

Second Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 24-0586.01 Clare Haffner x6137

HOUSE BILL 24-1232

---

HOUSE SPONSORSHIP

Snyder,

SENATE SPONSORSHIP

Gardner,

---

House Committees  
Finance

Senate Committees

---

A BILL FOR AN ACT

101 CONCERNING THE ENACTMENT OF THE "UNIFORM SPECIAL DEPOSITS  
102 ACT".

---

Bill Summary

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)*

**Colorado Commission on Uniform State Laws.** The bill enacts the "Uniform Special Deposits Act" as drafted by the Uniform Law Commission, which addresses deposits at a bank where the identity of the person entitled to payment is not determined until the occurrence of a contingency identified at the time that the deposit is created. Concerns have arisen about such "special deposits" that may undermine the use of

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing law.*  
*Dashes through the words or numbers indicate deletions from existing law.*

special deposits as a useful vehicle to hold funds that may be paid in the future to one or more persons depending on the resolution of one or more specified contingencies. The bill addresses these concerns by reducing legal uncertainties related to the attributes that make a deposit "special" and the rights of the parties interested in the special deposit, their respective creditors, and the bank holding the special deposit prior to the resolution of the contingency.

---

1 *Be it enacted by the General Assembly of the State of Colorado:*

2           **SECTION 1.** In Colorado Revised Statutes, **add** article 111 to  
3 title 11 as follows:

4   **ARTICLE 111**

5   **Uniform Special Deposits Act**

6           **11-111-101. Short title.** THIS ARTICLE 111 MAY BE CITED AS THE  
7 "UNIFORM SPECIAL DEPOSITS ACT".

8           **11-111-102. Definitions.** IN THIS ARTICLE 111:

9           (1) "ACCOUNT AGREEMENT" MEANS AN AGREEMENT THAT:

10           (a) IS IN A RECORD BETWEEN A BANK AND ONE OR MORE  
11 DEPOSITORS;

12           (b) MAY HAVE ONE OR MORE BENEFICIARIES AS ADDITIONAL  
13 PARTIES; AND

14           (c) STATES THE INTENTION OF THE PARTIES TO ESTABLISH A  
15 SPECIAL DEPOSIT GOVERNED BY THIS ARTICLE 111.

16           (2) "BANK" MEANS A PERSON ENGAGED IN THE BUSINESS OF  
17 BANKING AND INCLUDES A SAVINGS BANK, SAVINGS AND LOAN  
18 ASSOCIATION, CREDIT UNION, TRUST COMPANY, AND A BANK AS DEFINED  
19 IN SECTION 11-101-401 (5). EACH BRANCH OR SEPARATE OFFICE OF A  
20 BANK IS A SEPARATE BANK FOR THE PURPOSE OF THIS ARTICLE 111.

21           (3) "BENEFICIARY" MEANS A PERSON THAT:

22           (a) IS IDENTIFIED AS A BENEFICIARY IN AN ACCOUNT AGREEMENT;

1 OR

2 (b) IF NOT IDENTIFIED AS A BENEFICIARY IN AN ACCOUNT  
3 AGREEMENT, MAY BE ENTITLED TO PAYMENT FROM A SPECIAL DEPOSIT:

4 (I) UNDER THE ACCOUNT AGREEMENT; OR

5 (II) ON TERMINATION OF THE SPECIAL DEPOSIT.

6 (4) "CONTINGENCY" MEANS AN EVENT OR CIRCUMSTANCE STATED  
7 IN AN ACCOUNT AGREEMENT THAT IS NOT CERTAIN TO OCCUR BUT MUST  
8 OCCUR BEFORE THE BANK IS OBLIGATED TO PAY A BENEFICIARY.

9 (5) "CREDITOR PROCESS" MEANS ATTACHMENT, GARNISHMENT,  
10 LEVY, NOTICE OF LIEN, SEQUESTRATION, OR SIMILAR PROCESS ISSUED BY  
11 OR ON BEHALF OF A CREDITOR OR OTHER CLAIMANT.

