

By: Paxton

H.B. No. 2238

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. Sections 438A(a), (c), (d), (e), (f), and (g), Texas Probate Code, are amended to read as follows:

(a) If an account is established at a financial institution by one or more parties [~~a party~~] in the names of the parties [~~party~~] and one or more convenience signers [~~a cosigner~~] and the terms of the account provide that the sums on deposit are paid or delivered to the parties [~~party~~] or to the convenience signers [~~cosigner~~] "for the convenience" of the parties [~~party~~], the account is a convenience account.

(c) A [~~The~~] party to a convenience account is not considered to have made a gift [~~of one-half~~] of the deposit or of any additions or accruals to the deposit to a convenience signer [~~the cosigner~~].

(d) On the death of the last surviving party, a convenience signer [~~the cosigner~~] shall have no right of survivorship in the account and ownership of the account remains in the estate of the last surviving party.

(e) If an addition is made to the account by anyone other than a [~~the~~] party, the addition and accruals to the addition are considered to have been made by a [~~the~~] party.

(f) All deposits to a convenience account and additions and accruals to the deposits may be paid to a [~~the~~] party or to a

1 convenience signer [~~the cosigner~~]. The financial institution is  
2 completely released from liability for a payment made from the  
3 account before the financial institution receives notice in writing  
4 signed by a a [~~the~~] party not to make the payment in accordance with  
5 the terms of the account. After receipt of the notice from a a [~~the~~]  
6 party, the financial institution may require a a [~~the~~] party to  
7 approve any further payments from the account.

8 (g) If the financial institution makes a payment of the sums  
9 on deposit in a convenience account to a convenience signer [~~the~~  
10 ~~cosigner~~] after the death of the last surviving party and before the  
11 financial institution has received written notice of the last  
12 surviving party's death, the financial institution is completely  
13 released from liability for the payment. If a financial  
14 institution makes payment to the personal representative of the  
15 deceased last surviving party's estate after the death of the last  
16 surviving party and before service on the financial institution of  
17 a court order prohibiting payment, the financial institution is  
18 released to the extent of the payment from liability to any person  
19 claiming a right to the funds. The receipt by the representative to  
20 whom payment is made is a complete release and discharge of the  
21 financial institution.

22 SECTION 2. Section 439A(b), Texas Probate Code, is amended  
23 to read as follows:

24 (b) A financial institution may use the following form to  
25 establish the type of account selected by a party:

26 UNIFORM SINGLE-PARTY OR MULTIPLE-PARTY ACCOUNT SELECTION  
27 FORM NOTICE: The type of account you select may determine how

1 property passes on your death. Your will may not control the  
2 disposition of funds held in some of the following accounts.

3 Select one of the following accounts by placing your initials next  
4 to the account selected:

5 \_\_\_\_ (1) SINGLE-PARTY ACCOUNT WITHOUT "P.O.D." (PAYABLE ON  
6 DEATH) DESIGNATION. The party to the account owns the account. On  
7 the death of the party, ownership of the account passes as a part of  
8 the party's estate under the party's will or by intestacy.

9 Enter the name of the party:

10 \_\_\_\_\_

11 \_\_\_\_ (2) SINGLE-PARTY ACCOUNT WITH "P.O.D." (PAYABLE ON DEATH)  
12 DESIGNATION. The party to the account owns the account. On the  
13 death of the party, ownership of the account passes to the P.O.D.  
14 beneficiaries of the account. The account is not a part of the  
15 party's estate.

16 Enter the name of the party:

17 \_\_\_\_\_

18 Enter the name or names of the P.O.D. beneficiaries:

19 \_\_\_\_\_

20 \_\_\_\_\_

21 \_\_\_\_ (3) MULTIPLE-PARTY ACCOUNT WITHOUT RIGHT OF  
22 SURVIVORSHIP. The parties to the account own the account in  
23 proportion to the parties' net contributions to the account. The  
24 financial institution may pay any sum in the account to a party at  
25 any time. On the death of a party, the party's ownership of the  
26 account passes as a part of the party's estate under the party's  
27 will or by intestacy.

1 Enter the names of the parties:

2 \_\_\_\_\_  
3 \_\_\_\_\_  
4 \_\_\_\_\_

5 \_\_\_\_ (4) MULTIPLE-PARTY ACCOUNT WITH RIGHT OF SURVIVORSHIP.

6 The parties to the account own the account in proportion to the  
7 parties' net contributions to the account. The financial  
8 institution may pay any sum in the account to a party at any time.  
9 On the death of a party, the party's ownership of the account passes  
10 to the surviving parties.

11 Enter the names of the parties:

12 \_\_\_\_\_  
13 \_\_\_\_\_

14 \_\_\_\_ (5) MULTIPLE-PARTY ACCOUNT WITH RIGHT OF SURVIVORSHIP AND

15 P.O.D. (PAYABLE ON DEATH) DESIGNATION. The parties to the account  
16 own the account in proportion to the parties' net contributions to  
17 the account. The financial institution may pay any sum in the  
18 account to a party at any time. On the death of the last surviving  
19 party, the ownership of the account passes to the P.O.D.  
20 beneficiaries.

21 Enter the names of the parties:

22 \_\_\_\_\_  
23 \_\_\_\_\_

24 Enter the name or names of the P.O.D. beneficiaries:

25 \_\_\_\_\_  
26 \_\_\_\_\_

27 \_\_\_\_ (6) CONVENIENCE ACCOUNT. The parties [~~party~~] to the

1 account own [~~owns~~] the account. One or more convenience signers  
2 [~~The cosigner~~] to the account may make account transactions for a  
3 [~~the~~] party. A convenience signer [~~The cosigner~~] does not own the  
4 account. On the death of the last surviving party, ownership of the  
5 account passes as a part of the last surviving party's estate under  
6 the last surviving party's will or by intestacy. The financial  
7 institution may pay funds in the account to a convenience signer  
8 [~~the cosigner~~] before the financial institution receives notice of  
9 the death of the last surviving party. The payment to a convenience  
10 signer [~~the cosigner~~] does not affect the parties' [~~party's~~]  
11 ownership of the account.

12 Enter the names [~~name~~] of the parties [~~party~~]:

13 \_\_\_\_\_  
14 \_\_\_\_\_

15 Enter the names [~~name~~] of the convenience signers [~~cosigner~~]:

16 \_\_\_\_\_  
17 \_\_\_\_\_

18 \_\_\_\_ (7) TRUST ACCOUNT. The parties named as trustees to the  
19 account own the account in proportion to the parties' net  
20 contributions to the account. A trustee may withdraw funds from the  
21 account. A beneficiary may not withdraw funds from the account  
22 before all trustees are deceased. On the death of the last  
23 surviving trustee, the ownership of the account passes to the  
24 beneficiary. The trust account is not a part of a trustee's estate  
25 and does not pass under the trustee's will or by intestacy, unless  
26 the trustee survives all of the beneficiaries and all other  
27 trustees.

1           Enter the name or names of the trustees:

2           \_\_\_\_\_

3           \_\_\_\_\_

4           Enter the name or names of the beneficiaries:

5           \_\_\_\_\_

6           \_\_\_\_\_

7           SECTION 3. This Act takes effect September 1, 2003, and  
8 applies only to an account created on or after the effective date of  
9 this Act. An account created before the effective date of this Act  
10 is covered by the law in effect when the account was created, and  
11 the former law is continued in effect for that purpose.