



HOUSE BILL 388: Amend Business Corporations Act, Part XI: Trust Administration / Contest Updates.

2025-2026 General Assembly

Analysis of: S.L. 2025-33, Part XI

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Part XI of S.L. 2025-33 (House Bill 388) provides that:

- A trustee of a trust that was revocable at the settlor's death cannot distribute trust property to any beneficiary if:
 - The trustee knows of a pending judicial proceeding contesting the identity of the beneficiaries eligible to receive distributions therefrom; or
 - A potential contestant has notified the trustee in writing of a possible proceeding to contest the validity of the identity of the beneficiaries eligible to receive distribution.
- Any distribution made in violation of these provisions will constitute a breach of trust by the trustee.
- Upon motion of a party and after notice to interested parties, a court can make an exception to these provisions on good cause shown, subject to any conditions the court can, in its discretion, impose, including the posting of a bond by the beneficiary.
- A beneficiary whose interest is determined to be invalid is liable to return any distribution received.
- A beneficiary who refuses to return the distribution after being ordered to do so by a court will be liable for all costs incurred for recovery of the distribution, including attorneys' fees.

This Part becomes effective January 1, 2026, and applies to settlors dying on or after that date.

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