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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO COURTS AND CIVIL PROCEDURE--PROCEDURE IN PARTICULAR  
ACTIONS

Introduced By: Senators Conley, Lombardi, Archambault, Jabour, and Lynch Prata

Date Introduced: March 31, 2016

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 10 of the General Laws entitled "COURTS AND CIVIL  
2 PROCEDURE-PROCEDURE IN PARTICULAR ACTIONS" is hereby amended by adding  
3 thereto the following chapter:

4 CHAPTER 21

5 UNIFORM COMMERCIAL RECEIVERSHIP ACT

6 **10-21-1. Short title. --** This chapter shall be known and may be cited as the "Uniform  
7 Commercial Receivership Act".

8 **10-21-2. Definitions. --** In this chapter:

9 (1) "Affiliate" means:

10 (i) With respect to an individual:

11 (A) A companion of the individual;

12 (B) A lineal ancestor or descendant, whether by blood or adoption; of:

13 (I) The individual; or

14 (II) A companion of the individual;

15 (C) A companion of an ancestor or descendant described in §10-21-2(1)(i)(B);

16 (D) A sibling, aunt, uncle, great aunt, great uncle, first cousin, niece, nephew, grandniece,

17 or grandnephew of the individual, whether related by the whole or the half blood or adoption, or a

18 companion of any of them; or

1 (E) Any other individual occupying the residence of the individual; and  
2 (ii) With respect to a person other than an individual:  
3 (A) Another person that directly or indirectly controls, is controlled by, or is under  
4 common control with the person;  
5 (B) An officer, director, manager, member, partner, employee, or trustee or other  
6 fiduciary of the person; or  
7 (C) A companion of, or an individual occupying the residence of, an individual described  
8 in §§10-21-2(1)(i)(A) or (B).  
9 (2) "Collateral" means the property subject to a lien.  
10 (3) "Companion" means:  
11 (i) The spouse of an individual;  
12 (ii) The domestic partner of an individual; or  
13 (iii) Another individual in a civil union with an individual.  
14 (4) "Court" means the superior court.  
15 (5) "Debtor" means a person having an interest, other than a lien, in collateral, whether or  
16 not the person is liable for the secured obligation. The term includes a mortgagor.  
17 (6) "Executory contract" means a contract, including a lease, under which each party has  
18 an unperformed obligation and the failure of a party to complete performance would constitute a  
19 material breach.  
20 (7) "Governmental unit" means an office, department, division, bureau, board,  
21 commission, or other agency of this state or a subdivision of this state.  
22 (8) "Lien" means an interest in property which secures payment or performance of an  
23 obligation.  
24 (9) "Mortgage" means a record, however denominated, that creates or provides for a  
25 consensual lien on real property or rents, even if it also creates or provides for a lien on personal  
26 property.  
27 (10) "Mortgagee" means a person entitled to enforce an obligation secured by a  
28 mortgage.  
29 (11) "Mortgagor" means a person that grants a mortgage or a successor in ownership of  
30 the real property described in the mortgage.  
31 (12) "Owner" means the person for whose property a receiver is appointed.  
32 (13) "Person" means an individual, estate, partnership, association, trust, business or  
33 nonprofit entity, public corporation, government or governmental subdivision, agency, or  
34 instrumentality, or other legal entity.

1           (14) "Proceeds" means the following property:

2           (i) Whatever is acquired on the sale, lease, license, exchange, or other disposition of  
3 receivership property;

4           (ii) Whatever is collected on, or distributed on account of, receivership property;

5           (iii) Rights arising out of receivership property;

6           (iv) To the extent of the value of receivership property, claims arising out of the loss,  
7 nonconformity, or interference with the use of, defects or infringement of rights in, or damage to  
8 the property; or

9           (v) To the extent of the value of receivership property and to the extent payable to the  
10 owner or secured party, insurance payable by reason of the loss or nonconformity of, defects or  
11 infringement of rights in, or damage to the property.

12           (15) "Property" means all of a person's right, title, and interest, both legal and equitable,  
13 in real and personal property, tangible and intangible, wherever located and however acquired.  
14 The term includes proceeds, products, offspring, rents, or profits of or from the property.

15           (16) "Receiver" means a person appointed by the court as the court's agent, and subject to  
16 the court's direction, to take possession of, manage, and, if authorized by this chapter or court  
17 order, transfer, sell, lease, license, exchange, collect, or otherwise dispose of receivership  
18 property.

