

First Regular Session  
Seventy-second General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 19-0340.01 Conrad Imel x2313

**SENATE BILL 19-105**

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**SENATE SPONSORSHIP**

**Rodriguez,**

**HOUSE SPONSORSHIP**

**Tipper,**

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**Senate Committees**

Finance

**House Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING THE "COLORADO UNIFORM DIRECTED TRUST ACT".**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)*

**Colorado Commission on Uniform State Laws.** Under current law, the administration of trusts, including directed trusts, is generally governed by certain provisions in the probate code. The bill repeals provisions governing directed trustees and creates a new "Colorado Uniform Directed Trust Act" (act). The new act includes provisions concerning:

- !      Judicial proceedings;
- !      Trust directors' powers;

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

- ! Duties and liabilities of trust directors and directed trustees;  
and
- ! Powers that are excluded from the act.

The bill makes conforming amendments.

1     *Be it enacted by the General Assembly of the State of Colorado:*

2                   **SECTION 1.** In Colorado Revised Statutes, **repeal and reenact,**  
3                   **with amendments,** part 8 of article 16 of title 15 as follows:

## PART 8

# COLORADO UNIFORM

## DIRECTED TRUST ACT

7                   **15-16-801. Short title.** THIS SHORT TITLE OF THIS PART 8 IS THE  
8                   "COLORADO UNIFORM DIRECTED TRUST ACT".

9                   **15-16-802. Definitions.** AS USED IN THIS PART 8, UNLESS THE  
10                  CONTEXT OTHERWISE REQUIRES:

11 (1) "BREACH OF TRUST" INCLUDES A VIOLATION BY A TRUST  
12 DIRECTOR OR TRUSTEE OF A DUTY IMPOSED ON THAT DIRECTOR OR  
13 TRUSTEE BY THE TERMS OF THE TRUST, THIS PART 8, OR LAW OF THIS  
14 STATE OTHER THAN THIS PART 8 PERTAINING TO TRUSTS.

15 (2) "DIRECTED TRUST" MEANS A TRUST FOR WHICH THE TERMS OF  
16 THE TRUST GRANT A POWER OF DIRECTION.

17 (3) "DIRECTED TRUSTEE" MEANS A TRUSTEE THAT IS SUBJECT TO  
18 A TRUST DIRECTOR'S POWER OF DIRECTION

23 (5) "POWER OF DIRECTION" MEANS A POWER OVER A TRUST

1 GRANTED TO A PERSON BY THE TERMS OF THE TRUST TO THE EXTENT THE  
2 POWER IS EXERCISABLE WHILE THE PERSON IS NOT SERVING AS A TRUSTEE.  
3 THE TERM INCLUDES A POWER OVER THE INVESTMENT, MANAGEMENT, OR  
4 DISTRIBUTION OF TRUST PROPERTY OR OTHER MATTERS OF TRUST  
5 ADMINISTRATION. THE TERM EXCLUDES THE POWERS DESCRIBED IN  
6 SECTION 15-16-805 (2).

7 (6) "SETTLOR" MEANS A PERSON, INCLUDING A TESTATOR, THAT  
8 CREATES, OR CONTRIBUTES PROPERTY TO, A TRUST. IF MORE THAN ONE  
9 PERSON CREATES OR CONTRIBUTES PROPERTY TO A TRUST, EACH PERSON  
10 IS A SETTLOR OF THE PORTION OF THE TRUST PROPERTY ATTRIBUTABLE TO  
11 THAT PERSON'S CONTRIBUTION EXCEPT TO THE EXTENT ANOTHER PERSON  
12 HAS THE POWER TO REVOKE OR WITHDRAW THAT PORTION.

13 (7) "STATE" MEANS A STATE OF THE UNITED STATES, THE  
14 DISTRICT OF COLUMBIA, PUERTO RICO, THE UNITED STATES VIRGIN  
15 ISLANDS, OR ANY OTHER TERRITORY OR POSSESSION SUBJECT TO THE  
16 JURISDICTION OF THE UNITED STATES.