12 (6) "DEPOSITOR" MEANS A PERSON THAT ESTABLISHES OR FUNDS  
13 A SPECIAL DEPOSIT.

14 (7) "GOOD FAITH" MEANS HONESTY IN FACT AND OBSERVANCE OF  
15 REASONABLE COMMERCIAL STANDARDS OF FAIR DEALING.

16 (8) "KNOWLEDGE" OF A FACT MEANS:

17 (a) WITH RESPECT TO A BENEFICIARY, ACTUAL KNOWLEDGE OF THE  
18 FACT; OR

19 (b) WITH RESPECT TO A BANK HOLDING A SPECIAL DEPOSIT:

20 (I) IF THE BANK:

21 (A) HAS ESTABLISHED A REASONABLE ROUTINE FOR  
22 COMMUNICATING MATERIAL INFORMATION TO AN INDIVIDUAL TO WHOM  
23 THE BANK HAS ASSIGNED RESPONSIBILITY FOR THE SPECIAL DEPOSIT; AND

24 (B) MAINTAINS REASONABLE COMPLIANCE WITH THE ROUTINE,  
25 ACTUAL KNOWLEDGE OF THE FACT BY THAT INDIVIDUAL; OR

26 (II) IF THE BANK HAS NOT ESTABLISHED AND MAINTAINED  
27 REASONABLE COMPLIANCE WITH A ROUTINE DESCRIBED IN SUBSECTION

1 (8)(b)(I) OF THIS SECTION OR OTHERWISE EXERCISED DUE DILIGENCE,  
2 IMPLIED KNOWLEDGE OF THE FACT THAT WOULD HAVE COME TO THE  
3 ATTENTION OF AN INDIVIDUAL TO WHOM THE BANK HAS ASSIGNED  
4 RESPONSIBILITY FOR THE SPECIAL DEPOSIT.

5 (9) (a) "OBLIGATED TO PAY A BENEFICIARY" MEANS A  
6 BENEFICIARY IS ENTITLED UNDER THE ACCOUNT AGREEMENT TO RECEIVE  
7 FROM THE BANK A PAYMENT WHEN:

8 (I) A CONTINGENCY HAS OCCURRED; AND

9 (II) THE BANK HAS KNOWLEDGE THE CONTINGENCY HAS  
10 OCCURRED.

11 (b) "OBLIGATION TO PAY A BENEFICIARY" HAS A CORRESPONDING  
12 MEANING.

13 (10) "PERMISSIBLE PURPOSE" MEANS A GOVERNMENTAL,  
14 REGULATORY, COMMERCIAL, CHARITABLE, OR TESTAMENTARY OBJECTIVE  
15 OF THE PARTIES STATED IN AN ACCOUNT AGREEMENT. THE TERM INCLUDES  
16 AN OBJECTIVE TO:

17 (a) HOLD FUNDS:

18 (I) IN ESCROW, INCLUDING FOR A PURCHASE AND SALE, LEASE,  
19 BUYBACK, OR OTHER TRANSACTION;

20 (II) AS A SECURITY DEPOSIT OF A TENANT;

21 (III) THAT MAY BE DISTRIBUTED TO A PERSON AS REMUNERATION,  
22 RETIREMENT OR OTHER BENEFIT, OR COMPENSATION UNDER A JUDGMENT,  
23 CONSENT DECREE, COURT ORDER, OR OTHER DECISION OF A TRIBUNAL; OR

24 (IV) FOR DISTRIBUTION TO A DEFINED CLASS OF PERSONS AFTER  
25 IDENTIFICATION OF THE CLASS MEMBERS AND THEIR INTEREST IN THE  
26 FUNDS;

27 (b) PROVIDE ASSURANCE WITH RESPECT TO AN OBLIGATION

1       CREATED BY CONTRACT, SUCH AS EARNEST MONEY TO ENSURE A  
2       TRANSACTION CLOSES;

3           (c) SETTLE AN OBLIGATION THAT ARISES IN THE OPERATION OF A  
4       PAYMENT SYSTEM, SECURITIES SETTLEMENT SYSTEM, OR OTHER  
5       FINANCIAL MARKET INFRASTRUCTURE;

