

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas  
2 82nd General Assembly  
3 Regular Session, 1999

# A Bill

HOUSE BILL 1896

4  
5 By: Representative Willis  
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## For An Act To Be Entitled

8  
9 "AN ACT TO ALLOW CREDIT UNIONS TO RECEIVE DEPOSITS OF  
10 PUBLIC FUNDS AND MULTIPLE-PARTY DEPOSITS; AND FOR  
11 OTHER PURPOSES. "

## Subtitle

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14 "AN ACT TO ALLOW CREDIT UNIONS TO RECEIVE  
15 DEPOSITS OF PUBLIC FUNDS AND MULTIPLE-  
16 PARTY DEPOSITS. "

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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 SECTION 1. It shall be lawful for any credit union to secure deposits  
22 made with it by any of the following:

23 (1) Any county of this state, any municipality of this state, or any  
24 agency, corporate instrumentality, or political subdivision of any of the  
25 foregoing;

26 (2) Any university or college supported by this state;

27 (3) Any school district of this state;

28 (4) Any community college district of this state;

29 (5) Any road, drainage, levee, bridge, street, sewer, paving, or other  
30 improvement district organized under the laws of this state;

31 (6) Any regional water distribution district organized under the laws  
32 of this state;

33 (7) Any receiver of any state or federal court, whether appointed in  
34 proceedings pending in this state or elsewhere; or

35 (8) Any pension or retirement fund for employees of any county or  
36 municipality in this state or any agency, corporate instrumentality, or

1 political subdivision of any of the foregoing.

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3 SECTION 2. Multiple-party deposits.

4 (a) As used in this section, "multiple-party deposit account" means a  
5 deposit account (1) established in the names of, (2) payable to, or (3) in  
6 form subject to withdrawal by two (2) or more natural persons.

7 (b)(1) When opening a multiple-party deposit account, or amending an  
8 existing deposit account so as to create a multiple-party deposit account, a  
9 credit union shall utilize account documents which enable the depositor to  
10 designate ownership interest therein in terms substantially similar to one (1)  
11 or more of the following:

12 (A) Joint tenants with right of survivorship;

13 (B) Tenants in common;

14 (C) Tenants by the entirety;

15 (D) Payable on death;

16 (E) "Totten" or tentative trust; and

17 (F) Such other deposit designation as may be acceptable to  
18 the credit union.

19 (2) Account documents which enable the depositor to indicate the  
20 depositor's intent of the ownership interest in any multiple-party deposit  
21 account may include any of the following:

22 (A) The signature card;

23 (B) The deposit agreement;

24 (C) Share certificates;

25 (D) A document confirming purchase of a share certificate;

26 or

27 (E) Such other document acceptable to the credit union  
28 which indicates the intent of the depositor.

29 (3) The designation of ownership interest contained in account  
30 documents shall be conclusive evidence in any action or proceeding involving  
31 the deposit account of the intention of all depositors to vest title to the  
32 deposit account in the manner specified in the account documents.

33 (4) Nothing in this section shall be construed to require a  
34 credit union to offer any particular type of multiple-party deposit account.

35 (c) Multiple-party deposit accounts which do not expressly designate  
36 ownership interest as tenants in common, payable on death, or "Totten" or

1 tentative trust shall constitute:

2 (1) A joint tenancy with right of survivorship deposit account,  
3 if the depositors have not indicated in the account documents that the  
4 depositors are married to each other; and

5 (2) A tenancy by the entirety deposit account, if the depositors  
6 have indicated in the account documents that they are married to each other,  
7 whether or not they are at that time husband and wife.

8 (d)(1) A joint tenant with right of survivorship deposit account may be  
9 paid to or on the order of any one (1) of the depositors during their lifetime  
10 unless a contrary written designation, in form acceptable to the credit union,  
11 is given to the credit union, or to or on the order of any one (1) of the  
12 survivors of them after the death of any one (1) or more of them.

13 (2) A tenancy by the entirety deposit account may be paid to or  
14 on the order of either depositor during their lifetime, or to or on the order  
15 of the survivor after the death of one (1) of them.