19           (17) "Receivership" means a proceeding in which a receiver is appointed.

20           (18) "Receivership property" means the property of an owner which is described in the  
21 order appointing a receiver or a subsequent order. The term includes any proceeds, products,  
22 offspring, rents, or profits of or from the property.

23           (19) "Record", used as a noun, means information that is inscribed on a tangible medium  
24 or that is stored on an electronic or other medium and is retrievable in perceivable form.

25           (20) "Rents" means:

26           (i) Sums payable for the right to possess or occupy, or for the actual possession or  
27 occupation of, real property of another person;

28           (ii) Sums payable to a mortgagor under a policy of rental-interruption insurance covering  
29 real property;

30           (iii) Claims arising out of a default in the payment of sums payable for the right to  
31 possess or occupy real property of another person;

32           (iv) Sums payable to terminate an agreement to possess or occupy real property of  
33 another person;

34           (v) Sums payable to a mortgagor for payment or reimbursement of expenses incurred in

1 owning, operating, and maintaining real property or constructing or installing improvements on  
2 real property; or

3 (vi) Other sums payable under an agreement relating to the real property of another  
4 person which constitute rents under law of this state other than this chapter.

5 (21) "Secured obligation" means an obligation the payment or performance of which is  
6 secured by a security agreement.

7 (22) "Secured party" means a person entitled to enforce a secured obligation. The term  
8 includes a mortgagee.

9 (23) "Security agreement" means an agreement that creates or provides for a lien. The  
10 term includes a mortgage.

11 (24) "Sign" means, with present intent to authenticate or adopt a record:

12 (i) To execute or adopt a tangible symbol; or

13 (ii) To attach to or logically associate with the record an electronic sound, symbol, or  
14 process.

15 (25) "State" means a state of the United States, the District of Columbia, Puerto Rico, the  
16 United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of  
17 the United States.

18 **10-21-3. Notice and opportunity for hearing. --** (a) Except as otherwise provided in  
19 subsection (b) of this section, the court may issue an order under this chapter only after notice and  
20 opportunity for a hearing appropriate in the circumstances.

21 (b) The court may issue an order under this chapter:

22 (1) Without prior notice if the circumstances require issuance of an order before notice is  
23 given;

24 (2) After notice and without a prior hearing if the circumstances require issuance of an  
25 order before a hearing is held; or

26 (3) After notice and without a hearing if no interested party timely requests a hearing.

27 **10-21-4. Scope; Exclusions. --** (a) Except as otherwise provided in subsections (b) or (c)  
28 of this section, this chapter applies to a receivership for an interest in any one or more of the  
29 following:

30 (1) Real property and any personal property related to or used in operating the real  
31 property; or

32 (2) Personal property and fixtures.

33 (b) This chapter does not apply to a receivership for an interest in real property improved  
34 by one to four (4) dwelling units unless:

1           (1) The interest is used for agricultural, commercial, industrial, or mineral-extraction  
2 purposes, other than incidental uses by an owner occupying the property as the owner's primary  
3 residence;

4           (2) The interest secures an obligation incurred at a time when the property was used or  
5 planned for use for agricultural, commercial, industrial, or mineral-extraction purposes;

6           (3) The owner planned or is planning to develop the property into one or more dwelling  
7 units to be sold or leased in the ordinary course of the owner's business; or

8           (4) The owner is collecting or has the right to collect rents or other income from the  
9 property from a person other than an affiliate of the owner.

10           (c) This chapter does not apply to a receivership authorized by any other law of this state  
11 in which the receiver is a governmental unit or an individual acting in an official capacity on  
12 behalf of the unit except to the extent provided by the other law.

13           (d) This chapter does not limit the authority of a court to appoint a receiver under any  
14 other law of this state.

15           (e) Unless displaced by a particular provision of this chapter, the principles of law and  
16 equity supplement this chapter.

17           **10-21-5. Power of court. --** The court that appoints a receiver under this chapter has  
18 exclusive jurisdiction to direct the receiver and determine any controversy related to the  
19 receivership or receivership property.