6           (d) PROVIDE ASSURANCE WITH RESPECT TO AN OBLIGATION THAT  
7       ARISES IN THE OPERATION OF A PAYMENT SYSTEM, SECURITIES  
8       SETTLEMENT SYSTEM, OR OTHER FINANCIAL MARKET INFRASTRUCTURE;

9       OR

10          (e) HOLD MARGIN, OTHER CASH COLLATERAL, OR FUNDS THAT  
11       SUPPORT THE ORDERLY FUNCTIONING OF FINANCIAL MARKET  
12       INFRASTRUCTURE OR THE PERFORMANCE OF AN OBLIGATION WITH RESPECT  
13       TO THE INFRASTRUCTURE.

14          (11) "PERSON" MEANS AN INDIVIDUAL, ESTATE, BUSINESS OR  
15       NONPROFIT ENTITY, GOVERNMENT OR GOVERNMENTAL SUBDIVISION,  
16       AGENCY, OR INSTRUMENTALITY OR OTHER LEGAL ENTITY. THE TERM  
17       INCLUDES A PROTECTED SERIES, HOWEVER DENOMINATED, OF AN ENTITY  
18       IF THE PROTECTED SERIES IS ESTABLISHED UNDER LAW THAT LIMITS, OR  
19       LIMITS IF CONDITIONS SPECIFIED UNDER LAW ARE SATISFIED, THE ABILITY  
20       OF A CREDITOR OF THE ENTITY OR OF ANY OTHER PROTECTED SERIES OF  
21       THE ENTITY TO SATISFY A CLAIM FROM ASSETS OF THE PROTECTED SERIES.

22          (12) "RECORD" MEANS INFORMATION:

23           (a) INSCRIBED ON A TANGIBLE MEDIUM; OR

24           (b) STORED IN AN ELECTRONIC OR OTHER MEDIUM AND  
25       RETRIEVABLE IN PERCEIVABLE FORM.

26          (13) "SPECIAL DEPOSIT" MEANS A DEPOSIT THAT SATISFIES  
27       SECTION 11-111-105.

1           (14) "STATE" MEANS A STATE OF THE UNITED STATES, THE  
2 DISTRICT OF COLUMBIA, PUERTO RICO, THE UNITED STATES VIRGIN  
3 ISLANDS, OR ANY OTHER TERRITORY OR POSSESSION SUBJECT TO THE  
4 JURISDICTION OF THE UNITED STATES. THE TERM INCLUDES AN AGENCY  
5 OR INSTRUMENTALITY OF THE STATE.

6           **11-111-103. Scope - choice of law - forum.** (1) THIS ARTICLE  
7 111 APPLIES TO A SPECIAL DEPOSIT UNDER AN ACCOUNT AGREEMENT THAT  
8 STATES THE INTENTION OF THE PARTIES TO ESTABLISH A SPECIAL DEPOSIT  
9 GOVERNED BY THIS ARTICLE 111, REGARDLESS OF WHETHER A PARTY TO  
10 THE ACCOUNT AGREEMENT OR A TRANSACTION RELATED TO THE SPECIAL  
11 DEPOSIT, OR THE SPECIAL DEPOSIT ITSELF, HAS A REASONABLE RELATION  
12 TO THIS STATE.

13           (2) THE PARTIES TO AN ACCOUNT AGREEMENT MAY CHOOSE A  
14 FORUM IN THIS STATE FOR SETTLING A DISPUTE ARISING OUT OF THE  
15 SPECIAL DEPOSIT, REGARDLESS OF WHETHER A PARTY TO THE ACCOUNT  
16 AGREEMENT OR A TRANSACTION RELATED TO THE SPECIAL DEPOSIT, OR  
17 THE SPECIAL DEPOSIT ITSELF, HAS A REASONABLE RELATION TO THIS  
18 STATE.