17 (8) "TERMS OF A TRUST" MEANS:

18 (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (8)(b) OF  
19 THIS SECTION, THE MANIFESTATION OF THE SETTLOR'S INTENT REGARDING  
20 A TRUST'S PROVISIONS AS:

21 (I) EXPRESSED IN THE TRUST INSTRUMENT; OR

22 (II) AS MAY BE ESTABLISHED BY OTHER EVIDENCE IN A JUDICIAL  
23 PROCEEDING; OR

24 (b) THE TRUST'S PROVISIONS AS ESTABLISHED, DETERMINED, OR  
25 AMENDED BY:

26 (I) A TRUSTEE OR TRUST DIRECTOR IN ACCORDANCE WITH  
27 APPLICABLE LAW;

1 (II) COURT ORDER;

2 (III) A NONJUDICIAL SETTLEMENT AGREEMENT; OR

### 3 (IV) BY ALTERNATIVE DISPUTE RESOLUTION.

10 (10) "TRUSTEE" INCLUDES AN ORIGINAL, ADDITIONAL, AND  
11 SUCCESSOR TRUSTEE, AND A COTRUSTEE.

12 (11) "WILLFUL MISCONDUCT" MEANS INTENTIONAL WRONGDOING  
13 AND NOT MERE NEGLIGENCE, GROSS NEGLIGENCE, OR RECKLESSNESS.

14 (12) "WRONGDOING" MEANS MALICIOUS CONDUCT OR CONDUCT  
15 DESIGNED TO DEFRAUD OR SEEK AN UNCONSCIONABLE ADVANTAGE.

**15-16-803. Application - principal place of administration.**

17 (1) THIS PART 8 APPLIES TO A TRUST, WHENEVER CREATED, THAT HAS ITS  
18 PRINCIPAL PLACE OF ADMINISTRATION IN THIS STATE, SUBJECT TO THE  
19 FOLLOWING RULES:

20 (a) IF THE TRUST WAS CREATED BEFORE THE EFFECTIVE DATE OF  
21 THIS PART 8, THIS PART 8, AS AMENDED IN 2019, APPLIES ONLY TO A  
22 DECISION OR ACTION OCCURRING ON OR AFTER THE EFFECTIVE DATE OF  
23 THIS PART 8.

24 (b) IF THE PRINCIPAL PLACE OF ADMINISTRATION OF THE TRUST IS  
25 CHANGED TO THIS STATE ON OR AFTER THE EFFECTIVE DATE OF THIS PART  
26 8, THIS PART 8 APPLIES ONLY TO A DECISION OR ACTION OCCURRING ON OR  
27 AFTER THE DATE OF THE CHANGE.

6 (a) A TRUSTEE'S PRINCIPAL PLACE OF BUSINESS IS LOCATED IN OR  
7 A TRUSTEE IS A RESIDENT OF THE DESIGNATED JURISDICTION;

8 (b) A TRUST DIRECTOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED  
9 IN OR A TRUST DIRECTOR IS A RESIDENT OF THE DESIGNATED JURISDICTION;

10 (c) ALL OR PART OF THE ADMINISTRATION OCCURS IN THE  
11 DESIGNATED JURISDICTION; OR

12 (d) THE TRUST IS DULY REGISTERED WITH A COURT IN THE  
13 DESIGNATED JURISDICTION.

14                   **15-16-804. Common law and principles of equity.** THE  
15                   COMMON LAW AND PRINCIPLES OF EQUITY SUPPLEMENT THIS PART 8,  
16                   EXCEPT TO THE EXTENT MODIFIED BY THIS PART 8 OR LAW OF THIS STATE  
17                   OTHER THAN THIS PART 8.

23 (2) THIS ACT DOES NOT APPLY TO A:

24 (a) POWER OF APPOINTMENT;

25 (b) POWER TO APPOINT OR REMOVE A TRUSTEE OR TRUST  
26 DIRECTOR;

27 (c) POWER OF A SETTLOR OVER A TRUST TO THE EXTENT THE

1 SETTLOR HAS A POWER TO REVOKE THE TRUST;

2 (d) POWER OF A BENEFICIARY OVER A TRUST TO THE EXTENT THE  
3 EXERCISE OR NONEXERCISE OF THE POWER AFFECTS THE BENEFICIAL  
4 INTEREST OF:

5 (I) THE BENEFICIARY; OR

6 (II) ANOTHER BENEFICIARY REPRESENTED BY THE BENEFICIARY  
7 UNDER SECTIONS 15-5-301 TO 15-5-305 WITH RESPECT TO THE EXERCISE  
8 OR NONEXERCISE OF THE POWER;

9 (e) POWER OVER A TRUST IF:

10 (I) THE TERMS OF THE TRUST PROVIDE THAT THE POWER IS HELD  
11 IN A NONFIDUCIARY CAPACITY; AND

12 (II) THE POWER MUST BE HELD IN A NONFIDUCIARY CAPACITY TO  
13 ACHIEVE THE SETTLOR'S TAX OBJECTIVES UNDER THE FEDERAL "INTERNAL  
14 REVENUE CODE OF 1986", AS AMENDED, AND REGULATIONS ISSUED  
15 THEREUNDER, AS AMENDED; OR

16 (f) A POWER UNDER SECTION 15-5-409.5 (1)(d) TO ENFORCE THE  
17 INTENDED USE OF THE PRINCIPAL AND INCOME OF A TRUST AUTHORIZED BY  
18 SECTION 15-5-408 FOR THE CARE OF DESIGNATED DOMESTIC OR PET  
19 ANIMALS AND THE ANIMALS' OFFSPRING IN GESTATION, IF THE POWER IS  
20 HELD BY A PERSON HAVING CUSTODY OF AN ANIMAL FOR WHICH CARE IS  
21 PROVIDED BY THE TRUST OR BY A REMAINDER BENEFICIARY OF THE TRUST,  
22 UNLESS THE TERMS OF THE TRUST SPECIFICALLY PROVIDE THAT THE  
23 POWER HELD BY THE CUSTODIAN OR REMAINDER BENEFICIARY IS SUBJECT  
24 TO THIS PART 8.

25 (3) UNLESS THE TERMS OF A TRUST PROVIDE OTHERWISE, A POWER  
26 GRANTED TO A PERSON TO DESIGNATE A RECIPIENT OF AN OWNERSHIP  
27 INTEREST IN OR POWER OF APPOINTMENT OVER TRUST PROPERTY THAT IS

1 EXERCISABLE WHILE THE PERSON IS NOT SERVING AS A TRUSTEE IS A  
2 POWER OF APPOINTMENT AND NOT A POWER OF DIRECTION.

3 **15-16-806. Powers of trust director.** (1) SUBJECT TO SECTION  
4 15-16-807, THE TERMS OF A TRUST MAY GRANT A POWER OF DIRECTION TO  
5 A TRUST DIRECTOR.

6 (2) UNLESS THE TERMS OF A TRUST PROVIDE OTHERWISE:

7 (a) A TRUST DIRECTOR MAY EXERCISE ANY FURTHER POWER  
8 APPROPRIATE TO THE EXERCISE OR NONEXERCISE OF A POWER OF  
9 DIRECTION GRANTED TO THE DIRECTOR UNDER SUBSECTION (1) OF THIS  
10 SECTION; AND

11 (b) TRUST DIRECTORS WITH JOINT POWERS MUST ACT BY MAJORITY  
12 DECISION.

13 **15-16-807. Limitations on powers of trust director.** (1) A  
14 TRUST DIRECTOR IS SUBJECT TO THE SAME RULES AS A TRUSTEE IN A LIKE  
15 POSITION AND UNDER SIMILAR CIRCUMSTANCES IN THE EXERCISE OR  
16 NONEXERCISE OF A POWER OF DIRECTION REGARDING:

17 (a) A PAYBACK PROVISION IN THE TERMS OF THE TRUST  
18 NECESSARY FOR COMPLIANCE WITH THE REIMBURSEMENT REQUIREMENTS  
19 OF MEDICAID LAW IN SECTION 1917 OF THE FEDERAL "SOCIAL SECURITY  
20 ACT", 42 U.S.C. SEC. 1396p (d)(4)(A), AS AMENDED, AND REGULATIONS  
21 ISSUED THEREUNDER, AS AMENDED; AND

22 (b) A CHARITABLE INTEREST IN THE TRUST, INCLUDING NOTICE  
23 REGARDING THE INTEREST TO THE ATTORNEY GENERAL.