20           **10-21-6. Appointment of receiver. --** (a) The court may appoint a receiver:

21           (1) Before judgment, to protect a party that demonstrates an apparent right, title, or  
22 interest in property that is the subject of the action, if the property or its revenue-producing  
23 potential:

24           (i) Is being subjected to or is in danger of waste, loss, dissipation, misapplication, or  
25 impairment; or

26           (ii) Has been or is about to be the subject of a voidable transaction;

27           (2) After judgment:

28           (i) To carry the judgment into effect; or

29           (ii) To preserve nonexempt real property pending appeal or when an execution has been  
30 returned unsatisfied and the owner refuses to apply the property in satisfaction of the judgment;

31           (3) In an action against a person that is not an individual if:

32           (i) The object of the action is the dissolution of the person;

33           (ii) The person has been dissolved;

34           (iii) The persons responsible for management of the person are deadlocked in the

1 management of the person's affairs:

2 (iv) The acts of the persons in control of the person are illegal, oppressive, or fraudulent;

3 or

4 (v) The person is insolvent or generally is not paying the person's debts as those debts  
5 become due.

6 (4) In an action in which a receiver may be appointed on equitable grounds.

7 (b) In connection with the foreclosure or other enforcement of a security agreement, the  
8 court may appoint a receiver for the collateral if:

9 (1) Appointment is necessary to protect the property from waste, loss, transfer,  
10 dissipation, or impairment;

11 (2) The debtor agreed in a signed record to appointment of a receiver on default;

12 (3) The owner agreed, after default and in a signed record, to appointment of a receiver;

13 (4) The property and any other collateral held by the secured party are not sufficient to  
14 satisfy the secured obligation;

15 (5) The owner fails to turn over to the secured party proceeds or rents the secured party  
16 was entitled to collect; or

17 (6) The holder of a subordinate lien obtains appointment of a receiver for the property.

18 (c) The court may condition appointment of a receiver without prior notice under §10-21-  
19 3(b)(1) or without a prior hearing under §10-21-3(b)(2) on the giving of security by the person  
20 seeking the appointment for the payment of damages, reasonable attorney's fees, and costs  
21 incurred or suffered by any person if the court later concludes that the appointment was not  
22 justified. If the court later concludes that the appointment was justified, the court shall release the  
23 security.

24 **10-21-7. Disqualification from appointment as receiver; Disclosure of interest. -- (a)**  
25 The court may not appoint a person as receiver unless the person submits to the court a statement  
26 under penalty of perjury that the person is not disqualified.

27 (b) Except as otherwise provided in subsection (c) of this section, a person is disqualified  
28 from appointment as receiver if the person:

29 (1) Is an affiliate of a party;

30 (2) Has an interest materially adverse to an interest of a party;

31 (3) Has a material financial interest in the outcome of the action, other than compensation  
32 the court may allow the receiver;

33 (4) Has a debtor-creditor relationship with a party; or

34 (5) Holds an equity interest in a party, other than a non-controlling interest in a publicly-

1 traded company.

2 (c) A person is not disqualified from appointment as receiver solely because the person:

3 (1) Was appointed receiver or is owed compensation in an unrelated matter involving a  
4 party or was engaged by a party in a matter unrelated to the receivership;

5 (2) Is an individual obligated to a party on a debt that is not in default and was incurred  
6 primarily for personal, family, or household purposes; or

7 (3) Maintains with a party a deposit account as defined in §6A-9-102(a)(29).

8 (d) A person seeking appointment of a receiver may nominate a person to serve as  
9 receiver, but the court is not bound by the nomination.

10 **10-21-8. Receiver's bond; Alternative security.** -- (a) Except as otherwise provided in  
11 subsection (b) of this section, a receiver shall post with the court a bond that:

12 (1) Is conditioned on the faithful discharge of the receiver's duties;

13 (2) Has one or more sureties approved by the court;

14 (3) Is in an amount the court specifies; and

15 (4) Is effective as of the date of the receiver's appointment.

16 (b) The court may approve the posting by a receiver with the court of alternative security,  
17 such as a letter of credit or deposit of funds. The receiver may not use receivership property as  
18 alternative security. Interest that accrues on deposited funds must be paid to the receiver on the  
19 receiver's discharge.

20 (c) The court may authorize a receiver to act before the receiver posts the bond or  
21 alternative security required by this section.

22 (d) A claim against a receiver's bond or alternative security must be made not later than  
23 one year after the date the receiver is discharged.