19           (3) THIS ARTICLE 111 DOES NOT AFFECT:

20           (a) A RIGHT OR OBLIGATION RELATING TO A DEPOSIT OTHER THAN  
21 A SPECIAL DEPOSIT UNDER THIS ARTICLE 111; OR

22           (b) THE VOIDABILITY OF A DEPOSIT OR TRANSFER THAT IS  
23 FRAUDULENT OR VOIDABLE UNDER OTHER LAW.

24           **11-111-104. Variation by agreement or amendment.** (1) THE  
25 EFFECT OF SECTIONS 11-111-102 AND 11-111-103, THIS SECTION  
26 11-111-104, AND SECTIONS 11-111-105, 11-111-106, 11-111-108 TO  
27 11-111-111, AND 11-111-114 MAY NOT BE VARIED BY AGREEMENT,

1 EXCEPT AS PROVIDED IN THOSE SECTIONS. SUBJECT TO SUBSECTION (2) OF  
2 THIS SECTION, THE EFFECT OF SECTIONS 11-111-107, 11-111-112, AND  
3 11-111-113 MAY BE REVISED BY AGREEMENT.

4 (2) A PROVISION IN AN ACCOUNT AGREEMENT OR OTHER RECORD  
5 THAT SUBSTANTIALLY EXCUSES LIABILITY OR SUBSTANTIALLY LIMITS  
6 REMEDIES FOR FAILURE TO PERFORM AN OBLIGATION UNDER THIS ARTICLE  
7 111 IS NOT SUFFICIENT TO VARY THE EFFECT OF A PROVISION OF THIS  
8 ARTICLE 111.

9 (3) IF A BENEFICIARY IS A PARTY TO AN ACCOUNT AGREEMENT,  
10 THE BANK AND THE DEPOSITOR MAY AMEND THE AGREEMENT WITHOUT  
11 THE CONSENT OF THE BENEFICIARY ONLY IF THE AGREEMENT EXPRESSLY  
12 PERMITS THE AMENDMENT.

13 (4) IF A BENEFICIARY IS NOT A PARTY TO AN ACCOUNT AGREEMENT  
14 AND THE BANK AND THE DEPOSITOR KNOW THE BENEFICIARY HAS  
15 KNOWLEDGE OF THE AGREEMENT'S TERMS, THE BANK AND THE DEPOSITOR  
16 MAY AMEND THE AGREEMENT WITHOUT THE CONSENT OF THE  
17 BENEFICIARY ONLY IF THE AMENDMENT DOES NOT ADVERSELY AND  
18 MATERIALLY AFFECT A PAYMENT RIGHT OF THE BENEFICIARY.

19 (5) IF A BENEFICIARY IS NOT A PARTY TO AN ACCOUNT AGREEMENT  
20 AND THE BANK AND THE DEPOSITOR DO NOT KNOW WHETHER THE  
21 BENEFICIARY HAS KNOWLEDGE OF THE AGREEMENT'S TERMS, THE BANK  
22 AND THE DEPOSITOR MAY AMEND THE AGREEMENT WITHOUT THE CONSENT  
23 OF THE BENEFICIARY ONLY IF THE AMENDMENT IS MADE IN GOOD FAITH.

24 **11-111-105. Requirements for special deposit.** (1) A DEPOSIT  
25 IS A SPECIAL DEPOSIT IF IT IS:

26 (a) A DEPOSIT OF FUNDS IN A BANK UNDER AN ACCOUNT  
27 AGREEMENT;

1 (b) FOR THE BENEFIT OF AT LEAST TWO BENEFICIARIES, ONE OR  
2 MORE OF WHICH MAY BE A DEPOSITOR;

3 (c) DENOMINATED IN A MEDIUM OF EXCHANGE THAT IS  
4 CURRENTLY AUTHORIZED OR ADOPTED BY A DOMESTIC OR FOREIGN  
5 GOVERNMENT;

6 (d) FOR A PERMISSIBLE PURPOSE STATED IN THE ACCOUNT  
7 AGREEMENT; AND

8 (e) SUBJECT TO A CONTINGENCY.

