



# SENATE BILL 123: Uniform Fraudulent Transfer Act

2015-2016 General Assembly

**Committee:**

**Introduced by:**

**Analysis of:** S.L. 2015-23

**Date:**

**Prepared by:** Janice Perrin Paul  
Staff Attorney

**SUMMARY:** *S.L. 2015-23 amends the Uniform Fraudulent Transfer Act (UFTA) to adopt the amendments approved by the Uniform Law Commission in 2014, and makes related conforming and technical amendments, as recommended by the General Statutes Commission.*

*This act became effective October 1, 2015, and applies to a transfer made or obligation incurred on or after that date.*

**CURRENT LAW AND BACKGROUND:** The law relating to fraudulent conveyances has been governed by an Act of the Parliament of England since 1376, during the reign of Edward III, and codified in this State since at least 1854. In North Carolina, the Uniform Fraudulent Transfer Act currently comprises Article 3A of Chapter 39 of the General Statutes. Under the UFTA, a "fraudulent transfer" occurs when a debtor transfers property to a third party with the intent to hinder, delay or defraud creditors, or, in the event that the debtor was insolvent at the time of the transfer, the debtor received less than reasonably equivalent value for the property. The UFTA provides a remedy for creditors against such third-party transferees by allowing a fraudulent transfer to be "voided," that is, treated as though it never happened. As a result, the value of the property is returned to the debtor or to the debtor's estate.

**BILL ANALYSIS:** The Uniform Law Commission adopted a series of amendments to the UFTA and renamed it the "Uniform Voidable Transfers Act. The specifics of the Session Law are contained in a memo of the General Statutes Commission that can be found at the following website: [http://www.ncleg.net/documentsites/committees/BCCI-151/Explanatory Memos for GSC Bills/2015 Explanatory Memos/SB 123 Legislative Memo.pdf](http://www.ncleg.net/documentsites/committees/BCCI-151/Explanatory_Memos_for_GSC_Bills/2015_Explanatory_Memos/SB_123_Legislative_Memo.pdf) .

**EFFECTIVE DATE:** This act becomes effective October 1, 2015, and applies to a transfer made or obligation incurred on or after that date. For purposes of this act, a transfer is made and an obligation is incurred at the time provided in G.S. 39-23.6, as amended by this act.

*Bly Hall, Assistant Revisor of Statutes and Staff Attorney, Legislative Bill Drafting Division, substantially contributed to this summary.*

O. Walker Reagan  
Director



S 1 2 3 - S M T J - 1 0 9 S L

Research Division  
(919) 733-2578