



**WHY YOUR STATE SHOULD ADOPT THE
UNIFORM VOIDABLE TRANSACTIONS ACT (2014 AMENDMENTS)**
(FORMERLY THE UNIFORM FRAUDULENT TRANSFER ACT)

The Uniform Voidable Transactions Act (UVTA) is a 2014 update to the Uniform Fraudulent Transfer Act. The UVTA strengthens creditor protections by providing remedies for certain transactions by a debtor that are unfair to the debtor's creditors. For example, the UVTA provides a remedy to a creditor whose debtor transfers property to a relative or third party to keep the property out of the creditor's reach. The UVTA includes a number of amendments to the existing Uniform Fraudulent Transfer Act:

- ***The UVTA clarifies confusing terminology.*** The change of the Act's title to the Uniform Voidable Transactions Act does not change the meaning of the Act. Rather, the new title is a more accurate description of what the Act already says, and will reduce misunderstanding by courts, lawyers, and others affected by the law.
- ***The UVTA adds a clear choice-of-law provision that offers predictability and reduces costs.*** Courts have used various legal theories to determine which state's voidable transaction law should apply in a given case. These court decisions are unpredictable and inconsistent. The UVTA resolves these choice-of-law questions by providing a straightforward solution for transaction parties and courts to apply uniformly. Clarifying these rules will reduce transaction and litigation costs and conserve court resources.
- ***The UVTA improves provisions for determining a debtor's insolvency.*** The UVTA deletes the former requirement that the net worth of a general partner be included in determining the insolvency of a partnership, and otherwise refines the rules for determining a debtor's insolvency.
- ***The UVTA addresses emerging legal developments.*** For example, the UVTA adds new provisions addressing electronic communications and the treatment of "series organizations," a new and increasingly utilized type of business entity.
- ***The UVTA provides guidance to courts and litigants regarding key evidentiary matters.*** The UVTA establishes the burden of proof for each party in a UVTA lawsuit. The Act clarifies the "preponderance of the evidence" standard applies throughout the Act, meaning that the party required to prove a fact must establish that the fact is more likely to be true than not true.

For further information about the UVTA, please contact ULC Legislative Counsel Kaitlin Dohse at (312) 450-6615 or kdohse@uniformlaws.org.