

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



1
2
3

A BILL

5 TO BE ENTITLED
6 AN ACT

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

26 Section 1. Short title.

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



29 Section 2. Definitions.

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

32 (1) AFFILIATE. Includes:

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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



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.



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,



141 means:

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

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

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

151 a. Execute or adopt a tangible symbol; or
152 b. Attach to or logically associate with the record an
153 electronic symbol, sound, or process.

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

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

163 Section 3. Scope.

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

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

168 (2) An organization whose internal affairs are governed



169 by the law of this state;

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

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

175 (5) An organization that:

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

179 b. Has no place of business or employees; and

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

182 Section 4. Requirements for assignee and assignment
183 agreement.

184 (a) An assignee must be a person that:

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

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

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

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

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



197 company; and

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

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

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

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

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

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

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

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

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

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

223 Section 5. Effect of assignment; when assignment
224 effective.



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

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

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

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

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

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

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

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

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

251 (2) Any other state in which:

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



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

254 or

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

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

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

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

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

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

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

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

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

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



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

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

286 Section 7. Notification to creditors.

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

292 (b) The notification must:

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

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

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

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

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

307 (1) Provide information to the assignor's creditors; or
308 (2) Communicate information about the assignor, other



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



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

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

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

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

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

352 Section 9. Duties of assignee.

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

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

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

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

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



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

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

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

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

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

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

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

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



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



421 reasonable fee for services from the assignment estate;

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

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

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

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

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

437 (10) Settle claims against the assignment estate;

438 (11) Abandon an assigned asset;

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

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

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



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

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

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

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

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

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

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



477 Section 11. Allowed claim.

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

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

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

483 (b) An assignee may:

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

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

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

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

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

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

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

504 (f) If a class of creditors will receive no



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

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

515 Section 12. Disputed and disallowed claims.

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

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

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

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

532 (1) The claim against the assignment estate is



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



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



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

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

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

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

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

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

605 (3) Any other security interest or other lien.

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

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



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

620 Section 15. Distributions.

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

623 (1) Is a perfected lien;

624 (2) Cannot be avoided by the assignee under Section
625 10(b) (12); and

626 (3) Is not subordinate to the lien of the assignee.

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

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

689 (2) Unsecured claims not entitled to priority.

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

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



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



729 omission by the assignor.

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

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

743 (e) Subject to subsection (f), an assignee is
744 personally liable for breach of a fiduciary duty under Section
745 9(a). If the assignee is liable:

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

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

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

755 (1) A record of the assignor;
756 (2) Information, an opinion, a report, or a statement



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

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

766 Section 18. Assignee removal; successor assignee.

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

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

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

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

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



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

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

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

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

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

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

804 Section 19. Winding up.

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

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

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



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

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

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

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

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

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

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

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

838 Section 20. Interstate matters.

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



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.



869 Section 22. Ancillary assignee.

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

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

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

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

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

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

895 Section 23. Provisions variable by agreement.

896 (a) Except as provided in this section and Section



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.



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