24 **10-21-9. Status of receiver as lien creditor.** -- On appointment of a receiver, the  
25 receiver has the status of a lien creditor under:

26 (1) Chapter 9 of title 6A as to receivership property that is personal property or fixtures;  
27 and

28 (2) Section 34-13-2 as to receivership property that is real property.

29 **10-21-10. Security interest covering after-acquired property.** -- Except as otherwise  
30 provided by any other law of this state, property that a receiver or owner acquires after  
31 appointment of the receiver is subject to a security agreement entered into before the appointment  
32 to the same extent as if the court had not appointed the receiver.

33 **10-21-11. Collection and turnover of receivership property.** -- (a) Unless the court  
34 orders otherwise, on demand by a receiver:

1           (1) A person that owes a debt that is receivership property and is matured or payable on  
2 demand or on order shall pay the debt to or on the order of the receiver, except to the extent the  
3 debt is subject to setoff or recoupment; and

4           (2) Subject to subsection (c) of this section, a person that has possession, custody, or  
5 control of receivership property shall turn the property over to the receiver.

6           (b) A person that has notice of the appointment of a receiver and owes a debt that is  
7 receivership property may not satisfy the debt by payment to the owner.

8           (c) If a creditor has possession, custody, or control of receivership property and the  
9 validity, perfection, or priority of the creditor's lien on the property depends on the creditor's  
10 possession, custody, or control, the creditor may retain possession, custody, or control until the  
11 court orders adequate protection of the creditor's lien.

12           (d) Unless a bona fide dispute exists about a receiver's right to possession, custody, or  
13 control of receivership property, the court may sanction as civil contempt a person's failure to  
14 turn the property over when required by this section.

15           **10-21-12. Powers and duties of receiver. --** (a) Except as limited by court order or by  
16 any other law of this state, a receiver may:

17           (1) Collect, control, manage, conserve, and protect receivership property;

18           (2) Operate a business constituting receivership property, including preservation, use,  
19 sale, lease, license, exchange, collection, or disposition of the property in the ordinary course of  
20 business;

21           (3) In the ordinary course of business, incur unsecured debt and pay expenses incidental  
22 to the receiver's preservation, use, sale, lease, license, exchange, collection, or disposition of  
23 receivership property;

24           (4) Assert a right, claim, cause of action, or defense of the owner which relates to  
25 receivership property;

26           (5) Seek and obtain instruction from the court concerning receivership property, exercise  
27 of the receiver's powers, and performance of the receiver's duties;

28           (6) On subpoena, compel a person to submit to examination under oath, or to produce and  
29 permit inspection and copying of designated records or tangible things, with respect to  
30 receivership property or any other matter that may affect administration of the receivership;

31           (7) Engage a professional as provided in §10-21-15;

32           (8) Apply to a court of another state for appointment as ancillary receiver with respect to  
33 receivership property located in that state; and

34           (9) Exercise any power conferred by court order, this chapter, or law of this state other



1 than this chapter.

2 (b) With court approval, a receiver may:

3 (1) Incur debt for the use or benefit of receivership property other than in the ordinary

4 course of business;

5 (2) Make improvements to receivership property;

6 (3) Use or transfer receivership property other than in the ordinary course of business as

7 provided in §10-21-16;

8 (4) Adopt or reject an executory contract of the owner as provided in §10-21-17;

9 (5) Pay compensation to the receiver as provided in §10-21-21, and to each professional

10 engaged by the receiver as provided in §10-21-15;

11 (6) Recommend allowance or disallowance of a claim of a creditor as provided in §10-

12 21-20; and

13 (7) Make a distribution of receivership property as provided in §10-21-20.

14 (c) A receiver shall:

15 (1) Prepare and retain appropriate business records, including a record of each receipt,

16 disbursement, and disposition of receivership property;

17 (2) Account for receivership property, including the proceeds of a sale, lease, license,

18 exchange, collection, or other disposition of the property;

19 (3) Record with the land evidence records of each city or town in which the property is

20 located a copy of the order appointing the receiver and, if a legal description of the real property

21 is not included in the order, the legal description;

22 (4) Disclose to the court any fact arising during the receivership which would disqualify

23 the receiver under §10-21-7; and

24 (5) Perform any duty imposed by court order, this chapter, or any other law of this state.

25 (d) The powers and duties of a receiver may be expanded, modified, or limited by court

26 order.