9 **11-111-106. Permissible purpose.** (1) A SPECIAL DEPOSIT MUST  
10 SERVE AT LEAST ONE PERMISSIBLE PURPOSE STATED IN THE ACCOUNT  
11 AGREEMENT FROM THE TIME THE SPECIAL DEPOSIT IS CREATED IN THE  
12 ACCOUNT AGREEMENT UNTIL TERMINATION OF THE SPECIAL DEPOSIT.

13 (2) IF, BEFORE TERMINATION OF THE SPECIAL DEPOSIT, THE BANK  
14 OR A COURT DETERMINES THE SPECIAL DEPOSIT NO LONGER SATISFIES  
15 SUBSECTION (1) OF THIS SECTION, SECTIONS 11-111-108 TO 11-111-111  
16 CEASE TO APPLY TO ANY FUNDS DEPOSITED IN THE SPECIAL DEPOSIT AFTER  
17 THE SPECIAL DEPOSIT CEASES TO SATISFY SUBSECTION (1) OF THIS  
18 SECTION.

19 (3) IF, BEFORE TERMINATION OF A SPECIAL DEPOSIT, THE BANK  
20 DETERMINES THE SPECIAL DEPOSIT NO LONGER SATISFIES SUBSECTION (1)  
21 OF THIS SECTION, THE BANK MAY TAKE ACTION IT BELIEVES IS NECESSARY  
22 UNDER THE CIRCUMSTANCES, INCLUDING TERMINATING THE SPECIAL  
23 DEPOSIT.

24 **11-111-107. Payment to beneficiary by bank.** (1) UNLESS THE  
25 ACCOUNT AGREEMENT PROVIDES OTHERWISE, THE BANK IS OBLIGATED TO  
26 PAY A BENEFICIARY IF THERE ARE SUFFICIENT ACTUALLY AND FINALLY  
27 COLLECTED FUNDS IN THE BALANCE OF THE SPECIAL DEPOSIT.



1           (2) EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION, THE  
2 OBLIGATION TO PAY THE BENEFICIARY IS EXCUSED IF THE FUNDS  
3 AVAILABLE IN THE SPECIAL DEPOSIT ARE INSUFFICIENT TO COVER SUCH  
4 PAYMENT.

5           (3) UNLESS THE ACCOUNT AGREEMENT PROVIDES OTHERWISE, IF  
6 THE FUNDS AVAILABLE IN THE SPECIAL DEPOSIT ARE INSUFFICIENT TO  
7 COVER AN OBLIGATION TO PAY A BENEFICIARY, A BENEFICIARY MAY ELECT  
8 TO BE PAID THE FUNDS THAT ARE AVAILABLE OR, IF THERE IS MORE THAN  
9 ONE BENEFICIARY, A PRO RATA SHARE OF THE FUNDS AVAILABLE.  
10 PAYMENT TO THE BENEFICIARY MAKING THE ELECTION UNDER THIS  
11 SUBSECTION (3) DISCHARGES THE BANK'S OBLIGATION TO PAY A  
12 BENEFICIARY AND DOES NOT CONSTITUTE AN ACCORD AND SATISFACTION  
13 WITH RESPECT TO ANOTHER PERSON OBLIGATED TO THE BENEFICIARY.

14           (4) UNLESS THE ACCOUNT AGREEMENT PROVIDES OTHERWISE, THE  
15 OBLIGATION OF THE BANK OBLIGATED TO PAY A BENEFICIARY IS  
16 IMMEDIATELY DUE AND PAYABLE.

17           (5) THE BANK MAY DISCHARGE ITS OBLIGATION UNDER THIS  
18 SECTION BY:

19           (a) CREDITING ANOTHER TRANSACTION ACCOUNT OF THE  
20 BENEFICIARY; OR

21           (b) TAKING OTHER ACTION THAT:

22           (I) IS PERMITTED UNDER THE ACCOUNT AGREEMENT FOR THE BANK  
23 TO OBTAIN A DISCHARGE; OR

24           (II) OTHERWISE WOULD CONSTITUTE A DISCHARGE UNDER LAW.

