

An Act

ENROLLED HOUSE
BILL NO. 1850

By: Schreiber of the House

and

Howard of the Senate

An Act relating to trusts; creating the Oklahoma Uniform Trust Code; providing scope of act; defining terms; providing when person or organization has knowledge of a fact; specifying when this act governs the duties and power of trustee, relations among trustees, and the rights and interests of a beneficiary; declaring that the terms of a trust prevail over provisions of this act; providing exceptions; specifying that the common law of trusts and principles of equity supplement this act in most circumstances; providing what governing law applies for determining the meaning and effect of the terms of a trust; prescribing guidelines for the principal place of administration; providing methods of notices; allowing for waiver of notice; specifying that the rules of construction, the interpretation of, and disposition of property by will also apply to the interpretation of the terms of a trust as well as the disposition of the trust property; defining term; allowing for insurable interests of trustees; prescribing guidelines on who may receive an insurable interest of a trustee; stating the role of a court in administration of a trust; prescribing who shall have jurisdiction over the trust; providing venue location for legal proceedings; providing that notice to certain representatives has the same effect as if notice were given directly to the other person; providing that consent by a representative is binding on the person they represent in certain circumstances; declaring that a settlor may not represent and be a beneficiary in certain circumstances; specifying representation powers by a holder of general testamentary power of appointment; specifying representation powers by fiduciaries and

parents; allowing representation in certain instances by a person having substantiality identical interests; allowing for appointment of a representative; providing power and duties of representative; prescribing methods for creating a trust; stating requirements for creating a trust; providing when a trust created in another state is valid; specifying trust purpose; specifying purpose of a charitable trust; providing that a court may select the purpose or beneficiary for a charitable trust in certain circumstances; specifying who may maintain a proceeding to enforce a charitable trust; declaring that a trust is void if the creation was induced by fraud, duress, or undue influence; specifying requirements for an oral trust; providing rules for noncharitable trust created without ascertainable beneficiary; specifying when a trust terminates; providing who may commence a proceeding for the modification and termination of a trust; prescribing procedure for the modification or termination of a noncharitable irrevocable trust; allowing a court to modify or terminate a trust in certain circumstances; permitting a court to apply cy pres to modify or terminate a charitable trust in certain circumstances; allowing modification or termination of uneconomic trusts in certain circumstances; prescribing the manner of distribution if uneconomic trust is terminated; providing that trusts are exempt from modification or termination if they are uneconomical; allowing courts to reform a trust to correct certain mistakes; providing that a court may modify a trust to achieve a settlor's tax objectives; providing that a trustee may combine multiple trusts into a single trust; providing that a trustee may divide a single trust into multiple trusts; providing certain rules apply for a claim against a settlor; providing rules for a creditor's claims against a settlor; stating required capacity of settlor of a revocable trust; providing power of settlor in a revocable trust; stating a settlor has the power of withdrawal for a revocable trust; providing limitations on actions contesting the validity of a revocable trust; allowing a beneficiary of a trust to return any distributions in certain circumstances; providing for accepting or declining

of trusteeship; specifying when a trustee is required to post a bond; stating procedures and requirements for co-trustees of a trust; providing for when a vacancy in a trusteeship occurs; providing for appointment of successor trustees; specifying the procedure for the resignation of a trustee; providing for the removal of a trustee by the court; requiring former trustees to deliver property held to a successor trustee; allowing for compensation of trustees; providing for reimbursement of expenses by a trustee; providing duty of trustees to administer trust; requiring a duty of loyalty by a trustee; requiring impartiality by a trustee when a trust has more than one beneficiary; requiring a trustee to administer trust prudently; specifying what costs a trustee may incur in administering the trust; requiring trustees who were selected because of a special skill or expertise to use such skill or expertise in administering the trust; providing that a trustee may delegate duties and powers; providing requirements for delegating duties and powers; requiring trustees to take reasonable steps to take control of and protect the trust property; providing requirements for recordkeeping and identification of trust property by a trustee; requiring that a trustee shall take reasonable steps to enforce claim of the trust and to defend claims against the trust; requiring a trustee to collect trust property from former trustees and to redress a breach of trust committed by a former trustee; providing that a trustee has a duty to inform and make reports to certain individuals; granting trustees with certain discretionary powers; providing general powers of a trustee; providing specific powers of trustee; providing procedure and requirements for distribution of a trust upon termination; specifying when a trustee is entitled to a contribution by a co-trustee; providing that a trustee is accountable to a beneficiary for any profit made by the trustee; providing that absent a breach of trust, a trustee is not liable to a beneficiary for a loss or deprivation in the value of the trust or for not making a profit; providing that a trustee is not liable for a breach of trust if reasonably relying upon the terms of the trust; providing that a trustee is not liable for

certain events that occur that affect administration or distribution of a trust; providing limitation on personal liability of a trustee; specifying that trustees who hold an interest as a general partner in a general or limited partnership are not personally liable for certain actions and events; allowing a trustee to provide a certification of trust in certain circumstances; providing requirements of a certification of trust; providing exemptions for a certification of trust; providing requirements for electronic records and signatures; providing for severability of act for provisions that are held invalid; providing application to existing relationships; providing for codification; and providing an effective date.

SUBJECT: Trusts

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

ARTICLE 1

GENERAL PROVISIONS AND DEFINITIONS

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1601.1 of Title 60, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Uniform Trust Code".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1601.2 of Title 60, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Uniform Trust Code applies to express trusts, charitable or noncharitable, and trusts created pursuant to a statute, judgment, or decree that requires the trust to be administered in the manner of an express trust.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1601.3 of Title 60, unless there is created a duplication in numbering, reads as follows:

As used in this act:

1. "Action", with respect to an act of a trustee, includes a failure to act;

2. "Ascertainable standard" means a standard relating to an individual's health, education, support, or maintenance within the meaning of Section 2041(b)(1)(A) or 2514(c)(1) of the Internal Revenue Code of 1986, as in effect on the effective date of this act, or as later amended;

3. "Beneficiary" means a person who:

a. has a present or future beneficial interest in a trust, vested or contingent, or

b. in a capacity other than that of trustee, holds a power of appointment over trust property;

4. "Charitable trust" means a trust, or portion of a trust, created for a charitable purpose described in subsection A of Section 24 of this act;

5. "Environmental law" means a federal, state, or local law, rule, regulation, or ordinance relating to the protection of the environment;

6. "Guardian of the property" means a person appointed by the court to administer the estate of a minor or adult individual;

7. "Guardian of the person" means a person appointed by the court to make decisions regarding the support, care, education, health, and welfare of a minor or adult individual. The term does not include a guardian ad litem;

8. "Interests of the beneficiaries" means the beneficial interests provided in the terms of the trust;

9. "Jurisdiction", with respect to a geographic area, includes a state or country;

10. "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government, governmental subdivision, agency, or instrumentality, public corporation, or any other legal or commercial entity;

11. "Power of withdrawal" means a presently exercisable general power of appointment other than a power:

- a. exercisable by a trustee and limited by an ascertainable standard, or
- b. exercisable by another person only upon consent of the trustee or a person holding an adverse interest;

12. "Property" means anything that may be the subject of ownership, whether real or personal, legal or equitable, or any interest therein;

13. "Qualified beneficiary" means a beneficiary who, on the date the beneficiary's qualification is determined:

- a. is a distributee or permissible distributee of a present interest in the trust income or principal, or has a vested remainder in the trust,
- b. is a charitable organization expressly entitled to receive benefits under the terms of a charitable trust, or
- c. is the Attorney General of this state with respect to a charitable trust having its principal place of administration in this state;

14. "Revocable", as applied to a trust, means revocable by the settlor without the consent of the trustee or a person holding an adverse interest;

15. "Settlor" means a person, including a testator, who creates, or contributes property to, a trust. If more than one person creates or contributes property to a trust, each person is a settlor of the portion of the trust property attributable to that person's contribution except to the extent another person has the power to revoke or withdraw that portion;

