherwise dispose of an asset of the assignment estate whether or not subject to a lien or other encumbrance;

(6) Exercise a right to redeem an asset of the assignment estate which is subject to a mortgage, deed of trust, security interest, or other encumbrance;

(7) Settle a matter involving a debtor of the assignor;

(8) Prosecute or defend a litigation pending on the effective date of the assignment agreement in favor of or against the assignor in the manner and with the same effect as the assignor could have done if an assignment had not been made;

(9) Recover an asset in the manner and with the same effect as the assignor might or could have done if an assignment had not been made;

(10) Settle claims against the assignment estate;

(11) Abandon an assigned asset;

(12) Subject to subsections (c) and (e), avoid a transfer or the incurrence of an obligation a creditor that has filed a proof of claim could have avoided under other law if the assignment had not occurred; and

(13) Invest funds, subject to applicable prudent investor standards under other law.

(c) The power under subdivision (b) (12) is exclusive to the assignee with respect to a creditor that submits a proof of claim. A recovery by the assignee in the exercise of this power must be for the benefit of the assignment estate but may



SB15 Engrossed

not exceed the amount, asset, or other value the creditor could have obtained by the avoidance.

(d) For the purpose of exercising the assignee's power under subdivision (b)(12), exercising a voidable-transaction remedy, or otherwise establishing the priority of the assignee's interest, an assignee has a lien on the assignment estate and the status of:

(1) A lien creditor under Section 7-9A-102(a)(52)(B) as to an asset that is a legal or equitable interest in personal property or fixtures;

(2) A bona fide purchaser under Section 35-4-90, Code of Alabama 1975, as to an asset that is a legal or equitable interest in non-fixture real property located in this state; and

(3) A bona fide purchaser under the law of another state as to an asset that is a legal or equitable interest in non-fixture real property located in the other state.

(e) An assignee's power under subdivision (b)(12) to avoid a transfer made before the effective date of the assignment agreement, under or in connection with a swap agreement, securities contract, commodity contract, forward contract, repurchase agreement, or master netting agreement is limited to the extent a trustee would not have the power to avoid the transfer under the Bankruptcy Code, 11 U.S.C. § 101 et seq.

(f) An assignee shall exercise the powers under this section consistent with the assignee's fiduciary duty under Section 9(a).



SB15 Engrossed

Section 11. Allowed claim.

(a) An assignee shall allow a creditor's claim if:

(1) The creditor submits a proof of claim in compliance with Section 13; and

(2) The assignee does not dispute the claim under Section 12 before final distribution.

(b) An assignee may:

(1) Allow a claim, pay a known liquidated claim, or accept a notice to the assignee of a claim received by the date established by the assignee under Section 9(b)(6) even if the creditor does not submit a proof of claim; or

(2) Allow and pay a claim evidenced by a late-filed proof of claim, if the assignee determines there is a reasonable basis for excusing the late filing.

(c) Any unsecured portion of an allowed claim shall be valued as of the effective date of the assignment agreement.

(d) A creditor's claim is allowed if the creditor succeeds in a dispute under Section 12(b).

(e) Subject to subsection (f), after expiration of the time for submitting a proof of claim, the assignee shall create a complete list of creditors that have submitted a proof of claim in compliance with Section 13. For each creditor's claim, the list must:

(1) State the amount of the claim, if the amount is known to the assignee; and

(2) State whether the claim is secured or unsecured and, if secured, describe the collateral for the claim.

(f) If a class of creditors will receive no



SB15 Engrossed

distribution on account of allowed claims, the assignee shall send a notice in a record to each creditor in that class that the creditor will receive no distribution instead of the list required in subsection (e).

(g) Upon request, the assignee shall provide the list created under subsection (e) to a creditor or other party with an interest in the assignment estate to the extent permitted by privacy laws and subject to any privacy safeguards the assignee determines in the assignee's business judgment are reasonably necessary.

Section 12. Disputed and disallowed claims.

(a) An assignee may dispute a creditor's claim before final distribution by sending notice in a record stating the nature of the assignee's dispute to the creditor.

(b) If a dispute cannot be resolved consensually, the assignee may commence a proceeding to disallow the claim under Section 21. The assignee must commence the proceeding before final distribution under Section 15. If the proceeding is not filed before final distribution, the assignee shall allow the claim under Section 11.

(c) An assignee shall create a dollar-for-dollar reserve for the estimated amount of the potential distribution on a disputed claim.