24 **15-16-808. Duty and liability of trust director.** (1) SUBJECT TO  
25 SUBSECTION (2) OF THIS SECTION, WITH RESPECT TO A POWER OF  
26 DIRECTION OR A FURTHER POWER UNDER SECTION 15-16-806 (2)(a):

27 (a) A TRUST DIRECTOR HAS THE SAME FIDUCIARY DUTY AND

1       LIABILITY IN THE EXERCISE OR NONEXERCISE OF THE POWER:

2           (I) IF THE POWER IS HELD INDIVIDUALLY, AS A SOLE TRUSTEE IN A  
3        LIKE POSITION AND UNDER SIMILAR CIRCUMSTANCES; OR

4           (II) IF THE POWER IS HELD JOINTLY WITH A TRUSTEE OR ANOTHER  
5        TRUST DIRECTOR, AS A COTRUSTEE IN A LIKE POSITION AND UNDER SIMILAR  
6        CIRCUMSTANCES; AND

7           (b) THE TERMS OF THE TRUST MAY VARY THE DIRECTOR'S DUTY OR  
8        LIABILITY TO THE SAME EXTENT THE TERMS OF THE TRUST COULD VARY  
9        THE DUTY OR LIABILITY OF A TRUSTEE IN A LIKE POSITION AND UNDER  
10      SIMILAR CIRCUMSTANCES.

11           (2) UNLESS THE TERMS OF A TRUST PROVIDE OTHERWISE, IF A  
12        TRUST DIRECTOR IS LICENSED, CERTIFIED, OR OTHERWISE AUTHORIZED OR  
13        PERMITTED BY LAW OTHER THAN THIS PART 8 TO PROVIDE HEALTH CARE  
14        IN THE ORDINARY COURSE OF THE DIRECTOR'S BUSINESS OR PRACTICE OF  
15        A PROFESSION, TO THE EXTENT THE DIRECTOR ACTS IN THAT CAPACITY,  
16        THE DIRECTOR HAS NO DUTY OR LIABILITY UNDER THIS PART 8.

17           (3) THE TERMS OF A TRUST MAY IMPOSE A DUTY OR LIABILITY ON  
18        A TRUST DIRECTOR IN ADDITION TO THE DUTIES AND LIABILITIES UNDER  
19        THIS SECTION.

20           **15-16-809. Duty and liability of directed trustee.** (1) SUBJECT  
21        TO SUBSECTION (2) OF THIS SECTION, A DIRECTED TRUSTEE SHALL TAKE  
22        REASONABLE ACTION TO COMPLY WITH A TRUST DIRECTOR'S EXERCISE OR  
23        NONEXERCISE OF A POWER OF DIRECTION OR FURTHER POWER UNDER  
24        SECTION 15-16-806 (2)(a) AND THE TRUSTEE IS NOT LIABLE FOR THE  
25        ACTION.

26           (2) A DIRECTED TRUSTEE MUST NOT COMPLY WITH A TRUST  
27        DIRECTOR'S EXERCISE OR NONEXERCISE OF A POWER OF DIRECTION OR

1 FURTHER POWER UNDER SECTION 15-16-806 (2)(a) TO THE EXTENT THAT  
2 BY COMPLYING THE TRUSTEE WOULD ENGAGE IN WILLFUL MISCONDUCT.

3 (3) AN EXERCISE OF A POWER OF DIRECTION UNDER WHICH A  
4 TRUST DIRECTOR MAY RELEASE A TRUSTEE OR ANOTHER TRUST DIRECTOR  
5 FROM LIABILITY FOR BREACH OF TRUST IS NOT EFFECTIVE IF:

6 (a) THE BREACH INVOLVED THE TRUSTEE'S OR OTHER DIRECTOR'S  
7 WILLFUL MISCONDUCT;

8 (b) THE RELEASE WAS INDUCED BY IMPROPER CONDUCT OF THE  
9 TRUSTEE OR OTHER DIRECTOR IN PROCURING THE RELEASE; OR

10 (c) AT THE TIME OF THE RELEASE, THE DIRECTOR DID NOT KNOW  
11 THE MATERIAL FACTS RELATING TO THE BREACH.

12 (4) A DIRECTED TRUSTEE THAT HAS REASONABLE DOUBT ABOUT  
13 ITS DUTY UNDER THIS SECTION MAY PETITION THE COURT FOR  
14 INSTRUCTIONS.

15 (5) THE TERMS OF A TRUST MAY IMPOSE A DUTY OR LIABILITY ON  
16 A DIRECTED TRUSTEE IN ADDITION TO THE DUTIES AND LIABILITIES UNDER  
17 THIS SECTION.

18 **15-16-810. Duty to provide information to trust director or  
trustee.** (1) SUBJECT TO SECTION 15-16-811, A TRUSTEE SHALL PROVIDE  
19 INFORMATION TO A TRUST DIRECTOR TO THE EXTENT THE INFORMATION IS  
20 REASONABLY RELATED BOTH TO:

21 (a) THE POWERS OR DUTIES OF THE TRUSTEE; AND  
22 (b) THE POWERS OR DUTIES OF THE DIRECTOR.