25           (6) IF THE BANK OBLIGATED TO PAY A BENEFICIARY HAS INCURRED  
26 AN OBLIGATION TO DISCHARGE THE OBLIGATION OF ANOTHER PERSON, THE  
27 OBLIGATION OF THE OTHER PERSON IS DISCHARGED IF ACTION BY THE

1 BANK UNDER SUBSECTION (5) OF THIS SECTION WOULD CONSTITUTE A  
2 DISCHARGE OF THE OBLIGATION OF THE OTHER PERSON UNDER LAW THAT  
3 DETERMINES WHETHER AN OBLIGATION IS SATISFIED.

4 **11-111-108. Property interest of depositor or beneficiary.**

5 (1) NEITHER A DEPOSITOR NOR A BENEFICIARY HAS A PROPERTY INTEREST  
6 IN A SPECIAL DEPOSIT.

7 (2) ANY PROPERTY INTEREST WITH RESPECT TO A SPECIAL DEPOSIT  
8 IS ONLY IN THE RIGHT TO RECEIVE PAYMENT IF THE BANK IS OBLIGATED TO  
9 PAY A BENEFICIARY AND NOT IN THE SPECIAL DEPOSIT ITSELF. ANY  
10 PROPERTY INTEREST UNDER THIS SUBSECTION (2) IS DETERMINED UNDER  
11 OTHER LAW.

12 **11-111-109. When creditor process enforceable against bank.**

13 (1) SUBJECT TO SUBSECTION (2) OF THIS SECTION, CREDITOR PROCESS  
14 WITH RESPECT TO A SPECIAL DEPOSIT IS NOT ENFORCEABLE AGAINST THE  
15 BANK HOLDING THE SPECIAL DEPOSIT.

16 (2) CREDITOR PROCESS IS ENFORCEABLE AGAINST THE BANK  
17 HOLDING A SPECIAL DEPOSIT WITH RESPECT TO AN AMOUNT THE BANK IS  
18 OBLIGATED TO PAY A BENEFICIARY OR A DEPOSITOR IF THE PROCESS:

19 (a) IS SERVED ON THE BANK;

20 (b) PROVIDES SUFFICIENT INFORMATION TO PERMIT THE BANK TO  
21 IDENTIFY THE DEPOSITOR OR THE BENEFICIARY FROM THE BANK'S BOOKS  
22 AND RECORDS; AND

23 (c) GIVES THE BANK A REASONABLE OPPORTUNITY TO ACT ON THE  
24 PROCESS.

25 (3) CREDITOR PROCESS SERVED ON A BANK BEFORE IT IS  
26 ENFORCEABLE AGAINST THE BANK UNDER SUBSECTION (2) OF THIS  
27 SECTION DOES NOT CREATE A RIGHT OF THE CREDITOR AGAINST THE BANK

1 OR A DUTY OF THE BANK TO THE CREDITOR. OTHER LAW DETERMINES  
2 WHETHER CREDITOR PROCESS CREATES A LIEN ENFORCEABLE AGAINST THE  
3 BENEFICIARY ON A CONTINGENT INTEREST OF A BENEFICIARY, INCLUDING  
4 A DEPOSITOR AS A BENEFICIARY, EVEN IF NOT ENFORCEABLE AGAINST THE  
5 BANK.

6 **11-111-110. Injunction or similar relief.** A COURT MAY ENJOIN,  
7 OR GRANT SIMILAR RELIEF THAT WOULD HAVE THE EFFECT OF ENJOINING,  
8 A BANK FROM PAYING A DEPOSITOR OR BENEFICIARY ONLY IF PAYMENT  
9 WOULD CONSTITUTE A MATERIAL FRAUD OR FACILITATE A MATERIAL  
10 FRAUD WITH RESPECT TO A SPECIAL DEPOSIT.

11 **11-111-111. Recoupment or set off.** (1) EXCEPT AS PROVIDED IN  
12 SUBSECTION (2) OR (3) OF THIS SECTION, A BANK MAY NOT EXERCISE A  
13 RIGHT OF RECOUPMENT OR SET OFF AGAINST A SPECIAL DEPOSIT.

