

COA Opinion: Statute of limitations begins to run when a party demands payment for a certificate of deposit (CD) and not when the CD matures

5. July 2011 By Michael Azzi

In [Estate of DeGoede v Comerica Bank](#), No. 296129, the Michigan Court of Appeals held that the statute of limitations did not bar a plaintiff's claim against a bank for failing to honor three certificates of deposit (CDs), reasoning that "the statute of limitations does not begin to run until a demand for payment has been made" and rejecting the defendant's argument that the statute of limitations begins to run when a CD matures.

The suit arose after Comerica Bank denied the redemption of three CDs purchased in 1980 through 1982 by Thelma DeGoede from Industrial State Bank & Trust, which Comerica Bank acquired in November 1992. Ms. DeGoede purchased each CD for \$10,000. After Ms. DeGoede's death in May 2005, her daughter and son retrieved the CDs from Ms. DeGoede's safety deposit box and attempted to present the CDs for payment. The bank denied the request because it had no record of the CDs. The Estate of DeGoede then sued to recover the value of the CDs and the interest accumulated from their date of issue.

After a bench trial, the trial court agreed with the defendant that the suit was time-barred because six years had passed since the CDs matured. Each CD had an initial six-month maturity date. The first two CDs also contained language that they would "be automatically renewed for a like period unless presented for payment." The trial court read this to mean that there would be a *single* automatic renewal; in other words, the first two CDs matured respectively in 1981 and 1982. The third CD had no automatic renewal clause, which the trial court interpreted to mean that it also matured six-months after purchase.

The Michigan Court of Appeals disagreed and reversed. While it agreed that the six-year statute of limitations in MCL 600.5807(8) for breach of contract actions was applicable to the action, the Court ruled that the proper date for running the statute of limitations occurred when the holder presented the CD for payment. The Court reasoned that all three CDs continued to renew until the demand for payment. Specifically, the Court read the language cited above and other contractual language to mean that the first two CDs continued to renew automatically without limit, and determined the third CD's language "automatically renewed [the CD] for a like period unless presented for payment."