

CHAPTER 91

FINANCIAL INSTITUTIONS

HOUSE BILL 07-1185

BY REPRESENTATIVE(S) Marostica, and Labuda;
also SENATOR(S) Morse.

AN ACT

CONCERNING FINANCIAL INSTITUTION ACCOUNTS ESTABLISHED ON BEHALF OF AN ENTITY.

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

SECTION 1. Article 105 of title 11, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

11-105-112. Entity account - certificate of existence and authority - definitions. (1) FOR ANY DEPOSIT OR LOAN ACCOUNT THAT IS OPENED BY ONE OR MORE PERSONS ACTING OR PURPORTING TO ACT FOR OR ON BEHALF OF AN ENTITY WITH ANY FINANCIAL INSTITUTION TRANSACTING BUSINESS IN THIS STATE, SUCH PERSON MAY PROVIDE THE FINANCIAL INSTITUTION WITH A CERTIFICATE TO EVIDENCE THE EXISTENCE OF THE ENTITY AND THE AUTHORITY OF SUCH PERSON TO ACT FOR OR ON BEHALF OF THE ENTITY WITH RESPECT TO THE ACCOUNT. THE CERTIFICATE OF EXISTENCE AND AUTHORITY SHALL BE AN AFFIDAVIT EXECUTED BY SUCH PERSON AND SHALL INCLUDE THE FOLLOWING, AS APPLICABLE:

- (a) THE NAME AND MAILING ADDRESS OF THE ENTITY;
- (b) THE TYPE OF ENTITY AND THE STATE, COUNTRY, OR OTHER GOVERNMENTAL AUTHORITY UNDER WHOSE LAWS THE ENTITY WAS FORMED;
- (c) THE ORGANIZATION DATE OF THE ENTITY;
- (d) THE NAME, MAILING ADDRESS, AND OFFICE OR OTHER POSITION HELD BY THE PERSON EXECUTING THE CERTIFICATE; AND
- (e) A STATEMENT THAT THE BOARD OF DIRECTORS, MANAGERS, MEMBERS,

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

GENERAL PARTNERS, OR OTHER GOVERNING BODY OF THE ENTITY OPENING THE ACCOUNT HAS DULY TAKEN ALL ACTION LEGALLY REQUIRED TO OPEN THE ACCOUNT IN THE NAME OF THE ENTITY AND THE NAME, OFFICE, OR OTHER POSITION OF THE PERSON WHO HAS BEEN DULY AUTHORIZED TO ENGAGE IN TRANSACTIONS WITH RESPECT TO THE ACCOUNT, INCLUDING ANY LIMITATION THAT MAY EXIST UPON THE AUTHORITY OF SUCH PERSON TO BIND THE ENTITY AND ANY OTHER MATTERS CONCERNING THE MANNER IN WHICH SUCH PERSON MAY DEAL WITH THE ACCOUNT. IF THE DEPOSIT OR LOAN IS TO BE OPENED ON BEHALF OF AN INSTITUTION OF HIGHER EDUCATION, THE STATEMENT SHALL BE ACCOMPANIED BY A RESOLUTION CERTIFIED BY THE SECRETARY OF THE GOVERNING BOARD.

(2) IF A FINANCIAL INSTITUTION ACCEPTS A CERTIFICATE OF EXISTENCE AND AUTHORITY PURSUANT TO THIS SECTION, THE FINANCIAL INSTITUTION MAY OPEN AND ADMINISTER THE ACCOUNT IN ACCORDANCE WITH THE INFORMATION SET FORTH THEREIN AND SHALL NOT BE LIABLE FOR SO DOING EVEN IF ANY SUCH INFORMATION IS INACCURATE, UNLESS THE FINANCIAL INSTITUTION HAS ACTUAL KNOWLEDGE OF SUCH INACCURACY OR KNOWLEDGE SUFFICIENT TO CAUSE A REASONABLY PRUDENT PERSON TO DOUBT THE ACCURACY OF SUCH INFORMATION.

(3) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PROHIBIT A FINANCIAL INSTITUTION FROM REQUESTING ADDITIONAL INFORMATION OR REQUIRING OTHER AGREEMENTS IN ORDER TO ESTABLISH A DEPOSIT OR LOAN ACCOUNT FOR AN ENTITY, INCLUDING WITHOUT LIMITATION A RESOLUTION, CERTIFICATE OF GOOD STANDING, TRADE NAME REGISTRATION, REQUEST FOR TAXPAYER IDENTIFICATION NUMBER, ENTITY AGREEMENTS, OR DOCUMENTS OR PARTS THEREOF EVIDENCING THE EXISTENCE OF THE ENTITY OR THE AUTHORITY OF THE PERSON EXECUTING THE CERTIFICATE, AND AN INDEMNIFICATION THAT IS ACCEPTABLE TO THE FINANCIAL INSTITUTION.

(4) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "ENTITY" MEANS ANY GOVERNMENT OR GOVERNMENTAL SUBDIVISION OR AGENCY, AND ANY DOMESTIC OR FOREIGN CORPORATION, LIMITED LIABILITY COMPANY, GENERAL PARTNERSHIP, LIMITED PARTNERSHIP, LIMITED PARTNERSHIP ASSOCIATION, LIMITED LIABILITY PARTNERSHIP, LIMITED LIABILITY LIMITED PARTNERSHIP, JOINT VENTURE, COOPERATIVE, ASSOCIATION, OR OTHER LEGAL ENTITY, WHETHER OPERATED FOR PROFIT OR NOT FOR PROFIT.

(b) "FINANCIAL INSTITUTION" MEANS ANY FEDERAL OR STATE CHARTERED COMMERCIAL BANK, SAVINGS AND LOAN ASSOCIATION, INDUSTRIAL BANK, SAVINGS BANK, OR CREDIT UNION.

SECTION 2. Applicability. This act shall apply to deposit or loan accounts opened on or after the effective date of this act.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: April 2, 2007