(d) Subject to subsection (b), an assignee shall disallow a claim for reimbursement or contribution of a person that is liable with the assignor on, or that has secured, the claim, to the extent:

(1) The claim against the assignment estate is



SB15 Engrossed

533 disallowed;

534 (2) The claim for reimbursement or contribution is
535 contingent as of the time of allowance or disallowance; or

536 (3) The person asserts a right of subrogation to the
537 rights of a creditor.

538 (e) A claim for reimbursement or contribution of a
539 person liable with the assignor on, or that has secured, the
540 claim that becomes fixed after the effective date of the
541 assignment agreement shall be determined, and shall be allowed
542 or disallowed, subject to subsection (b), as if the claim had
543 become fixed before the effective date of the assignment
544 agreement.

545 (f) An assignee may reconsider the assignee's decision
546 to allow or disallow a claim for cause. If a reconsidered
547 claim is allowed under Section 11, before the assignee makes
548 additional payments or transfers to other creditors that are
549 equal or junior in priority under Section 15 to the
550 reconsidered claim, the creditor with the reconsidered claim
551 shall receive a payment or transfer in an amount proportionate
552 in value to the payments or transfers already received by the
553 other creditors. This subsection does not modify the
554 assignee's right under other law to recover from a creditor an
555 excess payment or transfer made to the creditor. If a
556 reconsidered claim is disallowed, the assignee must comply
557 with subsections (b) and (c).

558 Section 13. Proof of claim.

559 (a) A proof of claim must:

560 (1) State the name, address, and other contact



SB15 Engrossed

561 information reasonably necessary to communicate with the
562 creditor;

563 (2) State the amount of the claim;

564 (3) Briefly state the nature of the claim;

565 (4) Identify any asset of the assignment estate
566 securing the claim;

567 (5) Be signed by the creditor under penalty of perjury;

568 (6) Include a copy of a record, if any, on which the
569 claim is based;

570 (7) Be submitted using the method established under
571 Section 9(b)(5); and

572 (8) Be submitted by the date established by the
573 assignee under Section 9(b)(6).

574 (b) A proof of claim submitted in compliance with this
575 section is prima facie evidence of the validity and amount of
576 the claim.

577 (c) The submission by a creditor of a proof of claim in
578 compliance with this section constitutes the creditor's:

579 (1) Consent to the jurisdiction of the court specified
580 in Section 21; and

581 (2) Assignment to the assignee of any right of the
582 creditor to bring a voidable transaction action relating to
583 the creditor's claim.

584 Section 14. Rights of transferees.

585 (a) An assignee's disposition of assets:

586 (1) Transfers to a transferee for value all of the
587 assignee's rights in the assets;

588 (2) Discharges the assignee's lien as a lien creditor



SB15 Engrossed

and, to the extent the assignment creates a security interest in favor of the assignee, the assignee's security interest; and

(3) Discharges any subordinate security interest or other lien subordinate to the assignee's lien.

(b) A transferee that acts in good faith takes free of the rights and interests described in subsection (a), even if the assignee fails to comply with this act or the requirements of a judicial proceeding.

(c) If a transferee does not take free of the rights and interests described in subsection (a), the transferee takes the asset subject to:

(1) The assignee's rights in the assets of the assignment estate;

(2) The assignee's lien and, if applicable, security interest; and

(3) Any other security interest or other lien.

(d) Unless otherwise provided in a record, any warranty arising by operation of other law is disclaimed to the extent permitted by other law.

(e) If a subordinate security interest or other lien is discharged under this section, the assignee may file a record with the official or office responsible for maintaining an official filing, recording, registration, or certificate-of-title system covering the collateral secured by the security interest or other lien. The record must state that the security interest or other lien is discharged as a subordinate security interest or other lien in connection with



SB15 Engrossed

a disposition under an assignment for the benefit of creditors of the debtor whose property is subject to the security interest or other lien.

Section 15. Distributions.

(a) In this section, "protected secured creditor" means a secured creditor whose lien:

- (1) Is a perfected lien;
- (2) Cannot be avoided by the assignee under Section 10(b)(12); and
- (3) Is not subordinate to the lien of the assignee.

(b) Except as provided in Section 16, the assignee shall pay claims from the assignment estate allowed under Section 11 in the order of priority stated in this section.