14 (2) AN ACCOUNT AGREEMENT MAY AUTHORIZE THE BANK TO  
15 DEBIT THE SPECIAL DEPOSIT:

16 (a) WHEN THE BANK BECOMES OBLIGATED TO PAY A BENEFICIARY,  
17 IN AN AMOUNT THAT DOES NOT EXCEED THE AMOUNT NECESSARY TO  
18 DISCHARGE THE OBLIGATION;

19 (b) FOR A FEE ASSESSED BY THE BANK THAT RELATES TO AN  
20 OVERDRAFT IN THE SPECIAL DEPOSIT ACCOUNT;

21 (c) FOR COSTS INCURRED BY THE BANK THAT RELATE DIRECTLY TO  
22 THE SPECIAL DEPOSIT; OR

23 (d) TO REVERSE AN EARLIER CREDIT POSTED BY THE BANK TO THE  
24 BALANCE OF THE SPECIAL DEPOSIT ACCOUNT, IF THE REVERSAL OCCURS  
25 UNDER AN EVENT OR CIRCUMSTANCE WARRANTED UNDER OTHER LAW OF  
26 THIS STATE GOVERNING MISTAKE AND RESTITUTION.

27 (3) THE BANK HOLDING A SPECIAL DEPOSIT MAY EXERCISE A RIGHT

1 OF RECOUPMENT OR SET OFF AGAINST AN OBLIGATION TO PAY A  
2 BENEFICIARY, EVEN IF THE BANK FUNDS PAYMENT FROM THE SPECIAL  
3 DEPOSIT.

4 **11-111-112. Duties and liability of bank.** (1) A BANK DOES NOT  
5 HAVE A FIDUCIARY DUTY TO ANY PERSON WITH RESPECT TO A SPECIAL  
6 DEPOSIT.

7 (2) WHEN THE BANK HOLDING A SPECIAL DEPOSIT BECOMES  
8 OBLIGATED TO PAY A BENEFICIARY, A DEBTOR-CREDITOR RELATIONSHIP  
9 ARISES BETWEEN THE BANK AND BENEFICIARY.

10 (3) THE BANK HOLDING A SPECIAL DEPOSIT HAS A DUTY TO A  
11 BENEFICIARY TO COMPLY WITH THE ACCOUNT AGREEMENT AND THIS  
12 ARTICLE 111.

13 (4) IF THE BANK HOLDING A SPECIAL DEPOSIT DOES NOT COMPLY  
14 WITH THE ACCOUNT AGREEMENT OR THIS ARTICLE 111, THE BANK IS  
15 LIABLE TO A DEPOSITOR OR BENEFICIARY ONLY FOR DAMAGES  
16 PROXIMATELY CAUSED BY THE NONCOMPLIANCE. EXCEPT AS PROVIDED BY  
17 OTHER LAW OF THIS STATE, THE BANK IS NOT LIABLE FOR CONSEQUENTIAL,  
18 SPECIAL, OR PUNITIVE DAMAGES.

19 (5) THE BANK HOLDING A SPECIAL DEPOSIT MAY RELY ON RECORDS  
20 PRESENTED IN COMPLIANCE WITH THE ACCOUNT AGREEMENT TO  
21 DETERMINE WHETHER THE BANK IS OBLIGATED TO PAY A BENEFICIARY.

22 (6) IF THE ACCOUNT AGREEMENT REQUIRES PAYMENT ON  
23 PRESENTATION OF A RECORD, THE BANK SHALL DETERMINE WITHIN A  
24 REASONABLE TIME WHETHER THE RECORD IS SUFFICIENT TO REQUIRE  
25 PAYMENT. IF THE AGREEMENT REQUIRES ACTION BY THE BANK ON  
26 PRESENTATION OF A RECORD, THE BANK IS NOT LIABLE FOR RELYING IN  
27 GOOD FAITH ON THE GENUINENESS OF THE RECORD IF THE RECORD

1 APPEARS ON ITS FACE TO BE GENUINE.

2 (7) UNLESS THE ACCOUNT AGREEMENT PROVIDES OTHERWISE, THE  
3 BANK IS NOT REQUIRED TO DETERMINE WHETHER A PERMISSIBLE PURPOSE  
4 STATED IN THE AGREEMENT CONTINUES TO EXIST.