27 **10-21-13. Duties of owner. --** (a) An owner shall:

28 (1) Assist and cooperate with the receiver in the administration of the receivership and

29 the discharge of the receiver's duties;

30 (2) Preserve and turn over to the receiver all receivership property in the owner's

31 possession, custody, or control;

32 (3) Identify all records and other information relating to the receivership property,

33 including a password, authorization, or other information needed to obtain or maintain access to

34 or control of the receivership property, and make available to the receiver the records and

1 information in the owner's possession, custody, or control;

2 (4) On subpoena, submit to examination under oath by the receiver concerning the acts,  
3 conduct, property, liabilities, and financial condition of the owner or any matter relating to the  
4 receivership property or the receivership; and

5 (5) Perform any duty imposed by court order, this chapter, or any other law of this state.

6 (b) If an owner is a person other than an individual, this section applies to each officer,  
7 director, manager, member, partner, trustee, or other person exercising or having the power to  
8 exercise control over the affairs of the owner.

9 (c) If a person knowingly fails to perform a duty imposed by this section, the court may:

10 (1) Award the receiver actual damages caused by the person's failure, reasonable  
11 attorney's fees, and costs; and

12 (2) Sanction the failure as civil contempt.

13 **10-21-14. Stay; Injunction. --** (a) Except as otherwise provided in subsection (d) of this  
14 section or ordered by the court, an order appointing a receiver operates as a stay, applicable to all  
15 persons, of an act, action, or proceeding:

16 (1) To obtain possession of, exercise control over, or enforce a judgment against  
17 receivership property; and

18 (2) To enforce a lien against receivership property to the extent the lien secures a claim  
19 against the owner which arose before entry of the order.

20 (b) Except as otherwise provided in subsection (d) of this section, the court may enjoin an  
21 act, action, or proceeding against or relating to receivership property if the injunction is necessary  
22 to protect the property or facilitate administration of the receivership.

23 (c) A person whose act, action, or proceeding is stayed or enjoined under this section may  
24 apply to the court for relief from the stay or injunction for cause.

25 (d) An order under subsection (a) or (b) of this section does not operate as a stay or  
26 injunction of:

27 (1) An act, action, or proceeding to foreclose or otherwise enforce a security agreement  
28 by the person seeking appointment of the receiver;

29 (2) An act, action, or proceeding to perfect, or maintain or continue the perfection of, an  
30 interest in receivership property;

31 (3) Commencement or continuation of a criminal proceeding;

32 (4) Commencement or continuation of an action or proceeding, or enforcement of a  
33 judgment other than a money judgment in an action or proceeding, by a governmental unit to  
34 enforce its police or regulatory power; or

1 (5) Establishment by a governmental unit of a tax liability against the owner or  
2 receivership property or an appeal of the liability.

3 (e) The court may void an act that violates a stay or injunction under this section.

4 (f) If a person knowingly violates a stay or injunction under this section, the court may:

5 (1) Award actual damages caused by the violation, reasonable attorney's fees, and costs;  
6 and

7 (2) Sanction the violation as civil contempt.

8 **10-21-15. Engagement and compensation of professional.** -- (a) With court approval, a  
9 receiver may engage an attorney, accountant, appraiser, auctioneer, broker, or other professional  
10 to assist the receiver in performing a duty or exercising a power of the receiver. The receiver shall  
11 disclose to the court:

12 (1) The identity and qualifications of the professional;

13 (2) The scope and nature of the proposed engagement;

14 (3) Any potential conflict of interest; and

15 (4) The proposed compensation.

16 (b) A person is not disqualified from engagement under this section solely because of the  
17 person's engagement by, representation of, or other relationship with the receiver, a creditor, or a  
18 party. This chapter does not prevent the receiver from serving in the receivership as an attorney,  
19 accountant, auctioneer, or broker when authorized by law.

20 (c) A receiver or professional engaged under subsection (a) of this section shall file with  
21 the court an itemized statement of the time spent, work performed, and billing rate of each person  
22 that performed the work and an itemized list of expenses. The receiver shall pay the amount  
23 approved by the court.

24 **10-21-16. Use or transfer of receivership property not in the ordinary course of**  
25 **business.** -- (a) In this section, "good faith" means honesty in fact and the observance of  
26 reasonable commercial standards of fair dealing.

27 (b) With court approval, a receiver may use receivership property other than in the  
28 ordinary course of business.

