

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, 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. A party, P.O.D. payee, or beneficiary who receives payment from a multiple-party account after the death of a deceased party shall be liable to account to the deceased party's personal representative for amounts the decedent owned beneficially immediately before his death to the extent necessary to discharge the claims and charges mentioned above remaining

1 unpaid after application of the decedent's estate, but is not  
2 liable in an amount greater than the amount that the party, P.O.D.  
3 payee, or beneficiary received from the multiple-party account. No  
4 proceeding to assert this liability shall be commenced unless the  
5 personal representative has received a written demand by a  
6 surviving spouse, a creditor, or one acting for a minor child of the  
7 decedent, and no proceeding shall be commenced later than two years  
8 following the death of the decedent. Sums recovered by the personal  
9 representative shall be administered as part of the decedent's  
10 estate. This section shall not affect the right of a financial  
11 institution to make payment on multiple-party accounts according to  
12 the terms thereof, or make it liable to the estate of a deceased  
13 party unless before payment the institution received written notice  
14 from the personal representative stating the sums needed to pay  
15 debts, taxes, claims, and expenses of administration.

16 SECTION 2. This Act takes effect September 1, 2003, and  
17 applies only to an account created on or after the effective of this  
18 Act. An account created before the effective date of this Act is  
19 governed by the law in effect when the account was created, and the  
20 former law is continued in effect for that purpose.