

Duties of the Escrow Holder

Provide this Information to your Escrow Holder

32B-8a-402. Duties of escrow holder.

- (1) To act as an escrow holder under Section [32B-8a-401](#), a person shall comply with [Title 7, Chapter 22, Regulation of Independent Escrow Agents](#).
- (2) Not more than 10 days after the day on which the escrow holder receives a claim from a creditor, an escrow holder shall acknowledge receipt of the claim.
- (3)
 - (a) Not more than 10 days after the day on which an alcohol license is transferred and before the distribution of the consideration held by an escrow holder, the escrow holder shall advise each creditor who files a claim against the escrow whether there is sufficient consideration in the escrow to pay all creditors in full.
 - (b) If the consideration in an escrow is sufficient to pay all creditors in full, the escrow holder shall advise each creditor of the date on or before which payment will be made.
 - (c) If there are not sufficient assets to pay all creditors in full, the escrow holder shall advise each creditor who filed a claim of the following:
 - (i) the total assets placed in escrow with the escrow holder;
 - (ii) the nature of each asset;
 - (iii) the name of each creditor who filed a claim against the escrow and the amount of the claim;
 - (iv) the amount the escrow holder proposes to pay each creditor; and
 - (v) the date on or before which the escrow holder will pay each creditor.
- (4) An escrow holder may not release money in the escrow in exchange for:
 - (a) a promissory note; or
 - (b) any other consideration of less value to the creditors than the money exchanged.
- (5) If sufficient assets are not available in the escrow for the payment of the claims in full, the escrow holder shall pay the claims pro rata.
- (6) If the alcohol licensee who transfers the alcohol license disputes a claim, the escrow holder shall:
 - (a) notify the creditor making the claim;
 - (b) retain the amount to be paid to the creditor under this section for a period of 25 days; and
 - (c) to the extent that creditors do not successfully recover the amount described in Subsection [\(6\)\(b\)](#) in accordance with this part, pay the amount to the alcohol licensee.

An escrow holder shall distribute the money in the escrow account for claims in the following order:

1. The United States for a claim based on income or withholding taxes, and (a claim based on a tax other than specified in Subsection 32B-8a-201(3))
2. Wages, salaries, or fringe benefits earned or accrued by an employee of the seller before the transfer or opening of the escrow for the transfer of the alcohol license
3. Secured creditors to the extent of the proceeds that arise from the sale of the security
4. Mechanics liens
5. Escrow fees
6. Brokerage fees for services rendered
7. Reasonable attorney fees for services rendered
8. Landlords for proceeds on past due rent or lease requirements
9. For goods sold and delivered to the alcohol licensee for resale at the seller's licensed premises, and for services rendered, performed, or supplied in connection with the operation of the seller's licensed business
10. Court-ordered judgments, including a claim for court-ordered support of a minor child
11. All other claims

See 32B-8a-401