23 (2) SUBJECT TO SECTION 15-16-811, A TRUST DIRECTOR SHALL  
24 PROVIDE INFORMATION TO A TRUSTEE OR ANOTHER TRUST DIRECTOR TO  
25 THE EXTENT THE INFORMATION IS REASONABLY RELATED BOTH TO:

26 (a) THE POWERS OR DUTIES OF THE DIRECTOR; AND

6 (4) A TRUST DIRECTOR THAT ACTS IN RELIANCE ON INFORMATION  
7 PROVIDED BY A TRUSTEE OR ANOTHER TRUST DIRECTOR IS NOT LIABLE FOR  
8 A BREACH OF TRUST TO THE EXTENT THE BREACH RESULTED FROM THE  
9 RELIANCE, UNLESS BY SO ACTING THE TRUST DIRECTOR ENGAGES IN  
10 WILLFUL MISCONDUCT.

15 (a) A TRUSTEE DOES NOT HAVE A DUTY TO:

16 (I) MONITOR A TRUST DIRECTOR; OR

20 (b) BY TAKING AN ACTION DESCRIBED IN SUBSECTION (1)(a) OF  
21 THIS SECTION, A TRUSTEE DOES NOT ASSUME A DUTY EXCLUDED BY  
22 SUBSECTION (1)(a) OF THIS SECTION.

23 (2) UNLESS THE TERMS OF A TRUST PROVIDE OTHERWISE:

24 (a) A TRUST DIRECTOR DOES NOT HAVE A DUTY TO:

25 (I) MONITOR A TRUSTEE OR ANOTHER TRUST DIRECTOR; OR

26 (II) INFORM OR GIVE ADVICE TO A SETTLOR, BENEFICIARY,  
27 TRUSTEE, OR ANOTHER TRUST DIRECTOR CONCERNING AN INSTANCE IN

1 WHICH THE DIRECTOR MIGHT HAVE ACTED DIFFERENTLY THAN A TRUSTEE  
2 OR ANOTHER TRUST DIRECTOR; AND

3 (b) BY TAKING AN ACTION DESCRIBED IN SUBSECTION (2)(a) OF  
4 THIS SECTION, A TRUST DIRECTOR DOES NOT ASSUME THE DUTY EXCLUDED  
5 BY SUBSECTION (2)(a) OF THIS SECTION.

6 (3) UNLESS THE TERMS OF A TRUST PROVIDE OTHERWISE, SECTION  
7 15-5-1012 DOES NOT APPLY TO A TRUST DIRECTOR.

8 **15-16-812. Application to cotrustee.** THE TERMS OF A TRUST  
9 MAY RELIEVE A COTRUSTEE FROM DUTY AND LIABILITY WITH RESPECT TO  
10 ANOTHER COTRUSTEE'S EXERCISE OR NONEXERCISE OF A POWER OF THE  
11 OTHER COTRUSTEE TO THE SAME EXTENT THAT IN A DIRECTED TRUST A  
12 DIRECTED TRUSTEE IS RELIEVED FROM DUTY AND LIABILITY WITH RESPECT  
13 TO A TRUST DIRECTOR'S POWER OF DIRECTION UNDER SECTIONS 15-16-809  
14 TO 15-16-811.

15 **15-16-813. Limitations of action against trust director.** (1) AN  
16 ACTION AGAINST A TRUST DIRECTOR FOR BREACH OF TRUST MUST BE  
17 COMMENCED WITHIN THE SAME LIMITATIONS PERIOD AS AN ACTION  
18 AGAINST A TRUSTEE FOR A SIMILAR BREACH OF TRUST AS PRESCRIBED BY  
19 SECTION 15-5-1005.

20 (2) A REPORT OR ACCOUNTING HAS THE SAME EFFECT ON THE  
21 LIMITATIONS PERIOD FOR AN ACTION AGAINST THE DIRECTOR THAT THE  
22 REPORT OR ACCOUNTING WOULD HAVE IF THE DIRECTOR WERE A TRUSTEE  
23 AS PRESCRIBED BY SECTION 15-5-1005.

