

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.

President of the Senate

Speaker of the House

I certify that H.B. No. 2238 was passed by the House on April 25, 2003, by a non-record vote.

Chief Clerk of the House

I certify that H.B. No. 2238 was passed by the Senate on May 22, 2003, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor