

"Immediate family" of any natural person means the following (whether by the full or half blood or by adoption):

1. Such person's spouse, father, mother, children, brothers, sisters and grandchildren;
2. The father, mother, brothers and sisters of such person's spouse; and
3. The spouse of a child, brother or sister of such person.

"Institution" means a bank or a savings bank as defined in N.J.S.A. 17:9A-1 and a State association as defined in N.J.S.A. 17:12B-5(1).

As amended, R.1982 d.243, eff. August 2, 1982.

See: 14 N.J.R. 490(b), 14 N.J.R. 834(b).

Amended definition of "Executive officer." Changed senior to executive officer.

Amended by R.1985 d.556, effective November 4, 1985.

See: 17 N.J.R. 2073(b), 17 N.J.R. 2606(b).

Added "or a savings bank" to Institution.

Amended by R.1991 d.48, effective February 4, 1991.

See: 22 N.J.R. 3425(a), 23 N.J.R. 294(b).

Corrected internal cite to N.J.S.A.

3:1-11.2 Prohibition

No institution or affiliate thereof may, either directly or indirectly, make a loan to any director or executive officer of an institution or to any affiliated person of such institution, or purchase any such loan, unless the terms and conditions of the loan (including but not limited to interest rate, maturity and collateral) are comparable to those terms and conditions then prevailing for a comparable loan to a non-affiliated person.

As amended, R.1982 d.243, eff. August 2, 1982.

See: 14 N.J.R. 490(b), 14 N.J.R. 834(b).

Added executive to officer.

SUBCHAPTER 12. MULTIPLE PARTY DEPOSIT ACCOUNTS

3:1-12.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise. Reference is made to the Act for the definitions not set out below, which may be necessary to construe this subchapter.

"Act" means chapter 491. Public Laws of 1979, N.J.S.A. 17:16I-1 et seq. which may also be cited as "Multiple-party Deposit Account Act."

"Account" means a contract of deposit of funds between a depositor and a financial institution, and includes a checking account, savings account, certificate of deposit, share account and other like arrangement.

"Beneficiary" means a person named in a trust account as one for whom a party to the account is named as trustee.

"Financial institution" means any organization authorized to do business under State or Federal laws relating to financial institutions, including, without limitation, banks and trust companies, savings banks, building and loan associations, and savings and loan associations.

"Joint account" means an account payable on request to one or more of two or more parties whether or not mention is made of any right of survivorship, and regardless whether the names of the parties are stated in the conjunctive or in the disjunctive.

"Multiple party account" means any of the following types of account: a joint account; a P.O.D. account; or a trust account. It does not include accounts established for deposit of funds of a partnership, joint venture, or other association for business purposes, or accounts controlled by one or more persons as the duly authorized agent or trustee for a corporation, unincorporated association, charitable or civic organization or a regular fiduciary or trust account where the relationship is established other than by deposit agreement.

"Net contribution" means the contribution of a party to a joint account as of any given time which is the sum of all deposits thereto 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. The term includes, in addition, any proceeds of deposit life insurance added to the account by reason of the death of the party, whose net contributions is in question.

"Party" means a person who, by the terms of the account, has a present right, subject to request, to payment from a multiple-party account. A P.O.D. payee or beneficiary of a trust account is a party only after the account becomes payable to him by reason of his surviving the original payee or trustee. Unless the context otherwise requires, it includes a guardian, conservator, 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.

"Payment" means a withdrawal, payment on check or other directive of a party, and any pledge of sums on deposit by a party of any setoff, or reduction or other disposition of all or part of an account pursuant to a pledge. Payment to a third person pursuant to check or otherwise is a withdrawal.

"P.O.D. account" means an account payable on request to one person during lifetime and on his death to one or more P.O.D. payees, or to one or more persons during their

lifetimes and on the death of all of them to one or more P.O.D. payees.

"P.O.D. payee" means a person designated on a P.O.D. account as one to whom the account is payable on request after the death of one or more persons.

"Request" means a proper request for withdrawal, or a check or order for payment, including special requirements concerning necessary signatures and regulations of financial institutions. A notice of intent to withdraw is treated as a request for withdrawal.

"Trust account" means an account in the name of one or more parties as trustee for one or more beneficiaries where the relationship is established by the form of the account and the deposit agreement with the financial institution and there is no subject of the trust other than the sums on deposit in the account; it is not essential that payment to the beneficiary be mentioned in the deposit agreement. A trust account does not include a regular trust account under a testamentary trust of a trust agreement which has significance apart from the account or a fiduciary account arising from a fiduciary relation such as attorney-client.