(c) Unless otherwise agreed between the assignee and a protected secured creditor, before distributions are made under subsections (d), (e), (f), and (g), and in accordance with the priorities of creditors with liens under other law, the protected secured creditor shall receive the asset or the proceeds from the collection on or disposition of the asset to the extent of the value of the protected secured creditor's interest in the asset, less the assignee's reasonable and necessary expenses of preserving or disposing of the asset to the extent the expenses benefit the protected secured creditor and are incurred with the protected secured creditor's consent or acquiescence. The protected secured creditor has an unsecured claim under subdivision (g)(2) for the amount of the claim that remains after deducting the amount or value of an asset the protected secured creditor receives under this



SB15 Engrossed

subsection. To the extent a claim is secured by property the value of which, after the deductions provided under this subsection, is greater than the amount of the claim, the protected secured creditor may receive interest on the claim and any reasonable fees, costs, or charges provided for under the assignment agreement or other law under which the claim arose.

(d) After the distributions under subsection (c), the assignee shall pay the necessary costs of the administration of the assignment estate. The costs include:

(1) Fees and reimbursements of the expenses of the assignee and any professionals employed by the assignee;

(2) Post-assignment taxes incurred by the assignee;

(3) Post-assignment rent incurred by the assignee in occupying premises on which assets of the assignment estate are located or the business of the assignor is conducted;

(4) Post-assignment lease payments incurred by the assignee in renting personal property used in the business of the assignor; and

(5) Amounts required to be paid under the assignment agreement for expenses of winding up the assignment under Section 19.

(e) After the distributions under subsections (c) and (d), the assignee shall pay claims entitled to priority under federal law including under 31 U.S.C. § 3713, from the assignment estate.

(f) After the distributions under subsections (c), (d), and (e), the assignee shall pay claims from the assignment



SB15 Engrossed

estate for wages, salaries, or commissions earned not more than 180 days before the earlier of the effective date of the assignment agreement or the cessation of the assignor's business. Payment shall be limited to the greater of:

(1) The amount of the claim allowed as a priority claim ahead of claims of other unsecured creditors under the Bankruptcy Code, 11 U.S.C. § 101 et seq.; or

(2) The amount allowed as a priority claim ahead of claims of other unsecured creditors under applicable non-bankruptcy law.

(g) After the distributions under subsections (c), (d), (e), and (f), each creditor shall receive a distribution of the assets of the assignment estate in the following order of priority:

(1) Unsecured claims entitled to priority ahead of claims of other unsecured creditors under other law; and

(2) Unsecured claims not entitled to priority.

(h) If the assets available for distribution to claims with equal priority under subsection (g) are insufficient to pay the total amount of the claims with that priority, each creditor with a claim with that priority shall receive a pro rata distribution of the available assets based on the proportion the amount of the creditor's claim bears to the total amount of the claims with that priority.

(i) If the claims entitled to the distribution under subsections (c), (d), (e), (f), and (g) are paid in full, the residue shall be distributed to allowed claims evidenced by a late-filed proof of claim, other than a late-filed claim



SB15 Engrossed

701 allowed by the assignee under Section 11(b)(2), and, after the
702 allowed claims evidenced by a late-filed proof of claim have
703 been paid in full, as provided in the assignment agreement.

704 (j) An assignee may make interim distributions after
705 considering future expenses and the reserves for disputed
706 claims established under Section 12(c).

707 Section 16. Claim subordination.

708 (a) A subordination agreement is enforceable under this
709 act to the same extent the agreement is enforceable under
710 other law.

711 (b) Subject to subsection (c), the following claims are
712 subordinate to a claim or interest that is senior or equal in
713 priority to a claim or interest represented by a security or
714 other equity interest in the assignor or an affiliate of the
715 assignor:

716 (1) A claim arising from rescission of a purchase or
717 sale of the security or other equity interest; and

718 (2) A claim for damages arising from the purchase or
719 sale of the security or other equity interest or for
720 reimbursement or contribution on the claim.

721 (c) If the security is common stock or another common
722 equity interest, a claim subject to subordination under
723 subsection (b) has the same priority as common stock or
724 another common equity interest.

725 Section 17. Liability.

726 (a) An assignor is not personally liable for an act or
727 omission by the assignee.

728 (b) An assignee is not personally liable for an act or



SB15 Engrossed

omission by the assignor.