16 (3)(A) A tenants in common deposit account may be paid, prior to  
17 the receipt by the credit union of a specific written notice of death of a  
18 depositor, to or on the order of any one (1) depositor unless a contrary  
19 written designation, in form acceptable to the credit union, is given to the  
20 credit union. Upon receipt of a specific written notice of death of a  
21 depositor, in form acceptable to the credit union, the respective pro rata  
22 parts of a tenants in common deposit account may be paid to or on the order of  
23 the surviving tenant in common, and to the estate of the deceased depositor.

24 (B) All tenants in common deposit accounts shall be deemed  
25 to be owned pro rata by the depositors unless a contrary written designation,  
26 in form acceptable to the credit union, is given to the credit union.

27 (e) A payable on death deposit account is created when the depositor  
28 indicates on the account documents that, on the death of the person named as  
29 holder, the deposit account shall be paid to or held by another person. Upon  
30 the death of the person named as holder, the person designated by him and who  
31 has survived him shall be the owner of the deposit account and, if more than  
32 one (1) person shall be the owners of the deposit account, ownership shall be  
33 as joint tenants with right of survivorship. During the lifetime of the  
34 depositor, he may change the designation of the person who is to be the owner  
35 at his death by written direction in form acceptable to the credit union.

36 (f) A "Totten" or tentative trust deposit account is created when the

1 depositor indicates on the account document that he is the trustee for another  
2 person and there is no written trust agreement which affects the deposit  
3 account. Upon the death of the person named as trustee, the other person  
4 shall be the owner of the deposit account and, if more than one (1) person  
5 shall be the owners of the deposit account, ownership shall be as joint  
6 tenants with right of survivorship. During the lifetime of the person named  
7 as trustee, he may change the classification of the person he is trustee for,  
8 by written direction in form acceptable to the credit union.

9 (g) A credit union shall also pay partial withdrawal requests, accept  
10 pledges of a deposit account, and otherwise deal with the deposit account in  
11 the same manner it pays the deposit account pursuant to the provisions of this  
12 section.

13 (h) Any payment of a deposit account, acceptance of pledge of a deposit  
14 account, change in the form of a deposit account, or otherwise dealing with a  
15 deposit account by a credit union in the manner provided by this section shall  
16 be a complete and valid release and discharge of the credit union as to the  
17 amount paid or action taken. No credit union shall have any liability  
18 whatsoever for the way in which the ownership interest of a deposit account is  
19 designated when it is opened, or in which a deposit account is amended, if the  
20 deposit account is designated when it is opened or in which a deposit account  
21 is amended if the deposit account is opened or amended as the depositor  
22 specified in the account document.

23 (i) No credit union making any payment in accordance with the  
24 provisions of this section shall thereby be liable for any estate, inheritance  
25 or succession taxes which may be due.

26 (j) The terms "written direction" and "written description" shall not  
27 be construed to require that the depositor affix his signature to an  
28 instrument, unless the credit union requires the signature of the depositor to  
29 the instrument.

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31 SECTION 3. All provisions of this act of a general and permanent nature  
32 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
33 Revision Commission shall incorporate the same in the Code.

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35 SECTION 4. If any provision of this act or the application thereof to  
36 any person or circumstance is held invalid, such invalidity shall not affect

1 other provisions or applications of the act which can be given effect without  
2 the invalid provision or application, and to this end the provisions of this  
3 act are declared to be severable.

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5 SECTION 5. All laws and parts of laws in conflict with this act are  
6 hereby repealed.

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8 SECTION 6. EMERGENCY CLAUSE. It is hereby found and determined by the  
9 Eighty-second General Assembly that this act allows credit unions to receive  
10 deposits of public funds and clarifies the manner in which credit unions may  
11 receive multi-party deposits. Therefore, an emergency is declared to exist and  
12 this act being immediately necessary for the preservation of the public peace,  
13 health and safety shall become effective on the date of its approval by the  
14 Governor. If the bill is neither approved nor vetoed by the Governor, it  
15 shall become effective on the expiration of the period of time during which  
16 the Governor may veto the bill. If the bill is vetoed by the Governor and the  
17 veto is overridden, it shall become effective on the date the last house  
18 overrides the veto.