16. "Spendthrift provision" means a term of a trust which restrains both voluntary and involuntary transfer of a beneficiary's interest;

17. "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States. The term includes an Indian tribe or band recognized by federal law or formally acknowledged by a state;

18. "Terms of a trust" means:

a. except as otherwise provided in subparagraph b of this paragraph, the manifestation of the settlor's intent regarding a trust's provisions as:

- (1) expressed in the trust instrument, or
- (2) established by other evidence that would be admissible in a judicial proceeding, or

b. the trust's provisions, as established, determined, or amended by:

- (1) a trustee or other person in accordance with applicable law,
- (2) a court order, or
- (3) a nonjudicial settlement agreement under Section 1402 of Title 60 of the Oklahoma Statutes;

19. "Trust instrument" means an instrument executed by the settlor that contains terms of the trust, including any amendments thereto; and

20. "Trustee" includes an original, additional, and successor trustee, and a co-trustee.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1601.4 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Subject to subsection B of this section, a person has knowledge of a fact if the person:

1. Has actual knowledge of it;
2. Has received a notice or notification of it; or
3. From all the facts and circumstances known to the person at the time in question, has reason to know it.

B. An organization that conducts activities through employees has notice or knowledge of a fact involving a trust only from the time the information was received by an employee having responsibility to act for the trust, or would have been brought to the employee's attention if the organization had exercised reasonable diligence. An organization exercises reasonable diligence if it maintains reasonable routines for communicating significant information to the employee having responsibility to act for the trust and there is reasonable compliance with the routines. Reasonable diligence does not require an employee of the organization to communicate information unless the communication is part of the individual's regular duties or the individual knows a matter involving the trust would be materially affected by the information.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1601.5 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Except as otherwise provided in the terms of the trust, this act governs the duties and powers of a trustee, relations among trustees, and the rights and interests of a beneficiary.

B. The terms of a trust prevail over any provision of this act except:

1. The requirements for creating a trust;
2. Subject to the Oklahoma Uniform Directed Trust Act, Sections 1209, 1211, and 1212 of Title 60 of the Oklahoma Statutes, the duty of a trustee to act in good faith and in accordance with the terms and purposes of the trust and the interests of the beneficiaries;
3. The requirement that a trust and its terms be for the benefit of its beneficiaries, and that the trust have a purpose that is lawful, not contrary to public policy, and possible to achieve;

4. The power of the court to modify or terminate a trust under Sections 28 through 34 of this act;

5. The effect of a spendthrift provision and the rights of certain creditors and assignees to reach a trust as provided in Section 36 of this act;

6. The power of the court under Section 41 of this act to require, dispense with, or modify or terminate a bond;

7. The power of the court under subsection B of Section 47 of this act to adjust a trustee's compensation specified in the terms of the trust which is unreasonably low or high;

8. The duty under paragraphs 2 and 3 of Section 60 of this act to notify qualified beneficiaries of an irrevocable trust who have attained twenty-five (25) years of age of the existence of the trust, of the identity of the trustee, and of their right to request trustee's reports;

9. The duty under subsection A of Section 60 of this act to respond to the request of a qualified beneficiary of an irrevocable trust for trustee's reports and other information reasonably related to the administration of a trust;

10. The rights under Sections 68 through 71 of this act of a person other than a trustee or beneficiary;

11. Periods of limitation for commencing a judicial proceeding;

12. The power of the court to take such action and exercise such jurisdiction as may be necessary in the interests of justice; and

13. The subject matter jurisdiction of the court and venue for commencing a proceeding as provided in Section 14 of this act.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1601.6 of Title 60, unless there is created a duplication in numbering, reads as follows:

The common law of trusts and principles of equity supplement this act, except to the extent modified by this act or another statute of this state.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1601.7 of Title 60, unless there is created a duplication in numbering, reads as follows:

The meaning and effect of the terms of a trust are determined by:

1. The law of the jurisdiction designated in the terms unless the designation of that jurisdiction's law is contrary to a strong public policy of the jurisdiction having the most significant relationship to the matter at issue; or

2. In the absence of a controlling designation in the terms of the trust, the law of the jurisdiction having the most significant relationship to the matter at issue.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1601.8 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Without precluding other means for establishing a sufficient connection with the designated jurisdiction, terms of a trust designating the principal place of administration are valid and controlling if:

1. A trustee's principal place of business is located in or a trustee is a resident of the designated jurisdiction; or

2. All or part of the administration occurs in the designated jurisdiction.

B. A trustee is under a continuing duty to administer the trust at a place appropriate to its purposes, its administration, and the interests of the beneficiaries.

C. Without precluding the right of the court to order, approve, or disapprove a transfer, the trustee, in furtherance of the duty prescribed by subsection B of this section, may transfer the trust's principal place of administration to another state or to a jurisdiction outside of the United States.

D. The trustee shall notify the qualified beneficiaries of a proposed transfer of a trust's principal place of administration not less than sixty (60) days before initiating the transfer. The notice of proposed transfer must include:

1. The name of the jurisdiction to which the principal place of administration is to be transferred;

2. The address and telephone number at the new location at which the trustee can be contacted;

3. An explanation of the reasons for the proposed transfer;

4. The date on which the proposed transfer is anticipated to occur; and

5. The date, not less than sixty (60) days after the giving of the notice, by which the qualified beneficiary must notify the trustee of an objection to the proposed transfer.

E. The authority of a trustee under this section to transfer a trust's principal place of administration terminates if a qualified beneficiary notifies the trustee of an objection to the proposed transfer on or before the date specified in the notice.

F. In connection with a transfer of the trust's principal place of administration, the trustee may transfer some or all of the trust property to a successor trustee designated in the terms of the trust or appointed pursuant to Section 43 of this act.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1601.9 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Notice to a person under this act or the sending of a document to a person under this act must be accomplished in a manner reasonably suitable under the circumstances and likely to result in receipt of the notice or document. Permissible methods of notice or for sending a document include first-class mail, personal delivery, delivery to the person's last-known place of residence or place of business, or a properly directed electronic message.

B. Notice otherwise required under this act or a document otherwise required to be sent under this act need not be provided to a person whose identity or location is unknown to and not reasonably ascertainable by the trustee.

C. Notice under this act or the sending of a document under this act may be waived by the person to be notified or sent the document.

D. Notice of a judicial proceeding must be given as provided in the applicable rules of civil procedure.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1601.10 of Title 60, unless there is created a duplication in numbering, reads as follows:

The rules of construction that apply in this state to the interpretation of and disposition of property by will also apply as appropriate to the interpretation of the terms of a trust and the disposition of the trust property.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1601.11 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. In this section, "settlor" means a person that executes a trust instrument. The term includes a person for which a fiduciary or agent is acting.

B. A trustee of a trust has an insurable interest in the life of an individual insured under a life insurance policy that is owned by the trustee of the trust acting in a fiduciary capacity or that designates the trust itself as the owner if, on the date the policy is issued:

1. The insured is:

- a. a settlor of the trust, or
- b. an individual in whom a settlor of the trust has, or would have had if living at the time the policy was issued, an insurable interest; and

2. The life insurance proceeds are primarily for the benefit of one or more trust beneficiaries that have:

- a. an insurable interest in the life of the insured, or
- b. a substantial interest engendered by love and affection in the continuation of the life of the

insured and, if not already included under subparagraph a of this paragraph, who are:

(1) related within the third degree or closer, as measured by the civil law system of determining degrees of relation, either by blood or law, to the insured, or

(2) stepchildren of the insured.

The following table identifies the relatives of an insured within three degrees of lineal and collateral consanguinity using the civil law method, with each row representing a generation.

			Great-Grandparents (3)
		Grandparents (2)	
	Parents (1)	Aunts and Uncles (3)	
INSURED	Sisters and Brothers (2)		
Children (1)	Nieces and Nephews (3)		
Grandchildren (2)			
Great-Grandchildren (3)			

ARTICLE 2

JUDICIAL PROCEEDINGS

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1602.1 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. The court may intervene in the administration or construction of a trust to the extent its jurisdiction is invoked by an interested person or as provided by law.

B. A trust is not subject to continuing judicial supervision unless ordered by the court.

C. A judicial proceeding involving a trust may relate to any matter involving the trust's administration or construction, including a request for instructions and an action to declare rights.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1602.2 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. By accepting the trusteeship of a trust having its principal place of administration in this state or by moving the principal place of administration to this state, the trustee submits personally to the jurisdiction of the courts of this state regarding any matter involving the trust.

B. With respect to their interests in the trust, the beneficiaries of a trust having its principal place of administration in this state are subject to the jurisdiction of the courts of this state regarding any matter involving the trust. By accepting a distribution from such a trust, the recipient submits personally to the jurisdiction of the courts of this state regarding any matter involving the trust.

C. This section does not preclude other methods of obtaining jurisdiction over a trustee, beneficiary, or other person receiving property from the trust.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1602.3 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Except as otherwise provided in subsection B of this section, venue for a judicial proceeding involving a trust is proper in the county of this state in which the trust's principal place of administration is or will be located and, if the trust is created by will and the estate is not yet closed, in the county in which the decedent's estate is being administered.

B. If a trust has no trustee, venue for a judicial proceeding for the appointment of a trustee may be in a county of this state in which a beneficiary resides, in a county in which any trust property

is located, and if the trust is created by will, in the county in which the decedent's estate was or is being administered.

ARTICLE 3

REPRESENTATION

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1603.1 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Notice to a person who may represent and bind another person under this article has the same effect as if notice were given directly to the other person.

B. The consent of a person who may represent and bind another person under this article is binding on the person represented unless the person represented objects to the representation before the consent would otherwise have become effective.

C. Except as otherwise provided in Section 29 of this act, a person who under this article may represent a settlor who lacks capacity may receive notice and give a binding consent on the settlor's behalf.

D. A settlor may not represent and bind a beneficiary under this article with respect to the termination or modification of a trust under subsection A of Section 29 of this act.

SECTION 16. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1603.2 of Title 60, unless there is created a duplication in numbering, reads as follows:

To the extent there is no conflict of interest between the holder of a general testamentary power of appointment and the persons represented with respect to the particular question or dispute, the holder may represent and bind persons whose interests, as permissible appointees, takers in default, or otherwise, are subject to the power.

SECTION 17. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1603.3 of Title 60, unless there is created a duplication in numbering, reads as follows:

To the extent there is no conflict of interest between the representative and the person represented or among those being represented with respect to a particular question or dispute:

1. A guardian of the property may represent and bind the estate that the guardian controls;

2. A guardian of the person may represent and bind the ward if a guardian of the property of the ward's estate has not been appointed;

3. An agent having authority to act with respect to the particular question or dispute may represent and bind the principal;

4. A trustee may represent and bind the beneficiaries of the trust;

5. A personal representative of a decedent's estate may represent and bind persons interested in the estate; and

6. A parent may represent and bind the parent's minor or unborn child if a guardian of the property or guardian of the person for the child has not been appointed.

SECTION 18. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1603.4 of Title 60, unless there is created a duplication in numbering, reads as follows:

Unless otherwise represented, a minor, incapacitated, or unborn individual, or a person whose identity or location is unknown and not reasonably ascertainable, may be represented by and bound by another having a substantially identical interest with respect to the particular question or dispute, but only to the extent there is no conflict of interest between the representative and the person represented.

SECTION 19. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1603.5 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. If the court determines that an interest is not represented under this act, or that the otherwise available representation might be inadequate, the court may appoint a representative to receive notice, give consent, and otherwise represent, bind, and act on behalf of a minor, incapacitated, or unborn individual, or a person

whose identity or location is unknown, in the same manner as appointment of a guardian ad litem. A representative may be appointed to represent several persons or interests.

B. A representative may act on behalf of the individual represented with respect to any matter arising under this act, whether or not a judicial proceeding concerning the trust is pending.

C. In making decisions, a representative may consider general benefit accruing to the living members of the individual's family.

ARTICLE 4

CREATION, VALIDITY, MODIFICATION, AND TERMINATION OF TRUST

SECTION 20. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.1 of Title 60, unless there is created a duplication in numbering, reads as follows:

A trust may be created by:

1. Transfer of property to another person as trustee during the settlor's lifetime or by will or other disposition taking effect upon the settlor's death;
2. Declaration by the owner of property that the owner holds identifiable property as trustee; or
3. Exercise of a power of appointment in favor of a trustee.

SECTION 21. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.2 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. A trust is created only if:

1. The settlor has capacity to create a trust;
2. The settlor indicates an intention to create the trust;
3. The trust has a definite beneficiary or is:
 - a. a charitable trust, or

- b. a trust for a noncharitable purpose, as provided in Section 27 of this act;

4. The trustee has duties to perform; and

5. The same person is not the sole trustee and sole beneficiary.

B. A beneficiary is definite if the beneficiary can be ascertained now or in the future.

C. A power in a trustee to select a beneficiary from an indefinite class is valid. If the power is not exercised within a reasonable time, the power fails and the property subject to the power passes to the persons who would have taken the property had the power not been conferred.

SECTION 22. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.3 of Title 60, unless there is created a duplication in numbering, reads as follows:

A trust not created by will is validly created if its creation complies with the law of the jurisdiction in which the trust instrument was executed, or the law of the jurisdiction in which, at the time of creation:

1. The settlor was domiciled, had a place of abode, or was a national;

2. A trustee was domiciled or had a place of business; or

3. Any trust property was located.

SECTION 23. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.4 of Title 60, unless there is created a duplication in numbering, reads as follows:

A trust may be created only to the extent its purposes are lawful, not contrary to public policy, and possible to achieve. A trust and its terms must be for the benefit of its beneficiaries.

SECTION 24. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.5 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. A charitable trust may be created for the relief of poverty, the advancement of education or religion, the promotion of health, governmental or municipal purposes, or other purposes the achievement of which is beneficial to the community.

B. If the terms of a charitable trust do not indicate a particular charitable purpose or beneficiary, the court may select one or more charitable purposes or beneficiaries. The selection must be consistent with the settlor's intention to the extent it can be ascertained.

C. The settlor of a charitable trust, among others, may maintain a proceeding to enforce the trust.

SECTION 25. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.6 of Title 60, unless there is created a duplication in numbering, reads as follows:

A trust is void to the extent its creation was induced by fraud, duress, or undue influence.

SECTION 26. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.7 of Title 60, unless there is created a duplication in numbering, reads as follows:

Except as required by a statute other than this act, a trust need not be evidenced by a trust instrument, but the creation of an oral trust and its terms may be established only by clear and convincing evidence.

SECTION 27. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.8 of Title 60, unless there is created a duplication in numbering, reads as follows:

Except as otherwise provided in this act or by another statute, the following rules apply:

1. A trust may be created for a noncharitable purpose without a definite or definitely ascertainable beneficiary or for a noncharitable but otherwise valid purpose to be selected by the trustee;

2. A trust authorized by this section may be enforced by a person appointed in the terms of the trust or, if no person is so appointed, by a person appointed by the court; and

3. Property of a trust authorized by this section may be applied only to its intended use, except to the extent the court determines that the value of the trust property exceeds the amount required for the intended use. Except as otherwise provided in the terms of the trust, property not required for the intended use must be distributed to the settlor, if then living, otherwise to the settlor's successors in interest.

SECTION 28. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.9 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. In addition to the methods of termination prescribed by Sections 29 through 32 of this act, a trust terminates to the extent the trust is revoked or expires pursuant to its terms, no purpose of the trust remains to be achieved, or the purposes of the trust have become unlawful, contrary to public policy, or impossible to achieve.