24 **15-16-814. Defenses in action against trust director.** IN AN  
25 ACTION AGAINST A TRUST DIRECTOR FOR BREACH OF TRUST, THE DIRECTOR  
26 MAY ASSERT THE SAME DEFENSES A TRUSTEE IN A LIKE POSITION AND  
27 UNDER SIMILAR CIRCUMSTANCES COULD ASSERT IN AN ACTION FOR

1 BREACH OF TRUST AGAINST THE TRUSTEE.

2 **15-16-815. Jurisdiction over trust director.** (1) BY ACCEPTING  
3 APPOINTMENT AS A TRUST DIRECTOR OF A TRUST SUBJECT TO THIS PART 8,  
4 THE DIRECTOR SUBMITS TO PERSONAL JURISDICTION OF THE COURTS OF  
5 THIS STATE REGARDING ANY MATTER RELATED TO A POWER OR DUTY OF  
6 THE DIRECTOR.

7 (2) THIS SECTION DOES NOT PRECLUDE OTHER METHODS OF  
8 OBTAINING JURISDICTION OVER A TRUST DIRECTOR.

9 **15-16-816. Office of trust director.** (1) UNLESS THE TERMS OF  
10 A TRUST PROVIDE OTHERWISE, THE RULES APPLICABLE TO A TRUSTEE  
11 APPLY TO A TRUST DIRECTOR REGARDING THE FOLLOWING MATTERS:

12 (a) ACCEPTANCE UNDER SECTION 15-5-701;  
13 (b) GIVING OF BOND TO SECURE PERFORMANCE UNDER SECTION  
14 15-5-702;  
15 (c) REASONABLE COMPENSATION UNDER SECTIONS 15-5-1004,  
16 15-10-501 (3), AND 15-10-601;  
17 (d) RESIGNATION UNDER SECTION 15-5-705;  
18 (e) REMOVAL UNDER SECTION 15-5-706;  
19 (f) VACANCY AND APPOINTMENT OF SUCCESSOR UNDER SECTION  
20 15-5-704; AND  
21 (g) THE RIGHT TO PETITION THE COURT FOR INSTRUCTIONS UNDER  
22 SECTION 15-5-201 (3).

23 **15-16-817. Uniformity of application and construction.** IN  
24 APPLYING AND CONSTRUING THIS UNIFORM ACT, CONSIDERATION MUST BE  
25 GIVEN TO THE NEED TO PROMOTE UNIFORMITY OF THE LAW WITH RESPECT  
26 TO ITS SUBJECT MATTER AMONG STATES THAT ENACT IT.

27 **15-16-818. Relation to electronic signatures in global and**

1       **national commerce act.** THIS PART 8 MODIFIES, LIMITS, OR SUPERSEDES  
2       THE FEDERAL "ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL  
3       COMMERCE ACT", 15 U.S.C. SEC. 7001 ET SEQ., BUT DOES NOT MODIFY,  
4       LIMIT, OR SUPERSEDE SECTION 101 (c) OF THAT ACT, 15 U.S.C. SEC. 7001  
5       (c), OR AUTHORIZE ELECTRONIC DELIVERY OF ANY OF THE NOTICES  
6       DESCRIBED IN SECTION 103 (b) OF THAT ACT, 15 U.S.C. SEC. 7003 (b).

7           **SECTION 2.** In Colorado Revised Statutes, 15-5-105, **amend** (2)  
8       introductory portion as follows:

9           **15-5-105. Default and mandatory rules.** (2) SUBJECT TO  
10       SECTIONS 15-16-809, 15-16-810, AND 15-16-811, the terms of a trust  
11       prevail over any provision of this code except:

12           **SECTION 3.** In Colorado Revised Statutes, 15-5-201, **amend**  
13       (3)(a) and (3)(b) as follows:

14           **15-5-201. Role of court in administration of trust.** (3) A  
15       judicial proceeding involving a trust may relate to any matter involving  
16       the trust's administration. Such matters may include, but are not limited  
17       to, proceedings involving:

18           (a) The appointment or removal of a trustee OR TRUST DIRECTOR;  
19           (b) Review of a trustee's fees OR TRUST DIRECTOR'S FEES and  
20       review and settling of interim or final accountings;

21           **SECTION 4.** In Colorado Revised Statutes, 15-5-203, **amend** (1)  
22       as follows:

23           **15-5-203. Subject matter jurisdiction.** (1) The district court or,  
24       in the city and county of Denver, the probate court, has exclusive  
25       jurisdiction of proceedings in this state brought by a trustee, TRUST  
26       DIRECTOR, or beneficiary concerning the administration of a trust.

27           **SECTION 5.** In Colorado Revised Statutes, 15-5-204, **amend**

1 (2)(b) as follows:

2           **15-5-204. Venue.** (2) If a trust has no trustee, a judicial  
3 proceeding for the appointment of a trustee must be commenced in the  
4 following order of priority:

5           (b) ~~Either~~ ANY OF THE FOLLOWING:

6           (I) A county in which a beneficiary resides; ~~or~~

7           (II) A county in which the trust property, or some portion of the  
8 trust property, is located; OR

9           (III) A COUNTY IN WHICH A TRUST DIRECTOR RESIDES OR HAS A  
10 PRINCIPAL PLACE OF BUSINESS.

11           **SECTION 6.** In Colorado Revised Statutes, **amend** 15-5-417 as  
12 follows:

13           **15-5-417. Combination and division of trusts.** After notice to  
14 the qualified beneficiaries AND TRUST DIRECTORS, a trustee may combine  
15 two or more trusts into a single trust or divide a trust into two or more  
16 separate trusts, if the result does not impair the rights of any beneficiary  
17 or adversely affect achievement of the purposes of the trust.

18           **SECTION 7.** In Colorado Revised Statutes, **amend** 15-5-603 as  
19 follows:

20           **15-5-603. Settlor's powers.** ~~Unless the terms of the trust  
21 expressly provide otherwise, while a trust is revocable, the rights of the  
22 beneficiaries are subject to the control of, and the duties of the trustee are  
23 owed exclusively to, the settlor.~~ (1) TO THE EXTENT A TRUST IS  
24 REVOCABLE BY A SETTLOR, A TRUSTEE MAY FOLLOW A DIRECTION OF THE  
25 SETTLOR THAT IS CONTRARY TO THE TERMS OF THE TRUST. TO THE EXTENT  
26 A TRUST IS REVOCABLE BY A SETTLOR IN CONJUNCTION WITH A PERSON  
27 OTHER THAN A TRUSTEE OR PERSON HOLDING AN ADVERSE INTEREST, THE

1 TRUSTEE MAY FOLLOW A DIRECTION FROM THE SETTLOR AND THE OTHER  
2 PERSON HOLDING THE POWER TO REVOKE, EVEN IF THE DIRECTION IS  
3 CONTRARY TO THE TERMS OF THE TRUST.

4 (2) TO THE EXTENT A TRUST IS REVOCABLE, RIGHTS OF THE  
5 BENEFICIARIES ARE SUBJECT TO THE CONTROL OF, AND THE DUTIES OF THE  
6 TRUSTEE ARE OWED EXCLUSIVELY TO, THE SETTLOR.

7 (3) DURING THE PERIOD THE POWER MAY BE EXERCISED, THE  
8 HOLDER OF A POWER OF WITHDRAWAL HAS THE RIGHTS OF A SETTLOR OF  
9 A REVOCABLE TRUST UNDER THIS SECTION TO THE EXTENT OF THE  
10 PROPERTY SUBJECT TO THE POWER.

11 **SECTION 8.** In Colorado Revised Statutes, 15-5-703, **amend** (3)  
12 and (7) introductory portion as follows:

13 **15-5-703. Cotrustees.** (3) SUBJECT TO SECTION 15-16-812, a  
14 cotrustee shall participate in the performance of a trustee's function unless  
15 the cotrustee is unavailable to perform the function because of absence,  
16 illness, disqualification, or other temporary incapacity or the cotrustee has  
17 properly delegated the performance of the function to another trustee.

18 (7) SUBJECT TO SECTION 15-16-812, each trustee shall exercise  
19 reasonable care to:

20 **SECTION 9.** In Colorado Revised Statutes, 15-10-201, **amend**  
21 the introductory portion and (27) as follows:

22 **15-10-201. General definitions.** Subject to additional definitions  
23 contained in this ~~article~~ ARTICLE 10 and the subsequent articles that are  
24 applicable to specific articles, parts, or sections, and unless the context  
25 otherwise requires, in this code:

26 (27) "Interested person" includes heirs, devisees, children,  
27 spouses, creditors, beneficiaries, TRUST DIRECTORS, and any others having

1 a property right in or claim against a trust estate or the estate of a  
2 decedent, ward, or protected person, which may be affected by the  
3 proceeding. It also includes persons having priority for an appointment as  
4 a personal representative and other fiduciaries representing the interested  
5 person. The meaning as it relates to particular persons may vary from time  
6 to time and ~~shall be~~ IS determined according to the particular purposes of,  
7 and matter involved in, any proceeding.