(c) If an assignor designates a representative that may act on behalf of the assignor under Section 8(b)(4), the representative is exculpated to the same extent as a person acting on behalf of the assignor under other law had there been no assignment, except for an act or omission resulting from the representative's gross negligence or willful misconduct.

(d) A term of an assignment agreement relieving the assignee of liability is unenforceable to the extent the agreement relieves the assignee of liability for an act or omission committed in bad faith or with reckless indifference to the purposes of the assignment or the interests of the creditors of the assignment estate.

(e) Subject to subsection (f), an assignee is personally liable for breach of a fiduciary duty under Section 9(a). If the assignee is liable:

(1) The assignee is personally liable to a creditor for an individualized harm to the creditor, if the harm is not shared by all creditors or a class of creditors; and

(2) The assignee is personally liable to the assignment estate for a harm shared by all creditors or a class of creditors.

(f) An assignee is not liable if, in the performance of the assignee's duties and exercise of the assignee's powers, the assignee relies in good faith on:

(1) A record of the assignor;

(2) Information, an opinion, a report, or a statement



SB15 Engrossed

presented to the assignee by the assignor's officer or employee, a committee of the assignor's board of directors, an independent director or manager of the assignor, or another representative of the assignor; or

(3) Information, an opinion, a report, or a statement presented to the assignee by another person that has been selected with reasonable care by or on behalf of the assignee as to a matter the assignee reasonably believes is within the other person's professional or expert competence.

Section 18. Assignee removal; successor assignee.

(a) The assignor or a creditor may request the circuit court to remove the assignee if the assignor or creditor has a reasonable belief grounds for removal exist under subsection (b) .

(b) After a request under subsection (a) or on the court's initiative in an action pending before the court under Section 21, the court may remove an assignee:

(1) For cause, including the assignee's fraud, dishonesty, incompetence, gross mismanagement, or failure to comply with this act; or

(2) If removal of the assignee best serves the interests of the creditors.

(c) After an assignee resigns, or is removed, dies, or becomes incapacitated, a successor assignee provided for in the assignment agreement becomes the assignee unless the successor assignee is not eligible to be an assignee under Section 4(a) or is subject to removal under subsection (b). A court shall appoint a successor assignee if:



SB15 Engrossed

(1) The assignment agreement does not provide for a successor assignee; or

(2) The successor assignee provided for in the assignment agreement is ineligible to be an assignee under Section 4(a) or is subject to removal under subsection (b).

(d) Subject to Section 17, an assignee that resigns, or is removed, dies, or becomes incapacitated, is discharged from the assignee's duties under this act when the assignee, or a representative of a deceased or incapacitated assignee:

(1) Accounts for and turns over to the successor assignee all assets of the assignment estate; and

(2) Submits to creditors a report summarizing the receipts and disbursements made during the service of the assignee.

(e) Subject to an applicable privilege, a court may order an attorney, accountant, or other person that has information in a record relating to the assignment estate or the assignor's financial affairs to turn over or disclose the record to the successor assignee.

Section 19. Winding up.

(a) On completion of an assignee's duties, the assignee shall send a creditor whose claim is allowed under Section 11, and not satisfied in full, a final accounting sufficient to inform the creditor of all material aspects of the assignment, including:

(1) A description of the actions taken by the assignee under the assignment;

(2) A summary of the assets received by the assignee at



SB15 Engrossed

the commencement of the assignment and the assets received by the assignee during the assignment;

(3) A summary of disbursements made by the assignee during the assignment for the purpose of administering the assignment estate, including the fees charged by the assignee, and payments to professionals, for rent, and for business purchases;

(4) A summary of collections and dispositions of assets by the assignee;

(5) A summary of distributions made or proposed to be made by the assignee for creditor claims;

(6) A description of additional work to be done by the assignee to complete the administration of the assignment estate and the distributions under Section 15; and

(7) Other information considered reasonably necessary by the assignee.

(b) Except as otherwise provided in the final accounting or if the assignee has not fulfilled the assignee's duties under this act, the assignee is discharged from the assignee's duties under this act when the assignee sends the final accounting and distributes all the assets of the assignment estate.

(c) If the final accounting describes additional work under subdivision (a)(6), the assignee shall exercise the powers appropriate to complete the work.

Section 20. Interstate matters.

(a) Subject to subsection (b), an assignment made under the law of another state must be recognized and enforced on an



SB15 Engrossed

841 issue if the result for the issue would be substantially
842 similar to the result for the issue if the assignment had been
843 made under this act.

