

Legislative Analysis



FINANCIAL INSTITUTIONS: REQUIRED DISCLOSURES TO CUSTOMERS SEEKING JOINT ACCOUNTS

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House Bill 5030

Sponsor: Rep. Winnie Brinks

House Bills 5031 & 5032

Sponsor: Rep. Tom Cochran

Committee: Financial Services

Complete to 2-24-14

A SUMMARY OF HOUSE BILLS 5030-5032 AS INTRODUCED 10-1-13

The bills would require financial institutions to disclose certain specified information when customers seek to open joint accounts. Each bill amends a separate act and applies to a different financial institution—either a credit union, a savings bank, or a bank.

Under the bills, if one or more persons apply to establish a joint account at a credit union, the financial institution shall disclose all of the following information to each of the proposed account holders in writing:

- That each account holder is the owner of the money in a joint account.
- That each joint account holder has the authority to deposit or withdraw any or all of the money in a joint account.
- That if one of the owners of a joint account dies, the other owners of the account continue as the owners of the account and continue to have access to the money in the account.
- That money in a joint account may be subject to the claims of creditors of any joint account holder.

A financial institution could include the disclosure and acknowledgment in a separate document or as part of another document it provides to or requires from the account holders in connection with a joint account. If a minor was a joint account holder, the credit union could deliver the disclosure to an adult acting on behalf of the minor.

House Bill 5030 defines "joint account" to refer to a multiple-party account in the name of two or more individuals, each of whom has an undivided right to the entire balance.

The bills would take effect one year after being enacted into law. They are not tie-barred.

House Bill 5030 would amend Public Act 48 of 1961, which deals with multiple-party accounts at credit unions (MCL.490.64b). House Bill 5031 would amend the Savings Bank Act (MCL 487.3435). House Bill 5032 would amend the Banking Code (MCL 487.14103a).

FISCAL IMPACT:

The bill would not have a significant impact on the Department of Financial and Insurance Services.

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