

1-1 By: Paxton (Senate Sponsor - Hinojosa) H.B. No. 2238
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 14, 2003, reported favorably by the following
1-5 vote: Yeas 6, Nays 0; May 14, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to multiple-party accounts.

1-9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-10 SECTION 1. Sections 438A(a), (c), (d), (e), (f), and (g),
1-11 Texas Probate Code, are amended to read as follows:

1-12 (a) If an account is established at a financial institution
1-13 by one or more parties [~~a party~~] in the names of the parties [~~party~~]
1-14 and one or more convenience signers [~~a cosigner~~] and the terms of
1-15 the account provide that the sums on deposit are paid or delivered
1-16 to the parties [~~party~~] or to the convenience signers [~~cosigner~~]
1-17 "for the convenience" of the parties [~~party~~], the account is a
1-18 convenience account.

1-19 (c) A [~~The~~] party to a convenience account is not considered
1-20 to have made a gift [~~of one-half~~] of the deposit or of any additions
1-21 or accruals to the deposit to a convenience signer [~~the cosigner~~].

1-22 (d) On the death of the last surviving party, a convenience
1-23 signer [~~the cosigner~~] shall have no right of survivorship in the
1-24 account and ownership of the account remains in the estate of the
1-25 last surviving party.

1-26 (e) If an addition is made to the account by anyone other
1-27 than a [~~the~~] party, the addition and accruals to the addition are
1-28 considered to have been made by a [~~the~~] party.

1-29 (f) All deposits to a convenience account and additions and
1-30 accruals to the deposits may be paid to a [~~the~~] party or to a
1-31 convenience signer [~~the cosigner~~]. The financial institution is
1-32 completely released from liability for a payment made from the
1-33 account before the financial institution receives notice in writing
1-34 signed by a [~~the~~] party not to make the payment in accordance with
1-35 the terms of the account. After receipt of the notice from a [~~the~~]
1-36 party, the financial institution may require a [~~the~~] party to
1-37 approve any further payments from the account.

1-38 (g) If the financial institution makes a payment of the sums
1-39 on deposit in a convenience account to a convenience signer [~~the~~]
1-40 cosigner] after the death of the last surviving party and before the
1-41 financial institution has received written notice of the last
1-42 surviving party's death, the financial institution is completely
1-43 released from liability for the payment. If a financial
1-44 institution makes payment to the personal representative of the
1-45 deceased last surviving party's estate after the death of the last
1-46 surviving party and before service on the financial institution of
1-47 a court order prohibiting payment, the financial institution is
1-48 released to the extent of the payment from liability to any person
1-49 claiming a right to the funds. The receipt by the representative to
1-50 whom payment is made is a complete release and discharge of the
1-51 financial institution.

1-52 SECTION 2. Section 439A(b), Texas Probate Code, is amended
1-53 to read as follows:

1-54 (b) A financial institution may use the following form to
1-55 establish the type of account selected by a party:

1-56 UNIFORM SINGLE-PARTY OR MULTIPLE-PARTY ACCOUNT SELECTION
1-57 FORM NOTICE: The type of account you select may determine how
1-58 property passes on your death. Your will may not control the
1-59 disposition of funds held in some of the following accounts.
1-60 Select one of the following accounts by placing your initials next
1-61 to the account selected:

1-62 _____ (1) SINGLE-PARTY ACCOUNT WITHOUT "P.O.D." (PAYABLE ON
1-63 DEATH) DESIGNATION. The party to the account owns the account. On
1-64 the death of the party, ownership of the account passes as a part of

2-1 the party's estate under the party's will or by intestacy.

2-2 Enter the name of the party:

2-3 _____
2-4 (2) SINGLE-PARTY ACCOUNT WITH "P.O.D." (PAYABLE ON DEATH)
2-5 DESIGNATION. The party to the account owns the account. On the
2-6 death of the party, ownership of the account passes to the P.O.D.
2-7 beneficiaries of the account. The account is not a part of the
2-8 party's estate.