B. A proceeding to approve or disapprove a proposed modification or termination under Sections 29 through 34 of this act, or trust combination or division under Section 35 of this act, may be commenced by a trustee or beneficiary, and a proceeding to approve or disapprove a proposed modification or termination under Section 29 of this act may be commenced by the settlor. The settlor of a charitable trust may maintain a proceeding to modify the trust under Section 31 of this act.

SECTION 29. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.10 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. If, upon petition, the court finds that the settlor and all beneficiaries consent to the modification or termination of a noncharitable irrevocable trust, the court shall approve the modification or termination even if the modification or termination is inconsistent with a material purpose of the trust. A settlor's power to consent to a trust's modification or termination may be exercised by an agent under a power of attorney only to the extent expressly authorized by the power of attorney or the terms of the trust; by the settlor's guardian of the property with the approval

of the court supervising the guardianship if an agent is not so authorized; or by the settlor's guardian of the person with the approval of the court supervising the guardianship if an agent is not so authorized and a guardian of the property has not been appointed. This subsection does not apply to irrevocable trusts created before or to revocable trusts that become irrevocable before the effective date of this act.

B. A noncharitable irrevocable trust may be terminated upon consent of all of the beneficiaries if the court concludes that continuance of the trust is not necessary to achieve any material purpose of the trust. A noncharitable irrevocable trust may be modified upon consent of all of the beneficiaries if the court concludes that modification is not inconsistent with a material purpose of the trust.

C. A spendthrift provision in the terms of the trust is not presumed to constitute a material purpose of the trust.

D. Upon termination of a trust under subsection A or B of this section, the trustee shall distribute the trust property as agreed by the beneficiaries.

E. If not all of the beneficiaries consent to a proposed modification or termination of the trust under subsection A or B of this section, the modification or termination may be approved by the court if the court is satisfied that:

1. If all of the beneficiaries had consented, the trust could have been modified or terminated under this section; and

2. The interests of a beneficiary who does not consent will be adequately protected.

SECTION 30. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.11 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. The court may modify the administrative or dispositive terms of a trust or terminate the trust if, because of circumstances not anticipated by the settlor, modification or termination will further the purposes of the trust. To the extent practicable, the modification must be made in accordance with the settlor's probable intention.

B. The court may modify the administrative terms of a trust if continuation of the trust on its existing terms would be impracticable or wasteful or impair the trust's administration.

C. Upon termination of a trust under this section, the trustee shall distribute the trust property in a manner consistent with the purposes of the trust.

SECTION 31. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.12 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Except as otherwise provided in subsection B of this section, if a particular charitable purpose becomes unlawful, impracticable, impossible to achieve, or wasteful:

1. The trust does not fail, in whole or in part;

2. The trust property does not revert to the settlor or the settlor's successors in interest; and

3. The court may apply cy pres to modify or terminate the trust by directing that the trust property be applied or distributed, in whole or in part, in a manner consistent with the settlor's charitable purposes.

B. A provision in the terms of a charitable trust that would result in distribution of the trust property to a noncharitable beneficiary prevails over the power of the court under subsection A of this section to apply cy pres to modify or terminate the trust only if, when the provision takes effect, the trust property is to revert to the settlor and the settlor is still living.

SECTION 32. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.13 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. After notice to the qualified beneficiaries, the trustee of a trust consisting of trust property having a total value less than Fifty Thousand Dollars (\$50,000.00) may terminate the trust if the trustee concludes that the value of the trust property is insufficient to justify the cost of administration.

B. The court may modify or terminate a trust or remove the trustee and appoint a different trustee if it determines that the

value of the trust property is insufficient to justify the cost of administration.

C. Upon termination of a trust under this section, the trustee shall distribute the trust property in a manner consistent with the purposes of the trust.

D. This section does not apply to an easement for conservation or preservation.

SECTION 33. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.14 of Title 60, unless there is created a duplication in numbering, reads as follows:

The court may reform the terms of a trust, even if unambiguous, to conform the terms to the settlor's intention if it is proved by clear and convincing evidence what the settlor's intention was and that the terms of the trust were affected by a mistake of fact or law, whether in expression or inducement.

SECTION 34. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.15 of Title 60, unless there is created a duplication in numbering, reads as follows:

To achieve the settlor's tax objectives, the court may modify the terms of a trust in a manner that is not contrary to the settlor's probable intention. The court may provide that the modification has retroactive effect.

SECTION 35. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1604.16 of Title 60, unless there is created a duplication in numbering, reads as follows:

After notice to the qualified beneficiaries, a trustee may combine two or more trusts into a single trust or divide a trust into two or more separate trusts, if the result does not impair the rights of any beneficiary or adversely affect achievement of the purposes of the trust.

ARTICLE 5

CREDITOR'S CLAIM AGAINST SETTLOR

SECTION 36. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1605.1 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Whether or not the terms of a trust contain a spendthrift provision, the following rules apply:

1. Except as provided by the laws of this state, during the lifetime of the settlor, the property of a revocable trust is subject to claims of the settlor's creditors; and

2. Except as provided by the laws of this state, after the death of a settlor, and subject to the settlor's right to direct the source from which liabilities will be paid, the property of a trust that was revocable at the settlor's death is subject to claims of the settlor's creditors, costs of administration of the settlor's estate, the expenses of the settlor's funeral and disposal of remains, and statutory allowances to a surviving spouse and children to the extent the settlor's probate estate is inadequate to satisfy those claims, costs, expenses, and allowances.

B. For purposes of this section:

1. During the period the power may be exercised, the holder of a power of withdrawal is treated in the same manner as the settlor of a revocable trust to the extent of the property subject to the power; and

2. Upon the lapse, release, or waiver of the power, the holder is treated as the settlor of the trust only to the extent the value of the property affected by the lapse, release, or waiver exceeds the greater of the amount specified in Section 2041(b)(2) or 2514(e) of the Internal Revenue Code of 1986, or Section 2503(b) of the Internal Revenue Code of 1986, in each case as in effect on the effective date of this act, or as later amended.

ARTICLE 6

REVOCABLE TRUSTS

SECTION 37. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1606.1 of Title 60, unless there is created a duplication in numbering, reads as follows:

The capacity required to create, amend, revoke, or add property to a revocable trust, or to direct the actions of the trustee of a revocable trust, is the same as that required to make a will.

SECTION 38. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1606.2 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. To the extent a trust is revocable by a settlor, a trustee may follow a direction of the settlor that is contrary to the terms of the trust. To the extent a trust is revocable by a settlor in conjunction with a person other than a trustee or person holding an adverse interest, the trustee may follow a direction from the settlor and the other person holding the power to revoke even if the direction is contrary to the terms of the trust.

B. To the extent a trust is revocable and the settlor has capacity to revoke the trust, rights of the beneficiaries are subject to the control of, and the duties of the trustee are owed exclusively to, the settlor.

C. During the period the power may be exercised, the holder of a power of withdrawal has the rights of a settlor of a revocable trust under this section to the extent of the property subject to the power.

SECTION 39. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1606.3 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. A person may commence a judicial proceeding to contest the validity of a trust that was revocable at the settlor's death within three (3) years after the later of either the settlor's death or actual or constructive notice of the existence and terms of the trust.

B. Upon the death of the settlor of a trust that was revocable at the settlor's death, the trustee may proceed to distribute the trust property in accordance with the terms of the trust. The trustee is not subject to liability for doing so unless:

1. The trustee knows of a pending judicial proceeding contesting the validity of the trust;

2. The trustee knows of claims, costs, expenses, or allowances that would be payable from the trust pursuant to paragraph 2 of subsection A of Section 36 of this act; or

3. A potential contestant has notified the trustee of a possible judicial proceeding to contest the trust and a judicial proceeding is commenced within sixty (60) days after the contestant sent the notification.

C. A beneficiary of a trust that is determined to have been invalid or which is subject to claims, costs, expenses, or allowances under paragraph 2 of subsection B of this section is liable to return any distribution received.

