

By: Paxton

H.B. No. 1590

A BILL TO BE ENTITLED

AN ACT

relating to multiple-party accounts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 442, Texas Probate Code, is amended to read as follows:

Sec. 442. RIGHTS OF CREDITORS; PLEDGE OF ACCOUNT. No multiple-party account will be effective against an estate of a deceased party to transfer to a survivor sums needed to pay debts, taxes, and expenses of administration, including statutory allowances to the surviving spouse and minor children, if other assets of the estate are insufficient. No multiple-party account will be effective against the claim of a secured creditor who has a lien on the account. A party to a multiple-party account may pledge the account or otherwise create a security interest in the account without the joinder of, as appropriate, a P.O.D. payee, a beneficiary, a convenience signer, or any other party to a joint account, regardless of whether there is a right of survivorship. A convenience signer may not pledge or otherwise create a security interest in an account. Not later than the 30th day after the date on which a security interest on a multiple-party account is perfected, the secured creditor shall provide written notice of the pledge of the account to any other party to the account who did not create the security interest. The notice must be sent by certified mail to any other party at the last address the party provided to

1 the depository bank and is not required to be provided to a P.O.D.
2 payee, a beneficiary, or a convenience signer. A party, P.O.D.
3 payee, or beneficiary who receives payment from a multiple-party
4 account after the death of a deceased party shall be liable to
5 account to the deceased party's personal representative for amounts
6 the decedent owned beneficially immediately before his death to the
7 extent necessary to discharge the claims and charges mentioned
8 above remaining unpaid after application of the decedent's estate,
9 but is not liable in an amount greater than the amount that the
10 party, P.O.D. payee, or beneficiary received from the
11 multiple-party account. No proceeding to assert this liability
12 shall be commenced unless the personal representative has received
13 a written demand by a surviving spouse, a creditor, or one acting
14 for a minor child of the decedent, and no proceeding shall be
15 commenced later than two years following the death of the decedent.
16 Sums recovered by the personal representative shall be administered
17 as part of the decedent's estate. This section shall not affect the
18 right of a financial institution to make payment on multiple-party
19 accounts according to the terms thereof, or make it liable to the
20 estate of a deceased party unless before payment the institution
21 received written notice from the personal representative stating
22 the sums needed to pay debts, taxes, claims, and expenses of
23 administration.

24 SECTION 2. This Act takes effect September 1, 2003, and
25 applies only to an account created on or after the effective date of
26 this Act. An account created before the effective date of this Act
27 is governed by the law in effect when the account was created, and

1 the former law is continued in effect for that purpose.