

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. Section 438A, Texas Probate Code, is amended by amending Subsections (a), (c), (d), (e), (f), and (g) 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 cosigners [~~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 cosigners [~~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 [~~the~~] cosigner.

(d) On the death of the last surviving party, a [~~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

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

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

23 SECTION 2. Part 1, Chapter XI, Texas Probate Code, is
24 amended by adding Section 438B to read as follows:

25 Sec. 438B. CONVENIENCE SIGNER. (a) If an account is
26 established at a financial institution by one or more parties and
27 the written terms of the account authorize a person who is not a

1 party to the account to make deposits, request payments, and
2 otherwise transact business on the account for the convenience of
3 the parties, the person is a convenience signer. An account may have
4 more than one convenience signer.

5 (b) A convenience signer is not a party to an account and has
6 no ownership interest in the account. A party to an account is not
7 considered to have made a gift of any portion of the deposit or of
8 any additions or accruals to the deposit to the convenience signer.

9 (c) On the death of the last surviving party, a convenience
10 signer has no right of survivorship in the account and ownership of
11 the account is determined as if there was no convenience signer on
12 the account. A convenience signer who is also a P.O.D. payee on a
13 P.O.D. account or a beneficiary of a trust account becomes a party
14 to the account only after the account becomes payable to the
15 convenience signer because the convenience signer survived the
16 original payees or trustees.

17 (d) The financial institution is completely released from
18 liability for a payment made from an account at the request of a
19 convenience signer before the financial institution receives
20 notice in writing signed by a party not to make the payment in
21 accordance with the terms of the account or otherwise terminating
22 the convenience signer's authority with respect to the account.
23 After receipt of the notice from a party, the financial institution
24 may require a party to approve any further payments from the
25 account.

26 (e) On the death of the last surviving party to an account,
27 the authority of a convenience signer with respect to the account

1 ceases. If the financial institution makes a payment of the sums on
2 deposit at the request of a convenience signer after the death of
3 the last surviving party and before the financial institution has
4 received written notice of the last surviving party's death, the
5 financial institution is completely released from liability for the
6 payment.

7 SECTION 3. Section 439A(b), Texas Probate Code, is amended
8 to read as follows:

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

11 UNIFORM SINGLE-PARTY OR MULTIPLE-PARTY ACCOUNT SELECTION
12 FORM NOTICE: The type of account you select may determine how
13 property passes on your death. Your will may not control the
14 disposition of funds held in some of the following accounts.

15 Select one of the following accounts by placing your initials next
16 to the account selected:

17 ___ (1) SINGLE-PARTY ACCOUNT WITHOUT "P.O.D." (PAYABLE ON
18 DEATH) DESIGNATION. The party to the account owns the account. On
19 the death of the party, ownership of the account passes as a part of
20 the party's estate under the party's will or by intestacy.

21 Enter the name of the party:

22 _____

23 ___ (2) SINGLE-PARTY ACCOUNT WITH "P.O.D." (PAYABLE ON DEATH)
24 DESIGNATION. The party to the account owns the account. On the
25 death of the party, ownership of the account passes to the P.O.D.
26 beneficiaries of the account. The account is not a part of the
27 party's estate.

1 Enter the name of the party:

2 _____

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

4 _____

5 _____

6 ___ (3) MULTIPLE-PARTY ACCOUNT WITHOUT RIGHT OF
7 SURVIVORSHIP. The parties to the account own the account in
8 proportion to the parties' net contributions to the account. The
9 financial institution may pay any sum in the account to a party at
10 any time. On the death of a party, the party's ownership of the
11 account passes as a part of the party's estate under the party's
12 will or by intestacy.

13 Enter the names of the parties:

14 _____

15 _____

16 _____

17 ___ (4) MULTIPLE-PARTY ACCOUNT WITH RIGHT OF SURVIVORSHIP.
18 The parties to the account own the account in proportion to the
19 parties' net contributions to the account. The financial
20 institution may pay any sum in the account to a party at any time.
21 On the death of a party, the party's ownership of the account passes
22 to the surviving parties.

23 Enter the names of the parties:

24 _____

25 _____

26 ___ (5) MULTIPLE-PARTY ACCOUNT WITH RIGHT OF SURVIVORSHIP AND
27 P.O.D. (PAYABLE ON DEATH) DESIGNATION. The parties to the account

1 own the account in proportion to the parties' net contributions to
2 the account. The financial institution may pay any sum in the
3 account to a party at any time. On the death of the last surviving
4 party, the ownership of the account passes to the P.O.D.
5 beneficiaries.

6 Enter the names of the parties:

7 _____
8 _____

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

10 _____
11 _____

12 ____ (6) CONVENIENCE ACCOUNT. The parties [~~party~~] to the
13 account own [~~owns~~] the account. One or more cosigners [~~The~~
14 ~~cosigner~~] to the account may make account transactions for a [~~the~~
15 party. A [~~The~~] cosigner does not own the account. On the death of
16 the last surviving party, ownership of the account passes as a part
17 of the last surviving party's estate under the last surviving
18 party's will or by intestacy. The financial institution may pay
19 funds in the account to a [~~the~~] cosigner before the financial
20 institution receives notice of the death of the last surviving
21 party. The payment to a [~~the~~] cosigner does not affect the parties'
22 [~~party's~~] ownership of the account.

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

24 _____
25 _____

26 Enter the names [~~name~~] of the cosigners [~~cosigner~~]:

27 _____

1 _____
 2 ____ (7) TRUST ACCOUNT. The parties named as trustees to the
 3 account own the account in proportion to the parties' net
 4 contributions to the account. A trustee may withdraw funds from the
 5 account. A beneficiary may not withdraw funds from the account
 6 before all trustees are deceased. On the death of the last
 7 surviving trustee, the ownership of the account passes to the
 8 beneficiary. The trust account is not a part of a trustee's estate
 9 and does not pass under the trustee's will or by intestacy, unless
 10 the trustee survives all of the beneficiaries and all other
 11 trustees.

12 Enter the name or names of the trustees:

13 _____
 14 _____

15 Enter the name or names of the beneficiaries:

16 _____
 17 _____

18 SECTION 4. This Act takes effect September 1, 2003, and
 19 applies only to an account created on or after the effective date of
 20 this Act. An account created before the effective date of this Act
 21 is covered by the law in effect when the account was created, and
 22 the former law is continued in effect for that purpose.