



NATIONAL CREDIT UNION ADMINISTRATION  
Washington, D.C. 20541

GC/JT:sg  
SSIC 3320  
90-0135

Office of General Counsel

February 23, 1990

John B. Lederer, Esq.  
Vice President  
Texas Credit Union League and Affiliates  
P.O. Box 656147  
Dallas, Texas 75265-5147

Re: Joint Share Accounts - Change of Parties  
(Your January 26, 1990, Letter)

Dear Mr. Lederer:

You have asked whether state law or Section 5030.1.5.1 of NCUA's Accounting Manual for Federal Credit Unions ("Accounting Manual") would control the issue of whether a joint owner of a Federal credit union ("FCU") account can terminate the interest of the other joint owner through written notice to the FCU. Section 440 of the Texas Probate Code would permit this, while the Accounting Manual does not. This issue is controlled by state law. Enclosed is a prior opinion on this issue. Section 5030.1.5.1 of the Accounting Manual is meant to provide guidance regarding the termination of a joint account. It is not intended to preempt state law. Compliance with Section 5030.1.5.1 is not mandatory.

Sincerely,

*Hattie M. Ulan*

HATTIE M. ULAN  
Associate General Counsel

Enclosure

501A  
Vol. V K Preemption

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4/22/84

Charles L. Williams, Esq.  
Blalack & Williams  
14673 Midway Road, Suite 107  
Dallas, Texas 75234

Dear Mr. Williams:

I am writing in response to your February 29, 1984, letter to our office. In that letter you question the unqualified right of a member first appearing on a joint signature card to unilaterally remove the signature of the member appearing in the second space on that card. Section 5030.1.5.1 of NCUA's Accounting Manual entitled "Termination of a Joint Account" (See attached) should provide some guidance on this issue. The Accounting Manual is no longer incorporated by reference into NCUA's regulations and therefore does not have the force and effect of a regulation (see, 47 Fed. Reg 23689 (1982)).

Section 5030.1.5.1 describes three methods for converting a joint account into a regular account. That section, in a nutshell, provides that a joint account may be terminated by the death of all but one of the joint owners, by the withdrawal of all the funds by any joint owner, or by a written letter with full signature(s) requesting that the terminating joint owner(s) be deleted from the joint account. None of these three methods permit a joint owner to unilaterally remove another joint owner's signature. A Federal credit union that permitted such an act might be subject to a breach of contract action by the removed co-owner. State law on this issue will ultimately control. To determine if a breach of contract action would lie against a Federal credit union we suggest you consult the actual account agreement and any relevant state laws concerning the construction of contracts.

I trust this will resolve your question. If you need additional information, please feel free to call or write again.

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ROBERT M. FENNER  
Director, Department of Legal Services

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