ARTICLE 7

OFFICE OF TRUSTEE

SECTION 40. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1607.1 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Except as otherwise provided in subsection C of this section, a person designated as trustee accepts the trusteeship:

1. By substantially complying with a method of acceptance provided in the terms of the trust; or

2. If the terms of the trust do not provide a method or the method provided in the terms is not expressly made exclusive, by accepting delivery of the trust property, exercising powers or performing duties as trustee, or otherwise indicating acceptance of the trusteeship.

B. A person designated as trustee who has not yet accepted the trusteeship may reject the trusteeship. A designated trustee who does not accept the trusteeship within a reasonable time after knowing of the designation is deemed to have rejected the trusteeship.

C. A person designated as trustee, without accepting the trusteeship, may:

1. Act to preserve the trust property if, within a reasonable time after acting, the person sends a rejection of the trusteeship

to the settlor or, if the settlor is dead or lacks capacity, to a qualified beneficiary; and

2. Inspect or investigate trust property to determine potential liability under environmental or other law or for any other purpose.

SECTION 41. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1607.2 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. A trustee shall give bond to secure performance of the trustee's duties only if the court finds that a bond is needed to protect the interests of the beneficiaries or is required by the terms of the trust and the court has not dispensed with the requirement.

B. The court may specify the amount of a bond, its liabilities, and whether sureties are necessary. The court may modify or terminate a bond at any time.

C. A regulated financial service institution qualified to do trust business in this state need not give bond, even if required by the terms of the trust.

SECTION 42. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1607.3 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Co-trustees who are unable to reach a unanimous decision may act by majority decision.

B. If a vacancy occurs in a co-trusteeship, the remaining co-trustees may act for the trust.

C. Subject to Section 1212 of Title 60 of the Oklahoma Statutes, a co-trustee must participate in the performance of a trustee's function unless the co-trustee is unavailable to perform the function because of absence, illness, disqualification under other law, or other temporary incapacity or the co-trustee has properly delegated the performance of the function to another trustee.

D. If a co-trustee is unavailable to perform duties because of absence, illness, disqualification under other law, or other temporary incapacity, and prompt action is necessary to achieve the

purposes of the trust or to avoid injury to the trust property, the remaining co-trustee or a majority of the remaining co-trustees may act for the trust.

E. A trustee may not delegate to a co-trustee the performance of a function the settlor reasonably expected the trustees to perform jointly. Unless a delegation was irrevocable, a trustee may revoke a delegation previously made.

F. Except as otherwise provided in subsection G of this section, a trustee who does not join in an action of another trustee is not liable for the action.

G. Subject to Section 1212 of Title 60 of the Oklahoma Statutes, each trustee shall exercise reasonable care to:

1. Prevent a co-trustee from committing a serious breach of trust; and

2. Compel a co-trustee to redress a serious breach of trust.

H. A dissenting trustee who joins in an action at the direction of the majority of the trustees and who notified any co-trustee of the dissent at or before the time of the action is not liable for the action unless the action is a serious breach of trust.

SECTION 43. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1607.4 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. A vacancy in a trusteeship occurs if:

1. A person designated as trustee rejects the trusteeship;

2. A person designated as trustee cannot be identified or does not exist;

3. A trustee resigns;

4. A trustee is disqualified or removed;

5. A trustee dies; or

6. A guardian is appointed for an individual serving as trustee.

B. If one or more co-trustees remain in office, a vacancy in a trusteeship need not be filled. A vacancy in a trusteeship must be filled if the trust has no remaining trustee.

C. A vacancy in a trusteeship of a noncharitable trust that is required to be filled must be filled in the following order of priority:

1. By a person designated in the terms of the trust to act as successor trustee;

2. By a person appointed by unanimous agreement of the qualified beneficiaries; or

3. By a person appointed by the court.

D. A vacancy in a trusteeship of a charitable trust that is required to be filled must be filled in the following order of priority:

1. By a person designated in the terms of the trust to act as successor trustee;

2. By a person selected by the charitable organizations expressly designated to receive distributions under the terms of the trust if the Office of the Attorney General concurs in the selection; or

3. By a person appointed by the court.

E. Whether or not a vacancy in a trusteeship exists or is required to be filled, the court may appoint an additional trustee or special fiduciary whenever the court considers the appointment necessary for the administration of the trust.

SECTION 44. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1607.5 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. A trustee may resign:

1. Upon at least thirty (30) days' notice to the qualified beneficiaries, the settlor, if living, and all co-trustees; or

2. With the approval of the court.

B. In approving a resignation, the court may issue orders and impose conditions reasonably necessary for the protection of the trust property.

C. Any liability of a resigning trustee or of any sureties on the trustee's bond for acts or omissions of the trustee is not discharged or affected by the trustee's resignation, but may be discharged by court order upon notice to the qualified beneficiaries, the settlor, if living, and all co-trustees.

SECTION 45. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1607.6 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. The settlor, a co-trustee, or a beneficiary may request the court to remove a trustee, or a trustee may be removed by the court on its own initiative.

B. The court may remove a trustee if:

1. The trustee has committed a serious breach of trust;

2. Lack of cooperation among co-trustees substantially impairs the administration of the trust;

3. Due to unfitness, unwillingness, or persistent failure of the trustee to administer the trust effectively, the court determines that removal of the trustee best serves the interests of the beneficiaries; or

4. There has been a substantial change of circumstances or removal is requested by all of the qualified beneficiaries, the court finds that removal of the trustee best serves the interests of all of the beneficiaries and is not inconsistent with a material purpose of the trust, and a suitable co-trustee or successor trustee is available.

C. Pending a final decision on a request to remove a trustee, or in lieu of or in addition to removing a trustee, the court may order such appropriate relief under subsection B of Section 175.57 of Title 60 of the Oklahoma Statutes as may be necessary to protect the trust property or the interests of the beneficiaries.

SECTION 46. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1607.7 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Unless a co-trustee remains in office or the court otherwise orders, and until the trust property is delivered to a successor trustee or other person entitled to it, a trustee who has resigned or been removed has the duties of a trustee and the powers necessary to protect the trust property.

B. A trustee who has resigned or been removed shall proceed expeditiously to deliver the trust property within the trustee's possession to the co-trustee, successor trustee, or other person entitled to it.

SECTION 47. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1607.8 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. If the terms of a trust do not specify the trustee's compensation, a trustee is entitled to compensation that is reasonable under the circumstances.

B. If the terms of a trust specify the trustee's compensation, the trustee is entitled to be compensated as specified, but the court may allow more or less compensation if:

1. The duties of the trustee are substantially different from those contemplated when the trust was created; or

2. The compensation specified by the terms of the trust would be unreasonably low or high.

SECTION 48. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1607.9 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. A trustee is entitled to be reimbursed out of the trust property, with interest as appropriate, for:

1. Expenses that were properly incurred in the administration of the trust; and

2. To the extent necessary to prevent unjust enrichment of the trust, expenses that were not properly incurred in the administration of the trust.

B. An advance by the trustee of money for the protection of the trust gives rise to a lien against trust property to secure reimbursement with reasonable interest.

ARTICLE 8

DUTIES AND POWERS OF TRUSTEE

SECTION 49. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.1 of Title 60, unless there is created a duplication in numbering, reads as follows:

Upon acceptance of a trusteeship, the trustee shall administer the trust in good faith, in accordance with its terms and purposes and the interests of the beneficiaries, and in accordance with this act.

SECTION 50. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.2 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. A trustee shall administer the trust solely in the interests of the beneficiaries.