8                   **SECTION 10.** In Colorado Revised Statutes, 15-10-501, **amend**  
9 (3) as follows:

10                   **15-10-501. Court powers - definitions - application.**  
11 (3) **Application.** The provisions of this part 5 ~~shall~~ apply to any fiduciary  
12 over whom a court has obtained jurisdiction, including but not limited to  
13 a personal representative, special administrator, guardian, conservator,  
14 special conservator, trustee, TRUST DIRECTOR, agent under a power of  
15 attorney, and custodian, including a custodian of assets or accounts  
16 created under the "Colorado Uniform Transfers to Minors Act", article 50  
17 of title 11. C.R.S.

18                   **SECTION 11.** In Colorado Revised Statutes, 15-10-504, **amend**  
19 (2) and (4); and **add** (5) as follows:

20                   **15-10-504. Surcharge - contempt - sanctions against**  
21 **fiduciaries.** (2) **Surcharge.** (a) If a court, after a hearing, determines  
22 that a breach of fiduciary duty has occurred or an exercise of power by a  
23 fiduciary has been improper, AFTER APPLYING THE STANDARDS OF CARE  
24 APPLICABLE TO EACH FIDUCIARY IN A PROCEEDING, the court may  
25 surcharge the fiduciary for any damage or loss to the estate, beneficiaries,  
26 or interested persons. Such damages may include compensatory damages,  
27 interest, and attorney fees and costs. WHEN ALLOCATING ANY SUCH

1 DAMAGES AMONG FIDUCIARIES, THE COURT SHALL CONSIDER THE  
2 STANDARDS OF CARE APPLICABLE TO THE FIDUCIARIES IN THE  
3 PROCEEDING.

4 (b) In awarding attorney fees and costs pursuant to this section, a  
5 court may consider the provisions of part 6 of this ~~article~~ ARTICLE 10 AND  
6 SHALL CONSIDER THE STANDARDS OF CARE APPLICABLE TO THE  
7 FIDUCIARIES IN THE PROCEEDING.

8 (4) **Sanctions.** If a court determines that a breach of fiduciary duty  
9 has occurred or an exercise of power by a fiduciary has been improper,  
10 the court, after a hearing, may order such other sanctions as the court  
11 deems appropriate, BUT THE COURT SHALL TAKE INTO ACCOUNT THE  
12 STANDARDS OF CARE APPLICABLE TO EACH FIDUCIARY IN THE  
13 PROCEEDING.

14 (5) **Remedies.** IF REMEDIES ARE SOUGHT AGAINST A DIRECTED  
15 TRUSTEE FOR COMPLYING WITH THE DIRECTION OF A TRUST DIRECTOR  
16 UNDER THE "COLORADO UNIFORM DIRECTED TRUST ACT", PART 8 OF  
17 ARTICLE 16 OF THIS TITLE 15, OR COMPARABLE ARRANGEMENT CREATED  
18 UNDER THE TERMS OF A TRUST, THE COURT SHALL TAKE INTO ACCOUNT  
19 THE STANDARDS OF CARE APPLICABLE TO EACH FIDUCIARY IN THE  
20 PROCEEDING WHEN APPORTIONING DAMAGES, FEES, COSTS, OR FAULT  
21 AMONG THE FIDUCIARIES.

22 **SECTION 12.** In Colorado Revised Statutes, 15-10-601, **amend**  
23 (2)(a) as follows:

24 **15-10-601. Definitions.** As used in this part 6, unless the context  
25 otherwise requires:

26 (2) "Fiduciary" means:

27 (a) A personal representative, guardian, conservator, TRUST

1 DIRECTOR, or trustee;

2           **SECTION 13. Act subject to petition - effective date.** This act  
3 takes effect at 12:01 a.m. on the day following the expiration of the  
4 ninety-day period after final adjournment of the general assembly (August  
5 2, 2019, if adjournment sine die is on May 3, 2019); except that, if a  
6 referendum petition is filed pursuant to section 1 (3) of article V of the  
7 state constitution against this act or an item, section, or part of this act  
8 within such period, then the act, item, section, or part will not take effect  
9 unless approved by the people at the general election to be held in  
10 November 2020 and, in such case, will take effect on the date of the  
11 official declaration of the vote thereon by the governor.