2-9 Enter the name of the party:

2-10 _____
2-11 Enter the name or names of the P.O.D. beneficiaries:

2-12 _____
2-13 _____
2-14 (3) MULTIPLE-PARTY ACCOUNT WITHOUT RIGHT OF
2-15 SURVIVORSHIP. The parties to the account own the account in
2-16 proportion to the parties' net contributions to the account. The
2-17 financial institution may pay any sum in the account to a party at
2-18 any time. On the death of a party, the party's ownership of the
2-19 account passes as a part of the party's estate under the party's
2-20 will or by intestacy.

2-21 Enter the names of the parties:

2-22 _____
2-23 _____

2-24 _____
2-25 (4) MULTIPLE-PARTY ACCOUNT WITH RIGHT OF SURVIVORSHIP.
2-26 The parties to the account own the account in proportion to the
2-27 parties' net contributions to the account. The financial
2-28 institution may pay any sum in the account to a party at any time.
2-29 On the death of a party, the party's ownership of the account passes
2-30 to the surviving parties.

2-31 Enter the names of the parties:

2-32 _____
2-33 _____

2-34 (5) MULTIPLE-PARTY ACCOUNT WITH RIGHT OF SURVIVORSHIP AND
2-35 P.O.D. (PAYABLE ON DEATH) DESIGNATION. The parties to the account
2-36 own the account in proportion to the parties' net contributions to
2-37 the account. The financial institution may pay any sum in the
2-38 account to a party at any time. On the death of the last surviving
2-39 party, the ownership of the account passes to the P.O.D.
2-40 beneficiaries.

2-41 Enter the names of the parties:

2-42 _____
2-43 _____

2-44 Enter the name or names of the P.O.D. beneficiaries:

2-45 _____
2-46 _____

2-47 (6) CONVENIENCE ACCOUNT. The parties [~~party~~] to the
2-48 account own [~~owns~~] the account. One or more convenience signers
2-49 [~~The cosigner~~] to the account may make account transactions for a
2-50 [~~the~~] party. A convenience signer [~~The cosigner~~] does not own the
2-51 account. On the death of the last surviving party, ownership of the
2-52 account passes as a part of the last surviving party's estate under
2-53 the last surviving party's will or by intestacy. The financial
2-54 institution may pay funds in the account to a convenience signer
2-55 [~~the cosigner~~] before the financial institution receives notice of
2-56 the death of the last surviving party. The payment to a convenience
2-57 signer [~~the cosigner~~] does not affect the parties' [~~party's~~]
2-58 ownership of the account.

2-59 Enter the names [~~name~~] of the parties [~~party~~]:

2-60 _____
2-61 _____

2-62 Enter the names [~~name~~] of the convenience signers [~~cosigner~~]:

2-63 _____
2-64 _____

2-65 (7) TRUST ACCOUNT. The parties named as trustees to the
2-66 account own the account in proportion to the parties' net
2-67 contributions to the account. A trustee may withdraw funds from the
2-68 account. A beneficiary may not withdraw funds from the account
2-69 before all trustees are deceased. On the death of the last

3-1 surviving trustee, the ownership of the account passes to the
3-2 beneficiary. The trust account is not a part of a trustee's estate
3-3 and does not pass under the trustee's will or by intestacy, unless
3-4 the trustee survives all of the beneficiaries and all other
3-5 trustees.

3-6 Enter the name or names of the trustees:

3-7 _____

3-8 _____

3-9 Enter the name or names of the beneficiaries:

3-10 _____

3-11 _____

3-12 SECTION 3. This Act takes effect September 1, 2003, and
3-13 applies only to an account created on or after the effective date of
3-14 this Act. An account created before the effective date of this Act
3-15 is covered by the law in effect when the account was created, and
3-16 the former law is continued in effect for that purpose.

3-17 * * * * *