STATE OF NEW YORK

9230--A

IN ASSEMBLY

February 20, 2024

Introduced by M. of A. WALLACE -- read once and referred to the Committee on Banks -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the banking law, in relation to establishing multiple-person accounts; and to repeal certain provisions of such law relating thereto

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section 675 of the banking law is amended by adding a new subdivision (d) to read as follows:

(d) This section shall not apply to accounts established in New York state for personal use.

§ 2. Section 678 of the banking law is REPEALED and a new section 678 is added to read as follows:

§ 678. Multiple-person accounts; personal account ownership and payment. 1. Definitions. Notwithstanding any other provisions of law, for the purposes of this section:

(a) "Account" means a contract of deposit between one or more account owners and a bank.

(b) "Administer" means, in connection with the account signature card, a bank offering the account signature card to one or more account owners upon establishing or changing the terms of a single-owner or multiple-person account and providing information to help such account owner or owners to understand and complete such account signature card; provided however, that nothing in this section shall be construed to require bank personnel to provide legal or estate planning advice to an account owner or owners pursuant to this section.

(c) "Account owner" means a person who, by the terms of an account, has a present right, subject to request, to payment from the account other than an authorized signer.

(d) "Account signature card" means the following contract of deposit establishing the terms of a single-owner or multiple-person account in the following form, or a substantially equivalent form in the account owner's primary language, in fourteen-point type, published by the

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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department of financial services, whether in physical or electronic written form:

ACCOUNT SIGNATURE CARD

THIS IS AN IMPORTANT LEGAL DOCUMENT. THE SELECTIONS BELOW WILL DETERMINE WHO OWNS THE FUNDS IN THIS ACCOUNT AND HOW SUCH FUNDS WILL PASS UPON THE DEATH OF AN ACCOUNT OWNER. YOU MAY WISH TO CONSULT AN ATTORNEY.

I. ACCOUNT OWNER(S). Identify the account owner or owners.

Each account owner's share of the account funds is equal to their deposits minus their withdrawals. The bank is not responsible for determining shares and may pay funds to any identified account owner.

1. _____

2. _____

3. _____

II. AUTHORIZED SIGNER(S). Identify the authorized signer or signers (optional).

The account owner or owners may (but need not) designate one or more "authorized signers" to make account transactions for their convenience. An authorized signer has no right to take possession of account funds or use such funds for personal benefit. While any account owner lives, the bank may pay funds to any identified authorized signer.

1. _____

2. _____

3. _____

III. DISPOSITION OF ACCOUNT WITH MULTIPLE OWNERS UPON DEATH.

Only answer the following question if the account has more than one owner. Should a deceased account owner's share of the account funds pass to the other surviving account owner or owners?

NO. A deceased account owner's share of the account funds should be disposed of as part of such owner's estate.

YES. A deceased account owner's share of the account funds should pass to the surviving account owner or owners.

Signature Block and Notarization

Account owner(s) and authorized signer(s) MUST SIGN AND DATE BELOW. Any signature below must be acknowledged before a notary public to ensure its validity if this signature card has not been administered by a bank.

By signing below, I acknowledge that I have reviewed each section of this form and understand the ownership rights associated with the account selections above. I have marked the type of account I want.

Account Owner Signature Date

By signing below, I acknowledge that I have reviewed each section of this form and understand the ownership rights associated with the account selections above. As an authorized signer, I understand that I do not own the funds in this account and have no right to use such funds for my personal benefit or to take possession of such funds upon an account owner's death.

Authorized Signer(s) Signature Date

(e) "Authorized signer" means a person authorized to make account transactions for the convenience of an account owner but who does not own the account and has no beneficial right to sums on deposit.

(f) "Authorized signer designation" means the designation of an authorized signer in an account payable on request to one or more account owners.

(g) "Contract of deposit" means a written document establishing the terms of an account between a bank and one or more account owners.

(h) "Distributee" means a distributee as defined in section 1-2.5 of the estates, powers and trusts law.

(i) "Multiple-owner account" means an account payable on request to two or more account owners.

(j) "Multiple-person account" means (1) any multiple-owner account or (2) a single-owner account with an authorized signer designation.

(k) "Net contribution" means the sum of deposits made by or on behalf of an account owner less withdrawals made by or on behalf of such account owner which have not been paid to or applied to the use of another account owner and a proportionate share of any charges deducted from the account, plus a proportionate share of any interest or dividends earned, whether or not included in the current balance. Such term includes any deposit of life insurance proceeds added to the account by reason of death of the account owner whose net contribution is in question.

(l) "Payment of sums on deposit" or "payment" means withdrawal or payment to an account owner, authorized signer or third person authorized by the account owner to make transactions pursuant to request.

(m) "Person" means an individual, a corporation, organization, or other legal entity.

