



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

June 4, 1990

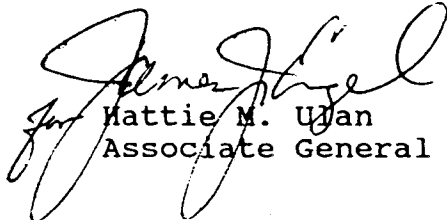
Ferdinand L. Fecteau, President
Hanscom Federal Credit Union
P.O. Box 9101
Bedford, MA 01730

Re: Joint Share Accounts (Your April 10, 1990, Letter)

Dear Mr. Fecteau:

You have asked whether your board of directors may develop its own policy to cover the termination of joint share accounts. You stated that the Massachusetts Bank and Loan Division has advised you that there is no state law governing the matter. Section 5030.1.5.1 of NCUA's Accounting Manual for Federal Credit Unions provides guidance on the termination of joint accounts. Enclosed is a prior opinion on this issue. While Section 5030.1.5.1 is not intended to preempt state law, and therefore compliance with it is not mandatory, we recommend that its guidelines be followed in the absence of state law.

Sincerely,


for Hattie M. Ulan
Associate General Counsel

Enclosure

GC/LH:sg
SSIC 3320
90-0425

FCIA

Vol. V, K, Preemption



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

LS/BKR:cch

3 5 80

11 2 - 5 2

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.

Sincerely,

151

ROBERT M. FENNER
Director, Department of Legal Services