29 (c) With court approval, a receiver may transfer receivership property other than in the  
30 ordinary course of business by sale, lease, license, exchange, or other disposition. Unless the  
31 agreement of sale provides otherwise, a sale under this section is free and clear of a lien of the  
32 person that obtained appointment of the receiver, any subordinate lien, and any right of  
33 redemption but is subject to a senior lien.

34 (d) A lien on receivership property which is extinguished by a transfer under subsection

1 (c) of this section attaches to the proceeds of the transfer with the same validity, perfection, and  
2 priority the lien had on the property immediately before the transfer, even if the proceeds are not  
3 sufficient to satisfy all obligations secured by the lien.

4 (e) A transfer under subsection (c) of this section may occur by means other than a public  
5 auction sale. A creditor holding a valid lien on the property to be transferred may purchase the  
6 property and offset against the purchase price part or all of the allowed amount secured by the  
7 lien, if the creditor tenders funds sufficient to satisfy in full the reasonable expenses of transfer  
8 and the obligation secured by any senior lien extinguished by the transfer.

9 (f) A reversal or modification of an order approving a transfer under subsection (c) of this  
10 section does not affect the validity of the transfer to a person that acquired the property in good  
11 faith or revive against the person any lien extinguished by the transfer, whether the person knew  
12 before the transfer of the request for reversal or modification, unless the court stayed the order  
13 before the transfer.

14 **10-21-17. Executory contract. --** (a) In this section, "timeshare interest" means a "time  
15 share" as defined in §34-41-1.02.

16 (b) Except as otherwise provided in subsection (h) of this section, with court approval, a  
17 receiver may adopt or reject an executory contract of the owner relating to receivership property.  
18 The court may condition the receiver's adoption and continued performance of the contract on  
19 terms appropriate under the circumstances. If the receiver does not request court approval to  
20 adopt or reject the contract within a reasonable time after the receiver's appointment, the receiver  
21 is deemed to have rejected the contract.

22 (c) A receiver's performance of an executory contract before court approval under  
23 subsection (b) of this section is not an adoption of the contract and does not preclude the receiver  
24 from seeking approval to reject the contract.

25 (d) A provision in an executory contract which requires or permits a forfeiture,  
26 modification, or termination of the contract because of the appointment of a receiver or the  
27 financial condition of the owner does not affect a receiver's power under subsection (b) of this  
28 section to adopt the contract.

29 (e) A receiver's right to possess or use receivership property pursuant to an executory  
30 contract terminates on rejection of the contract under subsection (b) of this section. Rejection is a  
31 breach of the contract effective immediately before appointment of the receiver. A claim for  
32 damages for rejection of the contract must be submitted by the later of:

33 (1) The time set for submitting a claim in the receivership; or

34 (2) Thirty (30) days after the court approves the rejection.

1 (f) If at the time a receiver is appointed, the owner has the right to assign an executory  
2 contract relating to receivership property under any other law of this state, the receiver may  
3 assign the contract with court approval.

4 (g) If a receiver rejects under subsection (b) of this section an executory contract for the  
5 sale of receivership property that is real property in possession of the purchaser or a real-property  
6 timeshare interest, the purchaser may:

7 (1) Treat the rejection as a termination of the contract, and in that case the purchaser has a  
8 lien on the property for the recovery of any part of the purchase price the purchaser paid; or

9 (2) Retain the purchaser's right to possession under the contract, and in that case the  
10 purchaser shall continue to perform all obligations arising under the contract and may offset any  
11 damages caused by nonperformance of an obligation of the owner after the date of the rejection,  
12 but the purchaser has no right or claim against other receivership property or the receiver on  
13 account of the damages.

14 (h) A receiver may not reject an unexpired lease of real property under which the owner  
15 is the landlord if:

16 (1) The tenant occupies the leased premises as the tenant's primary residence;

17 (2) The receiver was appointed at the request of a person other than a mortgagee; or

18 (3) The receiver was appointed at the request of a mortgagee and:

19 (i) The lease is superior to the lien of the mortgage;

20 (ii) The tenant has an enforceable agreement with the mortgagee or the holder of a senior  
21 lien under which the tenant's occupancy will not be disturbed as long as the tenant performs its  
22 obligations under the lease;

23 (iii) The mortgagee has consented to the lease, either in a signed record or by its failure  
24 timely to object that the lease violated the mortgage; or

25 (iv) The terms of the lease were commercially reasonable at the time the lease was agreed  
26 to and the tenant did not know or have reason to know that the lease violated the mortgage.