(n) "Personal representative" means a personal representative as defined in section 2-1.13 of the estates, powers and trusts law.

(o) "Receive", as it relates to notice to a bank, means receipt in the office or branch office of the bank in which the account is established.

(p) "Request" means a request for payment complying with all terms of the account and account signature card, including special requirements concerning necessary signatures and regulation of the bank.

(q) "Single-owner account" means an account payable on request to one account owner.

(r) "Sums on deposit" means the balance payable on the account, including interest and dividends earned, whether or not included in the current balance and any deposit of life insurance proceeds added to the account by reason of death of an account owner.

(s) "Terms of the account" means the contract of deposit, including the account signature card, and any other terms and conditions of the deposit agreement.

(t) "Testamentary beneficiary" means a testamentary beneficiary as defined in section 1-2.18 of the estates, powers and trusts law.

2. Scope of section. (a) This section shall apply to multiple-person and single-owner accounts established in New York state for personal use.

(b) This section shall not apply to:

(i) An account established for a partnership, joint venture, or other organization for a business purpose;

(ii) An account controlled by one or more persons as an agent or trustee for a corporation, unincorporated association, or charitable or civic organization; or

(iii) A fiduciary or trust account in which the relationship is established other than by the terms of the account.

3. Types of accounts. (a) A bank may enter a contract of deposit to establish a single-owner account or a multiple-owner account and may provide for one or more authorized signer designations in each type of account. A multiple-owner account may be with or without a right of survivorship between the other account owners.

(b) An account established after the effective date of this section shall be considered either a single-owner account or a multiple-owner account, with or without the right of survivorship, and with or without one or more authorized signer designations.

4. Administration of account signature card. (a) The account signature card shall establish the type of account provided, and such accounts shall be governed by the provisions of this section applicable to such account type.

(b) The account signature card shall be administered by the bank upon the establishment of an account and thereafter if the account owner or owners change the terms of such account.

(c) All account owners on a multiple-owner account must agree in writing to any change in the terms of an account relating to account ownership, survivorship rights, and authorized signers designations using the account signature card.

(d) The account signature card shall be signed and acknowledged before a notary public unless administered by a bank or filed electronically pursuant to section one hundred thirty-five-c of the executive law and article three of the state technology law and shall comply with other state laws and regulations.

(e) Each bank subject to this section shall maintain the account signature card for each account as long as such account remains open and for a period of no less than six years after it is closed.

5. Designation of authorized signer. (a) The account owner or owners may use the account signature card to designate a person or persons other than an account owner as an authorized signer.

(b) In a multiple-owner account, all account owners must consent to any authorized signer designation in writing using the account signature card.

(c) Unless there is clear and convincing evidence of a different intent, an authorized signer's authority shall survive the disability or incapacity of an account owner. The authorized signer may act for a disabled or incapacitated account owner until the authority of the authorized signer is terminated.

(d) Death of the sole account owner or last surviving account owner shall terminate the authority of an authorized signer.

6. Account ownership during lifetime. (a) In a multiple-owner account, during the lifetimes of all account owners, an account belongs to the

account owners in proportion to the net contribution of each to the sums on deposit, unless there is clear and convincing evidence of a different intent. In the absence of proof otherwise, the net contribution of each is presumed to be an equal amount.

(b) An authorized signer shall have no beneficial right to sums on deposit.

7. Rights at death. (a) Rights at death of an account owner are determined by the terms of the account at the time of such account owner's death.

(b) A transfer resulting from the application of this section shall be effective by reason of the terms of the account involved and this section and is not testamentary or subject to estate administration.

(c) Unless all the account owners have indicated a preference for the right of survivorship on the account signature card, or there is clear and convincing evidence of a different intent, upon the death of an account owner, sums on deposit in a multiple-owner account shall be disposed of as part of the estate of such deceased account owner.

(d) If two or more account owners survive, and all account owners have indicated a preference for the right of survivorship on the account signature card, unless there is clear and convincing evidence of a different intent, the amount to which the decedent, immediately before death, was beneficially entitled, pursuant to subdivision six of this section, shall belong to the surviving account owners in equal shares, and augments the proportion to which each survivor, immediately before the decedent's death, was beneficially entitled to pursuant to such subdivision, and the right of survivorship continues between the surviving account owners.

(e) Sums on deposit in a single-owner account or a multiple-owner account that, by the terms of the account, is without right of survivorship, are not affected by the death of an account owner, but the amount to which the decedent, immediately before death, was beneficially entitled, pursuant to subdivision six of this section, is transferred as part of the decedent's estate.