B. Subject to the rights of persons dealing with or assisting the trustee as provided in subsection I of Section 175.57 of Title 60 of the Oklahoma Statutes, a sale, encumbrance, or other transaction involving the investment or management of trust property entered into by the trustee for the trustee's own personal account or which is otherwise affected by a conflict between the trustee's fiduciary and personal interests is voidable by a beneficiary affected by the transaction unless:

1. The transaction was authorized by the terms of the trust;

2. The transaction was approved by the court;

3. The beneficiary did not commence a judicial proceeding within the time allowed by subsection E of Section 175.57 of Title 60 of the Oklahoma Statutes;

4. The beneficiary consented to the trustee's conduct, ratified the transaction, or released the trustee in compliance with subsection G of Section 175.57 of Title 60 of the Oklahoma Statutes; or

5. The transaction involves a contract entered into or claim acquired by the trustee before the person became or contemplated becoming trustee.

C. A sale, encumbrance, or other transaction involving the investment or management of trust property is presumed to be affected by a conflict between personal and fiduciary interests if it is entered into by the trustee with:

1. The trustee's spouse;

2. The trustee's descendants, siblings, parents, or their spouses;

3. An agent or attorney of the trustee; or

4. A corporation or other person or enterprise in which the trustee, or a person that owns a significant interest in the trustee, has an interest that might affect the trustee's best judgment.

D. A transaction between a trustee and a beneficiary that does not concern trust property but that occurs during the existence of the trust or while the trustee retains significant influence over the beneficiary and from which the trustee obtains an advantage is voidable by the beneficiary unless the trustee establishes that the transaction was fair to the beneficiary.

E. A transaction not concerning trust property in which the trustee engages in the trustee's individual capacity involves a conflict between personal and fiduciary interests if the transaction concerns an opportunity properly belonging to the trust.

F. An investment by a trustee in securities of an investment company or investment trust to which the trustee, or its affiliate, provides services in a capacity other than as trustee is not presumed to be affected by a conflict between personal and fiduciary interests if the investment otherwise complies with the prudent investor rule of the Oklahoma Uniform Prudent Investor Act. In addition to its compensation for acting as trustee, the trustee may

be compensated by the investment company or investment trust for providing those services out of fees charged to the trust. If the trustee receives compensation from the investment company or investment trust for providing investment advisory or investment management services, the trustee must at least annually notify the persons entitled under Section 60 of this act to receive a copy of the trustee's annual report of the rate and method by which that compensation was determined.

G. In voting shares of stock or in exercising powers of control over similar interests in other forms of enterprise, the trustee shall act in the best interests of the beneficiaries. If the trust is the sole owner of a corporation or other form of enterprise, the trustee shall elect or appoint directors or other managers who will manage the corporation or enterprise in the best interests of the beneficiaries.

H. This section does not preclude the following transactions, if fair to the beneficiaries:

1. An agreement between a trustee and a beneficiary relating to the appointment or compensation of the trustee;
2. Payment of reasonable compensation to the trustee;
3. A transaction between a trust and another trust, decedent's estate, or conservatorship of which the trustee is a fiduciary or in which a beneficiary has an interest;
4. A deposit of trust money in a regulated financial service institution operated by the trustee; or
5. An advance by the trustee of money for the protection of the trust.

I. The court may appoint a special fiduciary to make a decision with respect to any proposed transaction that might violate this section if entered into by the trustee.

SECTION 51. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.3 of Title 60, unless there is created a duplication in numbering, reads as follows:

If a trust has two or more beneficiaries, the trustee shall act impartially in investing, managing, and distributing the trust

property, giving due regard to the beneficiaries' respective interests.

SECTION 52. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.4 of Title 60, unless there is created a duplication in numbering, reads as follows:

A trustee shall administer the trust as a prudent person would, by considering the purposes, terms, distributional requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution.

SECTION 53. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.5 of Title 60, unless there is created a duplication in numbering, reads as follows:

In administering a trust, the trustee may incur only costs that are reasonable in relation to the trust property, the purposes of the trust, and the skills of the trustee.

SECTION 54. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.6 of Title 60, unless there is created a duplication in numbering, reads as follows:

A trustee who has special skills or expertise, or is named trustee in reliance upon the trustee's representation that the trustee has special skills or expertise, shall use those special skills or expertise.

SECTION 55. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.7 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. A trustee may delegate duties and powers that a prudent trustee of comparable skills could properly delegate under the circumstances. The trustee shall exercise reasonable care, skill, and caution in:

1. Selecting an agent;
2. Establishing the scope and terms of the delegation, consistent with the purposes and terms of the trust; and

3. Periodically reviewing the agent's actions in order to monitor the agent's performance and compliance with the terms of the delegation.

B. In performing a delegated function, an agent owes a duty to the trust to exercise reasonable care to comply with the terms of the delegation.

C. A trustee who complies with subsection A of this section is not liable to the beneficiaries or to the trust for an action of the agent to whom the function was delegated.

D. By accepting a delegation of powers or duties from the trustee of a trust that is subject to the law of this state, an agent submits to the jurisdiction of the courts of this state.

SECTION 56. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.8 of Title 60, unless there is created a duplication in numbering, reads as follows:

A trustee shall take reasonable steps to take control of and protect the trust property.

SECTION 57. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.9 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. A trustee shall keep adequate records of the administration of the trust.

B. A trustee shall keep trust property separate from the trustee's own property.

C. Except as otherwise provided in subsection D of this section, a trustee shall cause the trust property to be designated so that the interest of the trust, to the extent feasible, appears in records maintained by a party other than a trustee or beneficiary.

D. If the trustee maintains records clearly indicating the respective interests, a trustee may invest as a whole the property of two or more separate trusts.

SECTION 58. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.10 of Title 60, unless there is created a duplication in numbering, reads as follows:

A trustee shall take reasonable steps to enforce claims of the trust and to defend claims against the trust.

SECTION 59. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.11 of Title 60, unless there is created a duplication in numbering, reads as follows:

A trustee shall take reasonable steps to compel a former trustee or other person to deliver trust property to the trustee, and to take reasonable steps to redress a breach of trust known to the trustee to have been committed by a former trustee.

SECTION 60. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.12 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. A trustee shall keep the qualified beneficiaries of the trust reasonably informed about the administration of the trust and of the material facts necessary for them to protect their interests. Unless unreasonable under the circumstances, a trustee shall promptly respond to a beneficiary's request for information related to the administration of the trust.

B. A trustee:

1. Upon request of a qualified beneficiary, shall promptly furnish to the qualified beneficiary a copy of the trust instrument;

2. Within sixty (60) days after accepting a trusteeship, shall notify the qualified beneficiaries of the acceptance and of the trustee's name, address, and telephone number;

3. Within sixty (60) days after the date the trustee acquires knowledge of the creation of an irrevocable trust, or the date the trustee acquires knowledge that a formerly revocable trust has become irrevocable, whether by the death of the settlor or otherwise, shall notify the qualified beneficiaries of the trust's existence, of the identity of the settlor or settlors, of the right to request a copy of the trust instrument, and of the right to a trustee's report as provided in subsection C of this section; and

4. Shall notify the qualified beneficiaries in advance of any change in the method or rate of the trustee's compensation.

C. A trustee shall send to the distributees or permissible distributees of trust income or principal, and to other qualified beneficiaries who request it, at least annually and at the termination of the trust, a report of the trust property, liabilities, receipts, and disbursements, including the source and amount of the trustee's compensation, a listing of the trust assets and, if feasible, their respective market values. Upon a vacancy in a trusteeship, unless a co-trustee remains in office, a report must be sent to the qualified beneficiaries by the former trustee. A personal representative or guardian may send the qualified beneficiaries a report on behalf of a deceased or incapacitated trustee.

D. A beneficiary may waive the right to a trustee's report or other information otherwise required to be furnished under this section. A beneficiary, with respect to future reports and other information, may withdraw a waiver previously given.

E. Paragraphs 2 and 3 of subsection B of this section do not apply to a trustee who accepts a trusteeship before the effective date of this act, to an irrevocable trust created before the effective date of this act, or to a revocable trust that becomes irrevocable before the effective date of this act.

SECTION 61. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.13 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Notwithstanding the breadth of discretion granted to a trustee in the terms of the trust, including the use of such terms as "absolute", "sole", or "uncontrolled", the trustee shall exercise a discretionary power in good faith and in accordance with the terms and purposes of the trust and the interests of the beneficiaries.