27 **10-21-18. Defenses and immunities of receiver. --** (a) A receiver is entitled to all  
28 defenses and immunities provided by any other law of this state for an act or omission within the  
29 scope of the receiver's appointment.

30 (b) A receiver may be sued personally for an act or omission in administering  
31 receivership property only with approval of the court that appointed the receiver.

32 **10-21-19. Interim report of receiver. --** A receiver may file or, if ordered by the court,  
33 shall file an interim report that includes:

34 (1) The activities of the receiver since appointment or a previous report;

1           (2) Receipts and disbursements, including a payment made or proposed to be made to a  
2 professional engaged by the receiver;

3           (3) Receipts and dispositions of receivership property;

4           (4) Fees and expenses of the receiver and, if not filed separately, a request for approval of  
5 payment of the fees and expenses; and

6           (5) Any other information required by the court.

7           **10-21-20. Notice of appointment; Claim against receivership; Distribution to**  
8 **creditors. --** (a) Except as otherwise provided in subsection (f) of this section, a receiver shall  
9 give notice of appointment of the receiver to creditors of the owner by:

10           (1) Deposit for delivery through first-class mail or other commercially reasonable  
11 delivery method to the last known address of each creditor; and

12           (2) Publication as directed by the court.

13           (b) Except as otherwise provided in subsection (f) of this section, the notice required by  
14 subsection (a) must specify the date by which each creditor holding a claim against the owner  
15 which arose before appointment of the receiver must submit the claim to the receiver. The date  
16 specified must be at least four (4) months after the later of notice under subsection (a)(1) of this  
17 section or last publication under subsection (a)(2) of this section. The court may extend the period  
18 for submitting the claim. Unless the court orders otherwise, a claim that is not submitted timely is  
19 not entitled to a distribution from the receivership.

20           (c) A claim submitted by a creditor under this section must:

21           (1) State the name and address of the creditor;

22           (2) State the amount and basis of the claim;

23           (3) Identify any property securing the claim;

24           (4) Be signed by the creditor under penalty of perjury; and

25           (5) Include a copy of any record on which the claim is based.

26           (d) An assignment by a creditor of a claim against the owner is effective against the  
27 receiver only if the assignee gives timely notice of the assignment to the receiver in a signed  
28 record.

29           (e) At any time before entry of an order approving a receiver's final report, the receiver  
30 may file with the court an objection to a claim of a creditor, stating the basis for the objection.  
31 The court shall allow or disallow the claim according to law of this state other than this chapter.

32           (f) If the court concludes that receivership property is likely to be insufficient to satisfy  
33 claims of each creditor holding a perfected lien on the property, the court may order that:

34           (1) The receiver need not give notice under subsection (a) of this section of the

1 appointment to all creditors of the owner, but only such creditors as the court directs; and

2 (2) Unsecured creditors need not submit claims under this section.

3 (g) Subject to §10-21-21:

4 (1) A distribution of receivership property to a creditor holding a perfected lien on the  
5 property must be made in accordance with the creditor's priority under law of this state other than  
6 this chapter; and

7 (2) A distribution of receivership property to a creditor with an allowed unsecured claim  
8 must be made as the court directs according to law of this state other than this chapter.

9 **10-21-21. Fees and expenses.** -- (a) The court may award a receiver from receivership  
10 property the reasonable and necessary fees and expenses of performing the duties of the receiver  
11 and exercising the powers of the receiver.

12 (b) The court may order one or more of the following to pay the reasonable and necessary  
13 fees and expenses of the receivership, including reasonable attorney's fees and costs:

14 (1) A person that requested the appointment of the receiver, if the receivership does not  
15 produce sufficient funds to pay the fees and expenses; or

16 (2) A person whose conduct justified or would have justified the appointment of the  
17 receiver under §10-21-6(a)(1).

18 **10-21-22. Removal of receiver; Replacement; Termination of receivership.** -- (a) The  
19 court may remove a receiver for cause.

20 (b) The court shall replace a receiver that dies, resigns, or is removed.

21 (c) If the court finds that a receiver that resigns or is removed, or the representative of a  
22 receiver that is deceased, has accounted fully for and turned over to the successor receiver all  
23 receivership property and has filed a report of all receipts and disbursements during the service of  
24 the replaced receiver, the replaced receiver is discharged.

