

May 20, 1992

Annabeth Hellmers
Manager
Louisiana National Guard
Federal Credit Union
P.O. Box 237
Arabi, LA 70032

Re: Joint Accounts in Louisiana (Your Letter of April 30, 1992)

Dear Ms. Hellmers:

You requested a legal opinion regarding two issues: (1) Is there a discrepancy in Section 109 of the Federal Credit Union ("FCU") Act ("Shares may be issued in joint tenancy with right of survivorship with any persons designated by the credit union member....") and Louisiana law?; and (2) Is the manner in which the FCU terminates a deceased member's joint account subject to legal challenge? In response to your questions: (1) no discrepancy exists; and (2) your handling of joint accounts, which seems to be in accord with the NCUA Accounting Manual for FCUs, comports with our interpretation of Louisiana law. However, the Regional Office would be in a better position to determine if any safety and soundness problems arise from your account handling procedures, which are not described in any detail in your request letter.

ANALYSIS

The operative Louisiana statute permits joint accounts with right of survivorship. In pertinent part, it reads:

~664. Money deposited in a joint account. A. Money deposited in shares in a credit union domiciled in this state in a joint account under the names of two or more persons may, with any interest or dividend thereon, be paid to either of said persons, whether or not the other is living, and the receipt or acquittance of the person so paid shall be a valid, sufficient, and complete release and discharge of the credit union for any payment so made. La.Rev.Stat. Ann. ~6:664(A).

The language of this statute indicates that credit union joint accounts are legally "joint accounts with right of survivorship" and not "common tenancy accounts". In any event, NCUA has authority to determine the account classifications for purposes of the National Credit Union Share Insurance Fund regardless of contrary state law. Final Amendment, 55 Fed.Reg. 43087, 43088 (October 26, 1990) (en- closed). We understand from your letter that this result is in accord with the legal opinion of the Louisiana Credit Union League. The joint account language is also properly reflected in your joint membership agreement, which is almost identical to Form FCU 123. See NCUA Accounting Manual for FCUs, ~5030.1.5, pp. 5-15 to 5-18 (Nov. 1989). We trust that this has been responsive to your request.

Sincerely,

Hattie M. Ulan
Associate General Counsel

cc: H. Allen Carver
Region III Director

Enclosure

GC/MEC:sg
SSIC 7000
92-0514