

## **BILL ANALYSIS**

C.S.H.B. 2238  
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Judicial Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Often, persons wish to allow others to manage a portion of their financial affairs, but do not wish to grant a formal power of attorney. For instance, an elderly person may want to give the ability to pay bills to an adult child without granting other powers to that child. In response to this concern, the 73rd Legislature in 1993 established convenience accounts. A convenience signer is a co-signer on such an account, but does not have an ownership interest in the account.

There is much confusion in the banking community regarding situations where there are multiple parties to an account or multiple convenience signers. Many believe that current law limits convenience accounts to one-party accounts only. Thus, two parents who have a joint account would be unable to designate a child as a convenience signer for that account. Similarly, many believe that current law prohibits having two convenience signers. In such a situation, a parent would not be able to designate both of her children as convenience signers. This has proven a source of confusion and irritation for financial institutions and their customers.

C.S.H.B. 2238 would clarify the law regarding convenience accounts and convenience signers to make it clear that it applies to multiple-party accounts and allows multiple convenience signers.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 2238 amends the Probate Code to clarify that a convenience account may be established by one or more parties in the names of the parties and one or more convenience signers, and that a convenience signer is not considered to have made a gift of any portion of the account to a convenience signer.

The bill also clarifies provisions regarding the liability of financial institutions for payments made to a convenience signer after the death of the last surviving party.

The bill also amends the forms that financial institutions may use to reflect changes made by this bill.

### **EFFECTIVE DATE**

September 1, 2003.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute changes the term "cosigner" to "convenience signer" and deletes provisions of the original made redundant by the substitute.