25 (d) The court may discharge a receiver and terminate the court's administration of the  
26 receivership property if the court finds that appointment of the receiver was improvident or that  
27 the circumstances no longer warrant continuation of the receivership. If the court finds that the  
28 appointment was sought wrongfully or in bad faith, the court may assess against the person that  
29 sought the appointment:

30 (1) The fees and expenses of the receivership, including reasonable attorney's fees and  
31 costs; and

32 (2) Actual damages caused by the appointment, including reasonable attorney's fees and  
33 costs.

34 **10-21-23. Final report of receiver; Discharge.** -- (a) On completion of a receiver's

1 duties, the receiver shall file a final report including:

2 (1) A description of the activities of the receiver in the conduct of the receivership;

3 (2) A list of receivership property at the commencement of the receivership and any  
4 receivership property received during the receivership;

5 (3) A list of disbursements, including payments to professionals engaged by the receiver;

6 (4) A list of dispositions of receivership property;

7 (5) A list of distributions made or proposed to be made from the receivership for creditor  
8 claims;

9 (6) If not filed separately, a request for approval of the payment of fees and expenses of  
10 the receiver; and

11 (7) Any other information required by the court.

12 (b) If the court approves a final report filed under subsection (a) of this section and the  
13 receiver distributes all receivership property, the receiver is discharged.

14 **10-21-24. Receivership in another state; Ancillary proceeding. --** (a) The court may  
15 appoint a receiver appointed in another state, or that person's nominee, as an ancillary receiver  
16 with respect to property located in this state or subject to the jurisdiction of the court for which a  
17 receiver could be appointed under this chapter, if:

18 (1) The person or nominee would be eligible to serve as receiver under this chapter; and

19 (2) The appointment furthers the person's possession, custody, control, or disposition of  
20 property subject to the receivership in the other state.

21 (b) The court may issue an order that gives effect to an order entered in another state  
22 appointing or directing a receiver.

23 (c) Unless the court orders otherwise, an ancillary receiver appointed under subsection (a)  
24 of this section has the rights, powers, and duties of a receiver appointed under this chapter.

25 **10-21-25. Effect of enforcement by mortgagee. --** A request by a secured party for  
26 appointment of a receiver, the appointment of a receiver, or application by a secure party of  
27 receivership property or proceeds to the secured obligation does not:

28 (1) Make the secured party a mortgagee in possession of the real property;

29 (2) Impose any duty on the secured party under §6A-9-207;

30 (3) Make the mortgagee an agent of the owner;

31 (4) Constitute an election of remedies that precludes a later action to enforce the secured  
32 obligation;

33 (5) Make the secured obligation unenforceable; or

34 (6) Limit any right available to the secured party with respect to the secured obligation.



1           **10-21-26. Uniformity of application and construction.** -- In applying and construing  
2 this uniform act, consideration must be given to the need to promote uniformity of the law with  
3 respect to its subject matter among states that enact it.

4           **10-21-27. Relation to electronic signatures in global and national commerce act.** --  
5 This chapter modifies, limits, or supersedes the Electronic Signatures in Global and National  
6 Commerce Act, 15 U.S.C. §7001 et seq., but does not modify, limit, or supersede §101(c) of that  
7 act, (15 U.S.C. §7001(c)), or authorize electronic delivery of any of the notices described in  
8 §103(b) of that act, (15 U.S.C. §7003(b)).

9           **10-21-28. Transition.** -- This chapter does not apply to a receivership for which the  
10 receiver was appointed before the effective date of this chapter.

11           **10-21-29. Official comments.** -- It is the intention of the general assembly that the  
12 official comments to Uniform Commercial Real Estate Receivership Act as approved and  
13 recommended for enactment in all the States by the National Conference of Commissioners on  
14 Uniform State Laws in 2015 represent the express legislative intent of the general assembly and  
15 shall be used as a guide for interpretation of this chapter.

16           SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO COURTS AND CIVIL PROCEDURE--PROCEDURE IN PARTICULAR  
ACTIONS

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1           This act would establish the uniform commercial receivership act, in order to provide  
2           uniformity with respect to the powers, rights, and duties of receivers appointed over commercial  
3           property.

4           This act would take effect upon passage.

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