CREDIT UNION MULTIPLE-PARTY ACCOUNTS
Act 41 of 1968

AN ACT to regulate credit union multiple-party accounts; and to repeal certain acts and parts of acts.

History: 1968, Act 41, Eff. Nov. 15, 1968.

The People of the State of Michigan enact:

490.51 Credit unions; multiple-party accounts; definitions.

Sec. 1. As used in this act:

(a) "Account" means a contract of deposit of funds between depositors and credit unions, and includes deposit accounts, members or share accounts and other like arrangements whether or not they may be characterized as refundable capital investments.

(b) "Beneficiary" means any person named a beneficial owner when an account provides that it is payable to a trustee for the beneficial owner.

(c) "Demand" means a request for withdrawal or for payment according to an order therefor in compliance with all conditions of the account and bylaws of the credit union.

(d) "Multiple-party account" means an account in the names of 2 or more persons, 1 or more or all of whom may make withdrawals, or an account in the name of 1 or more parties as trustee for 1 or more beneficiaries even though no mention is made of a right of withdrawal by a beneficiary. Accounts established for deposit of funds of a partnership, joint venture or other association or accounts controlled by 2 or more persons as the duly authorized agents or trustees for a corporation, unincorporated association, charitable or civic organization or any trust, except trusts of deposits evidenced only by the form of the deposit, are excluded from the meaning of the term and from the provisions of this act. At least 1 party to a multiple-party account shall be a member of the credit union in which the account is established.

(e) "Net contribution" of a party to a multiple-party account as of any given time is the sum of all deposits made by or for him, less all withdrawals made by or for him which have not been paid to or applied to the use of any other party, plus a pro rata share of any interest or dividends included in the current balance. It includes, in addition, any deposit life insurance proceeds added to the account by reason of the death of the party whose net contribution is in question.

(f) "Party" means a person who, alone or in conjunction with another, by the terms of the account or as a surviving beneficiary of a trust account, has a present right of withdrawal in a multiple-party account. Unless the context indicates otherwise, it includes a guardian, conservator-trustee, personal representative, or assignee, including an attaching creditor, of a party. It also includes a person identified as a trustee of an account for another whether or not a beneficiary is named, but it does not include any named beneficiary, unless he has a present right of withdrawal.

(g) "Payment" of sums on deposit includes withdrawal and payment on directive of a party.

(h) "Person" includes any person or entity capable of contracting.

(i) "Proof of death" includes a death certificate or other statement issued by an appropriate official which indicates that a named person is dead.

(j) "Sums on deposit" means the balance payable on a multiple-party account including interest, dividends, and in addition any deposit life insurance proceeds added to the account by reason of the death of a party.

(k) "Withdrawal" includes payment to a third person pursuant to directive of a party.

History: 1968, Act 41, Eff. Nov. 15, 1968.

Compiler's note: For transfer of authority, powers, duties, functions, and responsibility of the financial institutions bureau and the commissioner of the financial institutions bureau to the commissioner of the office of financial and insurance services and the office of financial and insurance services by type III transfer, see E.R.O. No. 2000-2, compiled at MCL 445.2003 of the Michigan compiled laws.

490.52 Presumptions of ownership; credit unions liability and set-off rights.

Sec. 2. The presumptions created by sections 3 to 7 concerning beneficial ownership as between parties, or as between parties and beneficiaries, of multiple-party accounts are relevant only to controversies between these persons or their creditors and other successors, and shall have no bearing on the rights of withdrawal of such persons as determined by the terms of account contracts. The provisions of sections 11 to 16 govern the liability of credit unions who make payments pursuant thereto, and their set-off rights.

History: 1968, Act 41, Eff. Nov. 15, 1968.

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490.53 Deposit or shares paid on demand.

Sec. 3. During the lifetime of all parties, a multiple-party account which provides that sums on deposit or in shares may be paid on the demand of either of 2 or more parties is presumed to belong to the parties in proportion to the net contributions by each to the sums on deposit.

History: 1968, Act 41, Eff. Nov. 15, 1968.

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490.54 Equal undivided interests.

Sec. 4. In the absence of satisfactory proof of the net contributions, those who are parties from time to time shall be presumed to own a multiple-party account in equal undivided interests.

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490.55 Death of party; effect.

Sec. 5. The death of any party to a multiple-party account shall have no effect on the beneficial ownership of the account, other than to transfer the decedent's right to his estate, unless the account is a survivorship account or trust account, as provided in sections 6 and 7.

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490.56 Survivorship account; death of party, ownership.

Sec. 6. A multiple-party account payable to 2 or more persons, jointly or severally, which does not expressly provide that there is no right of survivorship, though there is no mention of survivorship or joint tenancy, is presumed to be a survivorship account. At the death of a party, sums on deposit in a survivorship account belong to the surviving party or parties as against the estate of the decedent. Where there are 2 or more survivors, their respective ownerships shall be in proportion to their previous net contributions augmented by an equal share for each survivor of any interest the decedent may have owned in the account immediately before his death, plus the proceeds of insurance on decedent's life paid to the account. The right of survivorship continues between survivors.