(f) The ownership rights of a surviving account owner, or of the decedent's estate, in sums on deposit is subject to request for payment made by an account owner before the account owner's death, whether paid by the bank before or after death, or unpaid, the surviving account owner or the decedent's estate, is liable to the payee of an unpaid request for payment. The liability is limited to a proportionate share of the amount transferred under this section, to the extent necessary to discharge the request for payment.

8. Alteration of rights. (a) An account owner may alter the terms of the account by completing a new account signature card for such account and submitting it to the bank. To be effective, all account owners must consent to the alteration in writing using the account signature card, and the notice must be received by the bank during an account owner's lifetime.

(b) A right of survivorship arising from the express terms of the account established pursuant to subdivision seven of this section may not be altered by will.

9. Payment on multiple-owner accounts. A bank, on request, may pay sums on deposit in a multiple-owner account to:

(a) one or more of the account owners, whether or not another account owner is disabled, incapacitated, or deceased when payment is requested and whether or not the account owner making the request survives another account owner; or

(b) the personal representative of an account owner who is deceased, or if there is none, pursuant to the provisions of article thirteen of the surrogate's court procedure act to the extent applicable, provided that in either case proof of death is presented to the bank showing that such deceased account owner was the survivor of all other account owners named on the account, unless the account is without right of survivorship pursuant to subdivision seven of this section.

10. Payment to authorized signer. A bank, on request, may pay sums on deposit in an account with an authorized signer designation to such authorized signer whether or not an account owner is disabled, incapacitated, or deceased when the request is made or received, and whether or not the authority of the authorized signer terminates on the disability or incapacity of an account owner.

11. Discharge of bank from liability. (a) Payment made pursuant to this section in accordance with the terms of the account and complying with the account signature card discharges the bank from all claims for amounts so paid, whether or not the payment is consistent with the beneficial account ownership of the account as between account owners or their successors. Payment may be made whether or not an account owner or authorized signer is disabled, incapacitated, or deceased when payment is requested, received, or made.

(b) Protection under this section does not extend to payments made after a bank has received written notice from an account owner, or from the personal representative, surviving spouse, distributee, or testamentary beneficiary of a deceased account owner, to the effect that payments in accordance with the terms of the account, including one having an authorized signer designation, should not be permitted, and the bank has had a reasonable opportunity to act on it when the payment is made. Unless the notice is withdrawn by the person giving it, the successor of any deceased account owner must concur in a request for payment if the bank is to be protected under this section. Unless a bank has been served with process in an action or proceeding, no other notice or other information shown to have been available to the bank affects its right to protection under this section.

(c) A bank that receives written notice pursuant to this section or otherwise has reason to believe that a dispute exists as to the rights of the account owners may refuse, without liability, to make payments in accordance with the terms of the account. A bank need not inquire as to the source of a deposit to an account or as to the proposed application of a payment from an account.

(d) Protection of a bank under this section does not affect the rights of account owners in disputes between themselves or their successors concerning the ownership of sums on deposit in accounts or payments made from accounts.

(e) Beneficial account ownership between account owners apply only to controversies between those persons and their creditors and other successors, and do not apply the right of those persons to payment as determined by the terms of the account.

12. Existing accounts. Each bank shall, for each multiple-person account established before the effective date of this section, notify the account owners of such accounts about the requirement to submit an account signature card within one year from the effective date of this section. Such bank shall provide each account owner with the account signature card as part of such notice. Such notice may be executed by mail or, if authorized by account owner or owners, electronically. If the bank has not received an account signature card from an account

owner within six months of the effective date of this section, the bank shall provide a second notice.

13. Regulations of the superintendent. The superintendent shall promulgate and may from time to time amend rules and regulations which require that the account owner or owners of a multiple-person account under this section be informed of the terms and conditions of the account, including the relationship and consequences between the persons associated with the account, the differences between account types, and the responsibilities of the institution with which the account is established.

14. Severability clause. If any provision of this section or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or application of this section which can be given effect without the invalid provision or application, and to this end the provisions of this section are severable.

§ 3. Section 679 of the banking law, as added by chapter 432 of the laws of 2018, is amended to read as follows:

§ 679. Public awareness; banking services. The superintendent shall conduct a public awareness campaign to educate consumers on different banking services available in the state, particularly those that can assist vulnerable adults in financial planning, including, but not limited to, citizens of an advanced age, individuals with cognitive or developmental disabilities, or those who have health or physical issues that impair their financial independence. The public awareness campaign shall include information regarding the differences between types of accounts, including joint and [~~convenience~~] multiple-person accounts, as well as the rights and responsibilities generally recognized for each. The public awareness campaign shall also include, but not be limited to, answers to general concerns and questions that individuals may have with respect to the establishment of certain types of accounts and services, as well as information and recommendations for obtaining more information.

§ 4. This act shall take effect on the one hundred eightieth day after it shall have become a law. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.