5 **11-111-113. Term and termination.** (1) UNLESS OTHERWISE  
6 PROVIDED IN THE ACCOUNT AGREEMENT, A SPECIAL DEPOSIT TERMINATES  
7 FIVE YEARS AFTER THE DATE THE SPECIAL DEPOSIT WAS FIRST FUNDED.

8 (2) UNLESS OTHERWISE PROVIDED IN THE ACCOUNT AGREEMENT,  
9 IF THE BANK CANNOT IDENTIFY OR LOCATE A BENEFICIARY ENTITLED TO  
10 PAYMENT WHEN THE SPECIAL DEPOSIT IS TERMINATED, AND A BALANCE  
11 REMAINS IN THE SPECIAL DEPOSIT, THE BANK SHALL PAY THE BALANCE TO  
12 THE DEPOSITOR OR DEPOSITORS AS A BENEFICIARY OR BENEFICIARIES.

13 (3) A BANK THAT PAYS THE REMAINING BALANCE AS PROVIDED  
14 UNDER SUBSECTION (2) OF THIS SECTION HAS NO FURTHER OBLIGATION  
15 WITH RESPECT TO THE SPECIAL DEPOSIT.

16 **11-111-114. Principles of law and equity.** THE "UNIFORM  
17 COMMERCIAL CODE", TITLE 4; CONSUMER PROTECTION LAW; LAW  
18 GOVERNING DEPOSITS GENERALLY; LAW RELATED TO ESCHEAT AND  
19 ABANDONED OR UNCLAIMED PROPERTY; AND THE PRINCIPLES OF LAW AND  
20 EQUITY, INCLUDING LAW RELATED TO CAPACITY TO CONTRACT, PRINCIPAL  
21 AND AGENT, ESTOPPEL, FRAUD, MISREPRESENTATION, DURESS, COERCION,  
22 MISTAKE, AND BANKRUPTCY, SUPPLEMENT THIS ARTICLE 111 EXCEPT TO  
23 THE EXTENT INCONSISTENT WITH THIS ARTICLE 111.

24 **11-111-115. Uniformity of application and construction.** IN  
25 APPLYING AND CONSTRUING THIS ARTICLE 111, A COURT SHALL CONSIDER  
26 THE PROMOTION OF UNIFORMITY OF THE LAW AMONG JURISDICTIONS THAT  
27 ENACT IT.

1           **11-111-116. Transitional provision.** (1) THIS ARTICLE 111  
2 APPLIES TO:

3           (a) A SPECIAL DEPOSIT MADE UNDER AN ACCOUNT AGREEMENT  
4 EXECUTED ON OR AFTER THE EFFECTIVE DATE OF THIS ARTICLE 111; AND

5           (b) A DEPOSIT MADE UNDER AN AGREEMENT EXECUTED BEFORE  
6 THE EFFECTIVE DATE OF THIS ARTICLE 111, IF:

7           (I) ALL PARTIES ENTITLED TO AMEND THE AGREEMENT AGREE TO  
8 MAKE THE DEPOSIT A SPECIAL DEPOSIT GOVERNED BY THIS ARTICLE 111;  
9 AND

10          (II) THE SPECIAL DEPOSIT REFERENCED IN THE AMENDED  
11 AGREEMENT SATISFIES SECTION 11-111-105.

12           **SECTION 2. Act subject to petition - effective date.** This act  
13 takes effect at 12:01 a.m. on the day following the expiration of the  
14 ninety-day period after final adjournment of the general assembly; except  
15 that, if a referendum petition is filed pursuant to section 1(3) of article V  
16 of the state constitution against this act or an item, section, or part of this  
17 act within such period, then the act, item, section, or part will not take  
18 effect unless approved by the people at the general election to be held in  
19 November 2024 and, in such case, will take effect on the date of the  
20 official declaration of the vote thereon by the governor.