B. Subject to subsection D of this section, and unless the terms of the trust expressly indicate that a rule in this subsection does not apply:

1. A person other than a settlor who is a beneficiary and trustee of a trust that confers on the trustee a power to make discretionary distributions to or for the trustee's personal benefit

may exercise the power only in accordance with an ascertainable standard; and

2. A trustee may not exercise a power to make discretionary distributions to satisfy a legal obligation of support that the trustee personally owes another person.

C. A power whose exercise is limited or prohibited by subsection B of this section may be exercised by a majority of the remaining trustees whose exercise of the power is not so limited or prohibited. If the power of all trustees is so limited or prohibited, the court may appoint a special fiduciary with authority to exercise the power.

D. Subsection B of this section does not apply to:

1. A power held by the settlor's spouse who is the trustee of a trust for which a marital deduction, as defined in Section 2056(b)(5) or 2523(e) of the Internal Revenue Code of 1986, as in effect on the effective date of this act, or as later amended, was previously allowed;

2. Any trust during any period that the trust may be revoked or amended by its settlor; or

3. A trust if contributions to the trust qualify for the annual exclusion under Section 2503(c) of the Internal Revenue Code of 1986, as in effect on the effective date of this act, or as later amended.

E. If a distribution to a beneficiary is subject to the exercise of the trustee's discretion, whether or not the terms of a trust include a standard to guide the trustee in making distributions, then the interest is neither a property interest nor an enforceable right, but a mere expectancy.

SECTION 62. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.14 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. A trustee, without authorization by the court, may exercise:

1. Powers conferred by the terms of the trust; and

2. Except as limited by the terms of the trust:

- a. all powers over the trust property which an unmarried competent owner has over individually owned property,
- b. any other powers appropriate to achieve the proper investment, management, and distribution of the trust property, and
- c. any other powers conferred by this act.

B. The exercise of a power is subject to the fiduciary duties prescribed by this article.

SECTION 63. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.15 of Title 60, unless there is created a duplication in numbering, reads as follows:

Without limiting the authority conferred by Section 62 of this act, a trustee may:

1. Collect trust property and accept or reject additions to the trust property from a settlor or any other person;
2. Acquire or sell property, for cash or on credit, at public or private sale;
3. Exchange, partition, or otherwise change the character of trust property;
4. Deposit trust money in an account in a regulated financial service institution;
5. Borrow money, with or without security, and mortgage or pledge trust property for a period within or extending beyond the duration of the trust;
6. With respect to an interest in a proprietorship, partnership, limited liability company, business trust, corporation, or other form of business or enterprise, continue the business or other enterprise and take any action that may be taken by shareholders, members, or property owners, including merging, dissolving, or otherwise changing the form of business organization or contributing additional capital;

7. With respect to stocks or other securities, exercise the rights of an absolute owner, including the right to:

- a. vote, or give proxies to vote, with or without power of substitution, or enter into or continue a voting trust agreement,
- b. hold a security in the name of a nominee or in other form without disclosure of the trust so that title may pass by delivery,
- c. pay calls, assessments, and other sums chargeable or accruing against the securities, and sell or exercise stock subscription or conversion rights, and
- d. deposit the securities with a depository or other regulated financial service institution;

8. With respect to an interest in real property, construct, or make ordinary or extraordinary repairs to, alterations to, or improvements in, buildings or other structures, demolish improvements, raze existing or erect new party walls or buildings, subdivide or develop land, dedicate land to public use or grant public or private easements, and make or vacate plats and adjust boundaries;

9. Enter into a lease for any purpose as lessor or lessee, including a lease or other arrangement for exploration and removal of natural resources, with or without the option to purchase or renew, for a period within or extending beyond the duration of the trust;

10. Grant an option involving a sale, lease, or other disposition of trust property or acquire an option for the acquisition of property, including an option exercisable beyond the duration of the trust, and exercise an option so acquired;

11. Insure the property of the trust against damage or loss and insure the trustee, the trustee's agents, and beneficiaries against liability arising from the administration of the trust;

12. Abandon or decline to administer property of no value or of insufficient value to justify its collection or continued administration;

13. With respect to possible liability for violation of environmental law:

- a. inspect or investigate property the trustee holds or has been asked to hold, or property owned or operated by an organization in which the trustee holds or has been asked to hold an interest, for the purpose of determining the application of environmental law with respect to the property,
- b. take action to prevent, abate, or otherwise remedy any actual or potential violation of any environmental law affecting property held directly or indirectly by the trustee, whether taken before or after the assertion of a claim or the initiation of governmental enforcement,
- c. decline to accept property into trust or disclaim any power with respect to property that is or may be burdened with liability for violation of environmental law,
- d. compromise claims against the trust which may be asserted for an alleged violation of environmental law, and
- e. pay the expense of any inspection, review, abatement, or remedial action to comply with environmental law;

14. Pay or contest any claim, settle a claim by or against the trust, and release, in whole or in part, a claim belonging to the trust;

15. Pay taxes, assessments, compensation of the trustee and of employees and agents of the trust, and other expenses incurred in the administration of the trust;

16. Exercise elections with respect to federal, state, and local taxes;

17. Select a mode of payment under any employee benefit or retirement plan, annuity, or life insurance payable to the trustee, exercise rights thereunder, including exercise of the right to indemnification for expenses and against liabilities, and take appropriate action to collect the proceeds;

18. Make loans out of trust property, including loans to a beneficiary on terms and conditions the trustee considers to be fair and reasonable under the circumstances, and the trustee has a lien on future distributions for repayment of those loans;

19. Pledge trust property to guarantee loans made by others to the beneficiary;

20. Appoint a trustee to act in another jurisdiction with respect to trust property located in the other jurisdiction, confer upon the appointed trustee all of the powers and duties of the appointing trustee, require that the appointed trustee furnish security, and remove any trustee so appointed;

21. Pay an amount distributable to a beneficiary who is under a legal disability or who the trustee reasonably believes is incapacitated, by paying it directly to the beneficiary or applying it for the beneficiary's benefit, or by:

- a. paying it to the beneficiary's guardian of the property or, if the beneficiary does not have a guardian of the property, the beneficiary's guardian of the person,
- b. paying it to the beneficiary's custodian under the Oklahoma Uniform Transfers to Minors Act, and, for that purpose, creating a custodianship,
- c. if the trustee does not know of a guardian of the property, guardian of the person, or custodian, paying it to an adult relative or other person having legal or physical care or custody of the beneficiary, to be expended on the beneficiary's behalf, or
- d. managing it as a separate fund on the beneficiary's behalf, subject to the beneficiary's continuing right to withdraw the distribution;

22. On distribution of trust property or the division or termination of a trust, make distributions in divided or undivided interests, allocate particular assets in proportionate or disproportionate shares, value the trust property for those purposes, and adjust for resulting differences in valuation;

23. Resolve a dispute concerning the interpretation of the trust or its administration by mediation, arbitration, or other procedure for alternative dispute resolution;

24. Prosecute or defend an action, claim, or judicial proceeding in any jurisdiction to protect trust property and the trustee in the performance of the trustee's duties;

25. Sign and deliver contracts and other instruments that are useful to achieve or facilitate the exercise of the trustee's powers; and

26. On termination of the trust, exercise the powers appropriate to wind up the administration of the trust and distribute the trust property to the persons entitled to it.

SECTION 64. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1608.16 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Upon termination or partial termination of a trust, the trustee may send to the beneficiaries a proposal for distribution. The right of any beneficiary to object to the proposed distribution terminates if the beneficiary does not notify the trustee of an objection within thirty (30) days after the proposal was sent but only if the proposal informed the beneficiary of the right to object and of the time allowed for objection.

