

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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SENATE BILL 746*

Short Title: Conform Pledge of Joint Account Laws. (Public)

Sponsors: Senator Hartsell (Primary Sponsor).

Referred to: Judiciary I.

May 15, 2014

A BILL TO BE ENTITLED

AN ACT TO CONFORM THE LAW GOVERNING THE PLEDGE OF JOINT ACCOUNTS
IN CREDIT UNIONS, SAVINGS AND LOAN ASSOCIATIONS, AND SAVINGS
BANKS TO THE LAW GOVERNING THE PLEDGE OF JOINT ACCOUNTS IN
BANKS, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 54-109.58(d) reads as rewritten:

"(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.~~ A pledge of a joint account by any one or more of the joint tenants, unless otherwise specifically agreed between the credit union and all joint tenants in writing, shall be a valid pledge and transfer of the account or of the amount so pledged, shall be binding upon all joint tenants, shall not operate to sever or terminate the joint ownership of all or any part of the account, and shall survive the death of any joint tenant."

SECTION 2. G.S. 54B-129(a) reads as rewritten:

"(a) Any two or more persons may open or hold a withdrawable account or accounts. The withdrawable 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 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. Unless the persons establishing the account have agreed with the association that withdrawals require more than one signature, payment by the association to, or on the order of, any persons holding an account authorized by this section shall be a total discharge of the association's obligation as to the amount so paid. 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 association 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 association 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. ~~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.~~ A pledge of a joint account by any one or more of the joint tenants, unless otherwise



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1 specifically agreed between the association and all joint tenants in writing, shall be a valid
 2 pledge and transfer of the account or of the amount so pledged, shall be binding upon all joint
 3 tenants, shall not operate to sever or terminate the joint ownership of all or any part of the
 4 account, and shall survive the death of any joint tenant.~~Persons~~

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

8 "SAVINGS AND LOAN (or name of institution)
 9 JOINT ACCOUNT WITH RIGHT OF SURVIVORSHIP
 10 G.S. 54B-129

11
 12 We understand that by establishing a joint account under the provisions of North Carolina
 13 General Statute 54B-129 that:

- 14 1. The savings and loan association (or name of institution) may pay the money
 15 in the account to, or on the order of, any person named in the account unless
 16 we have agreed with the association that withdrawals require more than one
 17 signature; and
- 18 2. Upon the death of one joint owner the money remaining in the account will
 19 belong to the surviving joint owners and will not pass by inheritance to the
 20 heirs of the deceased joint owner or be controlled by the deceased joint
 21 owner's will.

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

23
 24 _____
 25 **SECTION 3.** G.S. 54C-165(a) reads as rewritten:

26 "(a) Any two or more persons may open or hold a withdrawable account or accounts.
 27 The withdrawable account and any balance of the account is held by them as joint tenants, with
 28 or without right of survivorship, as the contract shall provide. The account may also be held
 29 under G.S. 41-2.1 and have incidents set forth in that section, but if the account is held under
 30 G.S. 41-2.1, the contract shall set forth that fact as well. Unless the persons establishing the
 31 account have agreed with the savings bank that withdrawals require more than one signature,
 32 payment by the savings bank to, or on the order of, any persons holding an account authorized
 33 by this section is a total discharge of the savings bank's obligation as to the amount so paid.
 34 Funds in a joint account established with the right of survivorship shall belong to the surviving
 35 joint tenant or tenants upon the death of a joint tenant, and the funds are subject only to the
 36 personal representative's right of collection as set forth in G.S. 28A-15-10(a)(3), or as provided
 37 in G.S. 41-2.1 if the account is established under that section. Payment by the savings bank of
 38 funds in the joint account to a surviving joint tenant or tenants shall terminate the personal
 39 representative's authority under G.S. 28A-15-10(a)(3) to collect against the savings bank for the
 40 funds so paid, but the personal representative's authority to collect the funds from the surviving
 41 joint tenant or tenants is not terminated. ~~A pledge of the account by a holder shall, unless~~
 42 ~~otherwise specifically agreed upon, be a valid pledge and transfer of the account, or of the~~
 43 ~~amount so pledged, and shall not operate to sever or terminate the joint ownership of all or any~~
 44 ~~part of the account.~~ A pledge of a joint account by any one or more of the joint tenants, unless
 45 otherwise specifically agreed between the savings bank and all joint tenants in writing, shall be
 46 a valid pledge and transfer of the account or of the amount so pledged, shall be binding upon all
 47 joint tenants, shall not operate to sever or terminate the joint ownership of all or any part of the
 48 account, and shall survive the death of any joint tenant.~~Persons~~

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

"SAVINGS BANK (or name of institution) JOINT ACCOUNT
WITH RIGHT OF SURVIVORSHIP
G.S. 54C-165

We understand that by establishing a joint account under G.S. 54C-165 that:

1. The savings bank (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 savings bank 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.

_____ ""

SECTION 4. This act is effective when it becomes law and applies to joint accounts created before, on, or after that date.