"Written notice or order" means the notice or order necessary to access or affect an account which notice is effecting for a particular transaction from the time it is brought to the attention of the individual conducting that transaction.

3:1-12.2 Types of contracts

(a) A financial institution may maintain different deposit contracts for "joint accounts," "P.O.D. accounts," and "trust accounts."

(b) Different contract forms should be used for any multiple party deposit account where the parties do not intend to create a right of survivorship.

(c) A single party contract with a power of attorney or formal trust is an acceptable form for parties who do not want present rights to the account for all parties, or who do not intend to create a right of survivorship, or who otherwise intend to create rights and obligations different from those created by the Act.

Administrative correction.
See: 26 N.J.R. 2568(b).

3:1-12.3 Type of accounts

Nothing in the Act or in this subchapter is to be construed as requiring a financial institution to enter into any deposit account contract. Financial institutions are not required to open any multiple-party deposit account which does not provide for rights of survivorship as provided in section 5 of the Act.

3:1-12.4 Specific content of deposit contract

(a) The following information must be included in all multiple-party account contracts:

1. A statement that the account is subject to the provisions of the Multiple Party Deposit Account Act, N.J.S.A. 17:16I-1 et seq. (P.L. 1979, c.491).

2. Express provisions that:

i. Identify the type of account; that is, whether it is a joint account, a P.O.D. account, or a trust account; and

ii. Specify the present interests of all parties with an explanation that parties will share equally in the absence of proof of net contribution unless the parties expressly agree otherwise; and

iii. Specify that unless otherwise provided there is a right of survivorship among parties, but the account must expressly provide for a right of survivorship between or among two or more P.O.D. payees or trust beneficiaries.

3. A statement of no liability to the financial institutions for payments made pursuant to the Act. Any multiple-party account may be paid, on request, to any one or more of the parties, the financial institutions shall not be required to determine net contributions.

4. The necessary form of notice required to effectively change the terms of the deposit contract. Where there is more than one party, that is, joint accounts or two or more original payees in P.O.D. accounts or two or more trustees in trust accounts, the financial institution may require that the party giving the notice pursuant to N.J.S.A. 17:16I-6 or N.J.S.A. 17:16I-12 provide the current address of every other party affected by the notice if such address is known.

5. An acknowledgement of having read the contract which must be signed by all parties.

(b) Model forms may be found in Appendix A to this chapter, incorporated herein by reference.

Amended by R.1991 d.48, effective February 4, 1991.

See: 22 N.J.R. 3425(a), 23 N.J.R. 294(b).

Added new (b) referencing Model Forms in Appendix A.

Administrative correction.

See: 25 N.J.R. 2860(a).

Case Notes

Bank's policy of not exacting withdrawal penalty upon addition of names to registration of certificate of deposit complied with federal and state law. *Karu v. Feldman*, 119 N.J. 135, 574 A.2d 420 (1990).

3:1-12.5 Additional provisions

A financial institution may include any additional provisions in its form of contract which are necessary to fully inform its depositors of the terms of multiple-party deposit accounts and applicable regulations, provided that such provisions are not inconsistent with the provisions of the Act of this subchapter.

7. The maximum per transaction charge per month for transactions in excess of those specified in (b)3, 4, and 6 above;

8. The length of the periodic cycle of the account; and

9. Any other fees which will be charged the customer.

(c) In deciding whether to approve such an account, the Commissioner shall consider whether the account meets the stated purpose of the Act to make New Jersey Consumer Checking Accounts available to consumers at low cost, and has substantially equivalent characteristics to the account in N.J.A.C. 3:1-19.2.

(d) The Commissioner shall issue a decision on an application for approval of non-conforming accounts within 30 days of receipt of the application, although the Commissioner may extend the time for issuing such decision by notifying the depository institution of such extension within the 30-day period. If neither a decision or a notice of extension has been issued within that time, the application shall be deemed approved.

3:1-19.4 Closing New Jersey Consumer Checking Accounts

(a) A depository institution may refuse to open or may close a New Jersey Consumer Checking Account for the following reasons:

1. For fraudulent activity or overdrafts, or to protect the customers or employees of the depository institution from physical harm, under the same standards which it applies to holders of its regular checking accounts:

2. If the consumer has a regular checking account or another New Jersey Consumer Checking Account in that depository institution or in any other depository institution;

3. If the consumer makes an intentional material misrepresentation to the depository institution in connection with the account; or

4. If the fees and other revenue obtained from the account are less than the cost to the depository institution to provide the account, provided that the depository institution complies with the requirements of (b) through (d) below.

(b) No depository institution is required to offer a New Jersey Consumer Checking Account at a cost to a customer which is less than the cost to the depository institution to provide the account. In computing the cost of the account, the depository institution shall deduct the investment value of deposits in the account.

