

**Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

REVISED

This Version Includes All Amendments Adopted
on Second Reading in the Second House

LLS NO. 24-0586.01 Clare Haffner x6137

HOUSE BILL 24-1232

HOUSE SPONSORSHIP

Snyder, Bird, Marshall, Soper, Vigil

SENATE SPONSORSHIP

Gardner,

House Committees
Finance

Senate Committees
Judiciary

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.

SENATE
2nd Reading Unamended
April 22, 2024

HOUSE
3rd Reading Unamended
April 14, 2024

HOUSE
2nd Reading Unamended
April 11, 2024

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.