B. Upon the occurrence of an event terminating or partially terminating a trust, the trustee shall proceed reasonably to distribute the trust property to the persons entitled to it, subject to the right of the trustee to retain a reasonable reserve for the payment of debts, expenses, and taxes.

C. A release by a beneficiary of a trustee from liability for breach of trust is invalid to the extent:

1. It was induced by improper conduct of the trustee; or

2. The beneficiary, at the time of the release, did not know of the beneficiary's rights or of the material facts relating to the breach.

ARTICLE 9

LIABILITY OF TRUSTEES AND RIGHTS OF PERSONS DEALING WITH
TRUSTEE

SECTION 65. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1609.1 of Title 60, unless there is created a duplication in numbering, reads as follows:

Except as otherwise provided in subsections A and B of Section 175.57 of Title 60 of the Oklahoma Statutes, if more than one trustee is liable to the beneficiaries for a breach of trust, a trustee is entitled to contribution from the other trustee or trustees. A trustee is not entitled to contribution if the trustee was substantially more at fault than another trustee or if the trustee committed the breach of trust in bad faith or with reckless indifference to the purposes of the trust or the interests of the beneficiaries. A trustee who received a benefit from the breach of trust is not entitled to contribution from another trustee to the extent of the benefit received.

SECTION 66. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1609.2 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. A trustee is accountable to an affected beneficiary for any profit made by the trustee arising from the administration of the trust, even absent a breach of trust.

B. Absent a breach of trust, a trustee is not liable to a beneficiary for a loss or depreciation in the value of trust property or for not having made a profit.

SECTION 67. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1609.3 of Title 60, unless there is created a duplication in numbering, reads as follows:

A trustee who acts in reasonable reliance on the terms of the trust as expressed in the trust instrument is not liable to a beneficiary for a breach of trust to the extent the breach resulted from the reliance.

SECTION 68. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1609.4 of Title 60, unless there is created a duplication in numbering, reads as follows:

If the happening of an event, including marriage, divorce, performance of educational requirements, or death, affects the administration or distribution of a trust, a trustee who has exercised reasonable care to ascertain the happening of the event is not liable for a loss resulting from the trustee's lack of knowledge.

SECTION 69. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1609.5 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. The limitations on personal liability of a trustee as set forth in subsection H of Section 175.57 of Title 60 of the Oklahoma Statutes and in subsection H of Section 42 of this act shall apply.

B. A claim based on a contract entered into by a trustee in the trustee's fiduciary capacity, on an obligation arising from ownership or control of trust property, or on a tort committed in the course of administering a trust, may be asserted in a judicial proceeding against the trustee in the trustee's fiduciary capacity, whether or not the trustee is personally liable for the claim.

SECTION 70. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1609.6 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Except as otherwise provided in subsection C of this section or unless personal liability is imposed in the contract, a trustee who holds an interest as a general partner in a general or limited partnership is not personally liable on a contract entered into by the partnership after the trust's acquisition of the interest if the fiduciary capacity was disclosed in the contract or in a statement previously filed pursuant to the Oklahoma Revised Uniform Partnership Act or Oklahoma Uniform Limited Partnership Act of 2010.

B. Except as otherwise provided in subsection C of this section, a trustee who holds an interest as a general partner is not personally liable for torts committed by the partnership or for obligations arising from ownership or control of the interest unless the trustee is personally at fault.

C. The immunity provided by this section does not apply if an interest in the partnership is held by the trustee in a capacity other than that of trustee or is held by the trustee's spouse or one

or more of the trustee's descendants, siblings, or parents, or the spouse of any of them.

D. Except as otherwise provided by Oklahoma law, if the trustee of a revocable trust holds an interest as a general partner, the settlor is personally liable for contracts and other obligations of the partnership as if the settlor were a general partner.

SECTION 71. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1609.7 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Instead of furnishing a copy of the trust instrument to a person other than a beneficiary, and in lieu of or in addition to a memorandum of trust under subsection A of Section 175.6 of Title 60 of the Oklahoma Statutes, the trustee may furnish to the person a certification of trust containing the following information:

1. That the trust exists and the date the trust instrument was executed;

2. The identity of the settlor;

3. The identity and address of the currently acting trustee;

4. The powers of the trustee;

5. The revocability or irrevocability of the trust and the identity of any person holding a power to revoke the trust;

6. The authority of co-trustees to sign or otherwise authenticate and whether all or less than all are required in order to exercise powers of the trustee;

7. The trust's taxpayer identification number; and

8. The manner of taking title to trust property.

B. A certification of trust under this section may be signed or otherwise authenticated by any trustee.

C. A certification of trust under this section must state that the trust has not been revoked, modified, or amended in any manner that would cause the representations contained in the certification of trust to be incorrect.

D. A certification of trust under this section need not contain the dispositive terms of a trust.

E. A recipient of a certification of trust under this section may require the trustee to furnish copies of those excerpts from the original trust instrument and later amendments which designate the trustee and confer upon the trustee the power to act in the pending transaction.

F. A person who acts in reliance upon a certification of trust under this section without knowledge that the representations contained therein are incorrect is not liable to any person for so acting and may assume without inquiry the existence of the facts contained in the certification. Knowledge of the terms of the trust may not be inferred solely from the fact that a copy of all or part of the trust instrument is held by the person relying upon the certification.

G. A person who in good faith enters into a transaction in reliance upon a certification of trust under this section may enforce the transaction against the trust property as if the representations contained in the certification were correct.

H. A person making a demand for the trust instrument in addition to a certification of trust under this section, or excerpts of the trust instrument, is liable for damages if the court determines that the person did not act in good faith in demanding the trust instrument.

I. This section does not limit the right of a person to obtain a copy of the trust instrument in a judicial proceeding concerning the trust.

ARTICLE 10

MISCELLANEOUS PROVISIONS

SECTION 72. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1610.1 of Title 60, unless there is created a duplication in numbering, reads as follows:

The provisions of this act governing the legal effect, validity, or enforceability of electronic records or electronic signatures, and of contracts formed or performed with the use of such records or

signatures, conform to the requirements of Section 102 of the Electronic Signatures in Global and National Commerce Act (15 U.S.C., Section 7002) and supersede, modify, and limit the requirements of the Electronic Signatures in Global and National Commerce Act.

SECTION 73. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1610.2 of Title 60, unless there is created a duplication in numbering, reads as follows:

If any provision of this act or its application to any person or circumstances is held invalid, the invalidity does not affect other provisions or applications of this act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

SECTION 74. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1610.3 of Title 60, unless there is created a duplication in numbering, reads as follows:

A. Except as otherwise provided in this act, on the effective date of this act:

1. This act applies to all trusts created before, on, or after its effective date;

2. This act applies to all judicial proceedings concerning trusts commenced on or after its effective date;

3. This act applies to judicial proceedings concerning trusts commenced before its effective date unless the court finds that application of a particular provision of this act would substantially interfere with the effective conduct of the judicial proceedings or prejudice the rights of the parties, in which case the particular provision of this act does not apply and the superseded law applies;

4. Any rule of construction or presumption provided in this act applies to trust instruments executed before the effective date of this act unless there is a clear indication of a contrary intent in the terms of the trust; and

5. An act enacted before the effective date of this act is not affected by this act.

B. If a right is acquired, extinguished, or barred upon the expiration of a prescribed period that has commenced to run under any other statute before the effective date of this act, that statute continues to apply to the right even if it has been repealed or superseded.

C. The applicable provisions of the Oklahoma Trust Act shall continue to apply, unless such provision is inconsistent with an express provision of this act and, further, except as expressly provided in this act.

SECTION 75. This act shall become effective November 1, 2025.

Passed the House of Representatives the 14th day of May, 2025.

Presiding Officer of the House
of Representatives

Passed the Senate the 30th day of April, 2025.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____
day of _____, 20_____, at _____ o'clock _____ M.
By: _____

Approved by the Governor of the State of Oklahoma this _____
day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____
day of _____, 20_____, at _____ o'clock _____ M.
By: _____