844 (b) If a claim for wages, salaries, or commissions or a
845 governmental claim exists in another state, for the purpose of
846 determining the priority of the claim under Section 15(f)(2),
847 the assignee shall use the amount asserted or determined under
848 the law of the other state.

849 (c) If an assignee determines that a creditor should
850 receive the treatment the creditor would receive under an
851 assignment made under the law of another state, the assignee
852 may treat the creditor as the creditor would be treated in the
853 other state.

854 Section 21. Court action.

855 (a) The circuit court may hear and resolve a matter
856 involving the administration of an assignment or the exercise
857 of an assignee's powers and duties, including a request for
858 instructions or approval or to declare rights.

859 (b) Without limiting the rights of the assignee or a
860 creditor or other interested person to request the court to
861 hear or resolve a matter under subsection (a), on request of
862 the assignee, the court may issue an order relating to the
863 administration of the assignment or the exercise of the
864 assignee's powers and duties, including an order for
865 disposition of an asset or the incurrence of an obligation.

866 (c) Acceptance of the assignment by the assignee
867 constitutes the assignee's consent to the jurisdiction of the
868 court.



SB15 Engrossed

Section 22. Ancillary assignee.

(a) Subject to other law of this state governing a person from another state serving as a fiduciary in this state, the circuit court may appoint a person serving as an assignee in an assignment in another state, or the person's nominee, as an ancillary assignee relating to assigned assets located in this state or subject to the jurisdiction of a court in this state, if:

(1) The person or nominee would be eligible to serve as an assignee under Section 4; and

(2) The appointment furthers the person's possession, custody, control, or disposition of an assigned asset under the assignment in the other state.

(b) The court may issue an order that implements an order entered in another state appointing or directing an assignee or otherwise concerning an assignment in the other state.

(c) Unless the court orders otherwise, an ancillary assignee appointed under subsection (a) has the rights, powers, and duties of an assignee appointed under this act.

(d) A person in possession, custody, or control of an assigned asset in this state, other than a creditor holding a lien or a right of setoff or recoupment relating to the asset, on notification in a record by an ancillary assignee appointed under subsection (a), shall turn the asset over to the ancillary assignee.

Section 23. Provisions variable by agreement.

(a) Except as provided in this section and Section



SB15 Engrossed

897 10(b), this act may not be varied by agreement.

898 (b) The duties under Sections 8(a) and 9(a) may not be
899 disclaimed by agreement. An assignor and the assignee may
900 determine by agreement the standards measuring the fulfillment
901 of the duties of the assignor under Section 8 and the assignee
902 under Section 9 if the standards are not manifestly
903 unreasonable.

904 (c) Except as provided in Section 17(d), the assignment
905 agreement may limit the assignee's liability under Section 17
906 and may require the assignee be indemnified by the assignment
907 estate.

908 (d) Except as provided under Section 7(a), whenever
909 this act requires an action to be taken within a reasonable
910 time, a time not manifestly unreasonable may be fixed by
911 agreement.

912 (e) The assignment agreement may provide for duties of
913 the assignee in addition to those in this act.

914 Section 24. Uniformity of application and construction.

915 In applying and construing the Uniform Assignment for
916 Benefit of Creditors Act, a court shall consider the promotion
917 of uniformity of the law among states that enact this uniform
918 act.

919 Section 25. Relation to electronic signatures in global
920 and national commerce act.

921 This act modifies, limits, or supersedes the Electronic
922 Signatures in Global and National Commerce Act, 15 U.S.C. §
923 7001 et seq., but does not modify, limit, or supersede 15
924 U.S.C. § 7001(c), or authorize electronic delivery of any of



SB15 Engrossed

925 the notices described in 15 U.S.C. § 7003(b) .

926 Section 26. Transitional provision.

927 This act applies to an assignment made on or after

928 October 1, 2026.

929 Section 27. This act shall become effective on October

930 1, 2026.



SB15 Engrossed

931
932
933 Senate

934 Read for the first time and referred13-Jan-26
935 to the Senate committee on Fiscal
936 Responsibility and Economic
937 Development

938
939 Read for the second time and placed21-Jan-26
940 on the calendar:
941 1 amendment

942
943 Read for the third time and passed10-Feb-26
944 as amended
945 Yeas 32
946 Nays 0
947 Abstains 0

948
949
950 Patrick Harris,
951 Secretary.
952