(c) A depository institution which determines that the revenue which it obtains through fees which it charges to the account holder is less than its cost for offering a New Jersey Consumer Checking Account, and which intends to discontinue offering the account on that basis, shall notify the Department 30 days prior to such discontinuance, and shall submit with such notice the data supporting its determination regarding cost.

(d) A depository institution which discontinues an account pursuant to (c) above shall not thereby be relieved from its statutory obligation to provide a New Jersey Consumer Checking Account to consumers unless it provides data supporting a conclusion by the Commissioner that the depository institution would lose money on any account which would satisfy the requirements of P.L. 1991, c.210.

Amended by R.1996 d.168, effective April 1, 1996.
See: 28 N.J.R. 3(a), 28 N.J.R. 1830(a).

In (a)1 added physical harm.

3:1-19.5 Consumer information requirements

(a) A depository institution which is required by P.L. 1991, c.210 to offer a New Jersey Consumer Checking Account shall provide reasonable in-person information and assistance to customers regarding New Jersey Consumer Checking Accounts, checking accounts generally, and related financial services.

(b) A depository institution which is required by P.L. 1991, c.210 to offer a New Jersey Consumer Checking Account shall post in a conspicuous place in the lobby of each office of the depository institution a sign and make material available in the public area which indicates that the office offers New Jersey Consumer Checking Accounts. The notice and material shall explain the material features and limitations of such an account. A depository institution may identify its New Jersey Consumer Checking account by any name, provided that it also indicates conspicuously that the account is a "New Jersey Consumer Checking Account."

APPENDIX A

JOINT ACCOUNTS, P.O.D. ACCOUNTS, TRUST ACCOUNTS

The following statements are presented as model forms only, the language is not mandatory. The language used must accurately reflect the intent of the Act and provide the information required by N.J.A.C. 3:1-12.4.

Joint Accounts

This is a joint account. Ownership of this account cannot be changed by will.

Each party to this account has a present right to payment from this account. Each party owns his/her net contribution to the account. In the absence of proof of net contribution, and unless the parties have specifically otherwise agreed, each party will own an equal share of this account. Upon the death of a party to this account:

(a) Where there is only one surviving party, the entire account will belong to the survivor;

(b) Where there are two or more surviving parties each party will continue to own his/her proportionate share. The portion of the account owned by the deceased party will be shared equally by the survivors.

P.O.D. Accounts

This account is a P.O.D. account. Ownership of this account cannot be changed by will.

This account belongs to the party/parties to this account during their lifetime and belongs to the payee/payees upon the death of all parties. The payee/payees have no present right of withdrawal:

(a) Where there are two or more parties, each party has right to payment from the account. Each party owns his/her net contribution. In the absence of proof of net contribution, and unless the parties have specifically otherwise agreed, each party will own an equal share of the account during their lifetimes. Upon the death of a party, the surviving party/parties will continue to own his/her proportionate share of the account. The share owned by the deceased party will be shared equally by the surviving party/parties. Upon the death of the sole surviving party, the account will belong to the P.O.D. payee/payees;

(b) Where there are two or more P.O.D. payee/payees, the account will belong to the payee/payees who survive all parties. Unless otherwise specifically stated in the account by the party/parties, each surviving P.O.D. payee will own an equal share of the account. Unless specifically stated in the account by the party/parties, upon the death of a surviving P.O.D. payee, the remaining P.O.D. payee/payees will not own any portion of the deceased payee's share of the account.

Trust Accounts

This is a trust account. Ownership of this account cannot be changed by will.

This account belongs to the trustee/trustees during the lifetime of the trustee/trustees and belongs to the beneficiary/beneficiaries upon the death of all trustees.

(a) Where there are two or more trustees, each trustee has a right to payment from the account. Each trustee owns his/her net contribution. In the absence of proof of net contribution and unless the trustees have specifically otherwise agreed, each trustee will own an equal share of the account during his/her lifetime. Upon the death of a trustee, the surviving trustee/trustees will continue to own his/her proportionate share of the account. The share owned by the deceased trustee will be shared equal by the surviving trustee/trustees. Upon the death of the sole surviving trustee, the account will belong to the beneficiary/beneficiaries;

(b) Where there are two or more beneficiaries, the account belongs to the beneficiary/beneficiaries who survive all the trustees. Unless otherwise specifically stated in the account by the trustee/trustees, each surviving beneficiary will own an equal share of the account. Unless specifically stated upon the death of a surviving beneficiary and remaining beneficiary/beneficiaries will not own any portion of the deceased beneficiary's share of the account.