

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**HOUSE BILL 515
RATIFIED BILL**

AN ACT TO AMEND THE LAWS GOVERNING CREDIT UNIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 54-109.57A is amended by adding a new subsection to read:

"(e) Any payable on death account created under the provisions of G.S. 54-109.57, as it existed prior to October 1, 2011, shall for all purposes be governed by the provisions of this section on and after October 1, 2011, and any reference to G.S. 54-109.57 in any document concerning the account shall be deemed a reference to this section."

SECTION 2. G.S. 54-109.58 reads as rewritten:

"§ 54-109.58. Joint accounts.

(a) Shares may be issued to and deposits received from any two or more persons opening or holding an account or accounts, but no joint tenant, unless a member in his own right, shall be permitted to vote, obtain loans, or hold office or be required to pay an entrance or membership fee. The account and any balance thereof shall be held by them as joint tenants, with or without right of survivorship, as the contract shall provide; the account may also be held pursuant to G.S. 41-2.1 and have the incidents set forth in that section, provided, however, if the account is held pursuant to G.S. 41-2.1 the contract shall set forth that fact as well.

(b) Unless the persons establishing the account have agreed with the credit union that withdrawals require more than one signature, payment by the credit union to, or on the order of, any persons holding an account authorized by this section shall be a total discharge of the credit union's obligations as to the amount so paid.

(c) Funds in a joint account established with right of survivorship shall belong to the surviving joint tenant or tenants upon the death of a joint tenant, and the funds shall be subject only to the personal representative's right of collection as set forth in G.S. 28A-15-10(a)(3), or as provided in G.S. 41-2.1 if the account is established pursuant to the provisions of that section. Payment by the credit union of funds in the joint account to a surviving joint tenant or tenants shall terminate the personal representative's authority under G.S. 28A-15-10(a)(3) to collect against the credit union for the funds so paid, but the personal representative's authority to collect such funds from the surviving joint tenant or tenants is not terminated.

(d) A pledge of such account by any holder or holders shall, unless otherwise specifically agreed upon, be a valid pledge and transfer of such account, or of the amount so pledged, and shall not operate to sever or terminate the joint ownership of all or any part of the account.

(e) A credit union is not liable to joint tenants for complying in good faith with a writ of execution, garnishment, attachment, levy, or other legal process that appears to have been issued by a court or other authority of competent jurisdiction and seeks funds held in the name of any one or more of the joint tenants.

(f) Persons establishing an account under this section shall sign a statement showing their election of the right of survivorship in the account, and containing language set forth in a conspicuous manner and substantially similar to the following:

**"CREDIT UNION (OR NAME OF INSTITUTION)
JOINT ACCOUNT WITH RIGHT OF SURVIVORSHIP
G.S. 54-109.58**

We understand that by establishing a joint account under the provisions of North Carolina General Statute 54-109.58 that:

1. The credit union (or name of institution) may pay the money in the account to, or on the order of, any person named in the account unless we have



- agreed with the credit union that withdrawals require more than one signature; and
2. Upon the death of one joint owner the money remaining in the account will belong to the surviving joint owners and will not pass by inheritance to the heirs of the deceased joint owner or be controlled by the deceased joint owner's will.

We DO elect to create the right of survivorship in this account.

The language may be on a signature card or in an explanation of the account that is set out in a separate document whose receipt is acknowledged by the person or persons establishing the account.

(g) Any joint tenant may terminate a joint account.

(h) Where a joint account is held by two or more individuals and a joint tenant does not wish for the account to be terminated but requests to be removed from the account, the credit union shall remove the joint tenant from the account. The joint account shall continue in the names of the remaining tenant or tenants. Any joint tenant who requested to be removed from an account remains liable for any debts incurred in connection with the joint account during the period in which the individual was a named joint tenant.

~~(a)~~(i) This section shall not be deemed exclusive. Deposit accounts, accounts not conforming to this section shall be governed by other applicable provisions of the General Statutes or the common law as appropriate.

~~(b)~~(j) This section does not repeal or modify any provisions of laws relating to estate taxes. This section regulates and protects the credit union in its relationship with joint owners of accounts.

~~(e)~~(k) No addition to such account, nor any withdrawal or payment shall affect the nature of the account as a joint account, or affect the right of any tenant to terminate the account."

SECTION 3. Article 14F of Chapter 54 of the General Statutes is amended by adding the following sections to read:

"§ 54-109.60A. Minors.

(a) A credit union may issue and operate a share or deposit account in the name of (i) a minor or (ii) the names of two or more individuals, one or more of which are minors. A minor who obtains a share or deposit account from a credit union under this subsection, whether individually or together with others, is bound by the terms of the account agreement to the same extent as if the minor were of full age and legal capacity.

(b) If a minor with a share account, other than a joint account with right of survivorship or a payable on death account, dies, a parent or legal guardian of the minor may access and withdraw the funds on deposit, and the credit union is discharged to the extent of any withdrawal.

(c) This section shall not affect the law governing transactions with minors in cases outside the scope of this section, including transactions that constitute an extension of credit to a minor.