History: 1968, Act 41, Eff. Nov. 15, 1968.

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490.57 Trust account; beneficial ownership; death of trustee; survivorship.

Sec. 7. An account which states that a party is a trustee for 1 or more other identified persons, including but not limited to minors, is a trust account. Except where there is evidence of a trust other than as provided by the form of the account, the account and any sums withdrawn therefrom are presumed to belong beneficially to the trustee until his death. At the death of the trustee or surviving trustee any sums remaining on deposit are presumed to belong to the person or persons named as beneficiaries, if living, or to the survivor of them if 1 or more have died before the trustee. The death thereafter of any beneficiary has no effect on the equal ownership of all who survived the trustee, as no right of survivorship is presumed to attend the relationship of several beneficiaries who survive a trustee. If no beneficiary survives the trustee, the sums are presumed to belong to the estate of the last trustee to die. If 2 or more parties are named as trustees on the account, and there is no evidence of trust except as provided by the form of the account, the account is presumed to be a survivorship account as between trustees. It is presumed to be owned between trustees as provided by this act.

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490.58 Bases of presumptions; evidence to rebut; wills.

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Sec. 8. The presumptions stated herein are based upon inferences of the intention of parties to multiple-party accounts arising from the form of the account and the usual expectations of people using these accounts. The presumptions are rebuttable by clear and convincing evidence of a different intention. The presumptions of survivorship are not subject to change by will but may be rebutted by a written order received by the credit union to change the form of account or directing that payment not be made in accordance with the account which is signed by a party and is received by the credit union during the party's lifetime.

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490.59 Effect of unrebutted presumptions; transfers, effect.

Sec. 9. Where not rebutted by clear and convincing evidence, the presumptions provided in this act are effective to establish beneficial ownership. Any transfers resulting from the application of these presumptions are effective by reason of the account contracts involved in this act and are not to be considered as testamentary or subject to the probate code.

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490.60 Multiple-party accounts; authority to enter; payment; inquiry; creation; joint tenant, rights.

Sec. 10. A credit union may enter into multiple-party accounts to the same extent that they may enter into single-party accounts. Any multiple-party account may be paid, on demand, to any 1 or more of the parties unless the terms of the account expressly stipulate that joint signatures are required. No credit union shall be required to inquire as to the source of funds received for deposit to a multiple-party account or to inquire as to the proposed application of any sum withdrawn from an account. Such an account may be created with any person designated by the credit union member, but no joint tenant shall be permitted to vote, obtain loans or hold office unless he is within the field of membership and is a qualified member.

History: 1968, Act 41, Eff. Nov. 15, 1968.

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490.61 Multiple-party accounts; withdrawals; survivorship accounts, proof of death.

Sec. 11. Any sums in a multiple-party account which does not include a stipulation requiring joint signatures for withdrawals may be paid, on demand, to any party without regard to whether any other party is incompetent or deceased at the time the payment is demanded, except, if the account is one presumed to be a survivorship account under section 6 or 7 payment may not be made to the personal representative or heirs of a deceased party unless proofs of death are presented to the credit union showing that the decedent was the last surviving party.

History: 1968, Act 41, Eff. Nov. 15, 1968.

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490.62 Trust accounts; payments.

Sec. 12. Any account payable to a trustee for another person may be paid on demand to the trustee. Unless the credit union has received written notice of the terms of any trust other than the form of the account, payment may be made to the personal representative or heirs of a deceased trustee if proof of death is presented to the credit union showing that his decedent was the survivor of all other persons named on the account either as trustee or beneficiary; and payment may be made, on demand, to the beneficiary upon presentation to the credit union of proof of death showing that the beneficiary or beneficiaries survived all persons named as trustees.

History: 1968, Act 41, Eff. Nov. 15, 1968.

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490.63 Payments; effect; notice of change.

Sec. 13. Payment made pursuant to sections 10, 11 or 12 discharges the credit union from all claims for amounts so paid whether or not the payment is consistent with the beneficial ownership of the account as between parties, or beneficiaries, or their successors. The protection here given does not extend to payments made after a credit union has received written notice from any party who has a present right of withdrawal to the effect that withdrawals in accordance with the terms of the account should not be permitted. Unless the notice is withdrawn by the person giving it, the death of any party after notice has no effect on withdrawal rights, and the personal representative, or heirs, of the decedent must concur in any demand for withdrawal if the credit union is to be protected under this section. No other notice or any other information shown to have been available to a credit union shall affect its right to the protection provided here. The protection here provided shall have no bearing on the rights of parties in disputes between themselves or their successors concerning the beneficial ownership of funds in, or withdrawn from, multiple-party accounts.

History: 1968, Act 41, Eff. Nov. 15, 1968.

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490.64 Right to set-off or lien.

Sec. 14. Without qualifying any other statutory right to set-off or lien and subject to any contractual provision, when a party to a multiple-party account is indebted to a credit union, the credit union has a right to set-off against the entire amount of the account.

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490.65 Repeal.

Sec. 15. Section 24 of Act No. 285 of the Public Acts of 1925, being section 490.24 of the Compiled Laws of 1948, is repealed.

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