

1-1 By: Paxton (Senate Sponsor - Carona) H.B. No. 1590
1-2 (In the Senate - Received from the House April 28, 2003;
1-3 May 1, 2003, read first time and referred to Committee on
1-4 Jurisprudence; May 20, 2003, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 6, Nays 0;
1-6 May 20, 2003, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1590 By: Averitt

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to multiple-party accounts.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 442, Texas Probate Code, is amended to
1-13 read as follows:

1-14 Sec. 442. RIGHTS OF CREDITORS; PLEDGE OF ACCOUNT. No
1-15 multiple-party account will be effective against an estate of a
1-16 deceased party to transfer to a survivor sums needed to pay debts,
1-17 taxes, and expenses of administration, including statutory
1-18 allowances to the surviving spouse and minor children, if other
1-19 assets of the estate are insufficient. No multiple-party account
1-20 will be effective against the claim of a secured creditor who has a
1-21 lien on the account. A party to a multiple-party account may pledge
1-22 the account or otherwise create a security interest in the account
1-23 without the joinder of, as appropriate, a P.O.D. payee, a
1-24 beneficiary, a convenience signer, or any other party to a joint
1-25 account, regardless of whether there is a right of survivorship. A
1-26 convenience signer may not pledge or otherwise create a security
1-27 interest in an account. Not later than the 30th day after the date
1-28 on which a security interest on a multiple-party account is
1-29 perfected, a secured creditor that is a financial institution the
1-30 accounts of which are insured by the Federal Deposit Insurance
1-31 Corporation shall provide written notice of the pledge of the
1-32 account to any other party to the account who did not create the
1-33 security interest. The notice must be sent by certified mail to any
1-34 other party at the last address the party provided to the depository
1-35 bank and is not required to be provided to a P.O.D. payee, a
1-36 beneficiary, or a convenience signer. A party, P.O.D. payee, or
1-37 beneficiary who receives payment from a multiple-party account
1-38 after the death of a deceased party shall be liable to account to
1-39 the deceased party's personal representative for amounts the
1-40 decedent owned beneficially immediately before his death to the
1-41 extent necessary to discharge the claims and charges mentioned
1-42 above remaining unpaid after application of the decedent's estate,
1-43 but is not liable in an amount greater than the amount that the
1-44 party, P.O.D. payee, or beneficiary received from the
1-45 multiple-party account. No proceeding to assert this liability
1-46 shall be commenced unless the personal representative has received
1-47 a written demand by a surviving spouse, a creditor, or one acting
1-48 for a minor child of the decedent, and no proceeding shall be
1-49 commenced later than two years following the death of the decedent.
1-50 Sums recovered by the personal representative shall be administered
1-51 as part of the decedent's estate. This section shall not affect the
1-52 right of a financial institution to make payment on multiple-party
1-53 accounts according to the terms thereof, or make it liable to the
1-54 estate of a deceased party unless before payment the institution
1-55 received written notice from the personal representative stating
1-56 the sums needed to pay debts, taxes, and expenses of
1-57 administration.

1-58 SECTION 2. This Act takes effect September 1, 2003, and
1-59 applies only to an account created on or after the effective date of
1-60 this Act. An account created before the effective date of this Act
1-61 is governed by the law in effect when the account was created, and
1-62 the former law is continued in effect for that purpose.

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