"§ 54-109.60B. Accounts opened by adults for minors.

(a) One or more adults may open and maintain a custodial share account for or in the name of a minor and using the minor's taxpayer identification number. Unless otherwise provided in the agreement governing the account, the following terms apply:

(1) Beneficial ownership of the account vests exclusively in the minor. All interest credited to the account shall belong to the minor and shall be reported to the appropriate taxing authorities in the name of the minor using the minor's taxpayer identification number.

(2) Except as otherwise provided, control of the account vests exclusively in the custodian whose name appears on the credit union's records for the account. If there is more than one custodian named on the credit union's account records, each may act independently. Any one or more of the custodians named on the credit union's records may turn over control of the account to the minor at any time, either before or after the minor reaches the age of majority.

- (3) If the custodian has not already transferred control, then after the minor beneficiary reaches the age of majority, the beneficiary may instruct the credit union to transfer control to the beneficiary and remove the named custodian.
- (4) If the custodian or, if more than one custodian is on the account, the last of the custodians to survive dies before the minor reaches the age of majority, the minor's parent or the minor's legal guardian may act as custodian or name another custodian on the account.

(b) This section shall not be deemed exclusive. Accounts not conforming to this section shall be governed by other applicable provisions of the General Statutes, including Chapter 33A, the North Carolina Uniform Transfers to Minors Act, or the common law, as appropriate.

...
§ 54-109.62. Payment of balance of deceased person or person under disability to personal representative or guardian.

(a) A credit union may pay any balance on deposit to the credit of any deceased individual to the duly qualified personal representative, collector, or public administrator of the decedent who is qualified as such under the laws of any state.

(b) A credit union may pay any balance on deposit to the credit of any individual judicially declared incompetent or otherwise under a legal disability to the duly qualified personal representative, guardian, curator, conservator, or committee of the person declared incompetent or under disability who is qualified as such under the laws of any state.

(c) The presentation of a letter of qualification as personal representative, collector, public administrator, guardian, curator, conservator, or committee of the person issued or certified by the appointing court shall be conclusive proof of the jurisdiction of the court issuing the same and sufficient authority for the payment.

(d) Payment by a credit union in good faith under the authority of this section discharges the liability of the bank to the extent of the payment.

§ 54-109.62A. Powers of attorney; notice of revocation; payment after notice.

(a) Any credit union may continue to recognize any act of an attorney-in-fact or other agent until the credit union receives actual notice of the principal's death or a written notice of revocation signed by the principal who granted the authority or, in the case of a company, evidence satisfactory to the credit union of the revocation. Payment by the credit union to or at the direction of an attorney-in-fact or other agent before receipt of the notice is a total discharge of the credit union's obligation as to the amount so paid.

(b) Notwithstanding that a credit union has received written notice of revocation of the authority of an attorney-in-fact or other designated agent, a credit union may, until 10 days after receipt of notice, pay any item made, drawn, accepted, or endorsed by the attorney-in-fact or agent prior to the revocation, provided that the item is otherwise properly payable."

SECTION 4. G.S. 54-109.63(a) reads as rewritten:

"(a) A person may open a personal agency account by written contract containing a statement that it is executed pursuant to the provisions of this section. A personal agency account may be a checking account, savings account, time deposit, or any other type of withdrawable account or certificate. The written contract shall name an agent who shall have authority to act on behalf of the depositor in regard to the account as set out in this subsection. The agent shall have the authority to:

- (1) Make, sign or execute checks drawn on the account or otherwise make withdrawals from the account;
- (2) Endorse checks made payable to the principal for deposit only into the account; and
- (3) Deposit cash or negotiable instruments, including instruments endorsed by the principal, into the account.

A person establishing an account under this section shall sign a statement containing language substantially similar to the following in a conspicuous manner:

**"CREDIT UNION (OR NAME OF INSTITUTION)
 PERSONAL AGENCY ACCOUNT
 G.S. 54-109.63**

I understand that by establishing a personal agency account under the provisions of North Carolina General Statute 54-109.63 that the agent named in the account may:

- 1. Sign checks drawn on the account; and

2. Make deposits into the account.

I also understand that upon my death the money remaining in the account will be controlled by my will or inherited by my heirs.

The language may be on a signature card or in an explanation of the account that is set out in a separate document whose receipt is acknowledged by the person or persons establishing the account."

SECTION 5. G.S. 54-109.82(9) reads as rewritten:

"§ 54-109.82. Investment of funds.

The capital, deposits, undivided profits and reserve fund of the corporation may be invested only in any of the following ways:

(9) In any form of investment allowed by law to the State Treasurer under G.S. 147-69.1. In addition, investment in corporate bonds that bear a minimum rating of A+ by at least one nationally recognized rating service is permissible. Credit unions shall monitor overall credit exposure by setting corporate bond investment limits as a percentage of assets.

SECTION 6. This act becomes effective July 1, 2013, and Sections 2 and 4 of this act apply to accounts established as of that date and accounts created on or after that date.

In the General Assembly read three times and ratified this the 12th day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

Pat McCrory
Governor

Approved _____m. this _____ day of _____, 2013