By: Hartnett H.B. No. 2899 Substitute the following for H.B. No. 2899: C.S.H.B. No. 2899 By: Madden A BILL TO BE ENTITLED 1 AN ACT relating to decedents' estates. 2 3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS: ARTICLE 1. AMENDMENTS TO TEXAS PROBATE CODE 4 5 SECTION 1.01. Section 34A, Texas Probate Code, is amended to read as follows: 6 7 Sec. 34A. ATTORNEYS AD LITEM. (a) Except as provided by Section 53(c) of this code, the judge of a probate court may appoint 8 9 an attorney ad litem in any probate proceeding to represent the 10 interests of: 11 (1) a person having a legal disability; 12 (2) [7] a nonresident; 13 (3)  $[\tau]$  an unborn or unascertained person; 14 (4) [, or] an unknown or missing heir; or (5) an unknown or missing person entitled to property 15 deposited in an account in the court's registry under Section 16 408(b) of this code [in any probate proceeding]. 17 (b) Subject to Subsection (c) of this section, an [Each] 18 attorney ad litem appointed under this section is entitled to 19 reasonable compensation for services in the amount set by the 20 21 court. The court shall: 22 (1) tax the compensation [and to be taxed] as costs in 23 the probate proceeding; or 24 (2) for an attorney ad litem appointed to represent

the interests of an unknown or missing person described by 1 Subsection (a)(5) of this section, order that the compensation be 2 paid from money in the account described by that subdivision. 3 4 (c) The court order appointing an attorney ad litem to 5 represent the interests of an unknown or missing person described by Subsection (a)(5) of this section must require the attorney ad 6 litem to conduct a search for the person. Compensation paid under 7 Subsection (b) of this section to the attorney ad litem may not 8 exceed 10 percent of the amount on deposit in the account described 9 by Subsection (a)(5) of this section on the date: 10 11 (1) the attorney ad litem reports to the court the

11 (1) the attorney ad litem reports to the court the 12 location of the previously unknown or missing person; or

13 (2) the money in the account is paid to the comptroller
14 as provided by Section 427 of this code.

15 SECTION 1.02. Section 48, Texas Probate Code, is amended by 16 adding Subsection (d) to read as follows:

17 (d) Notwithstanding Section 16.051, Civil Practice and
 18 Remedies Code, a proceeding to declare heirship of a decedent may be
 19 brought at any time after the decedent's death.

20 SECTION 1.03. Section 49(a), Texas Probate Code, is amended 21 to read as follows:

(a) Such proceedings may be instituted and maintained in any of the instances enumerated above by the qualified personal representative of the estate of such decedent, by any person or persons claiming to be a secured <u>or unsecured</u> creditor or the owner of the whole or a part of the estate of such decedent, or by the guardian of the estate of a ward, if the proceedings are instituted

and maintained in the probate court in which the proceedings for the guardianship of the estate were pending at the time of the death of the ward. In such a case an application shall be filed in a proper court stating the following information:

5 (1) the name of the decedent and the time and place of6 death;

7 (2) the names and residences of the decedent's heirs,
8 the relationship of each heir to the decedent, and the true interest
9 of the applicant and each of the heirs in the estate of the
10 decedent;

11 (3) all the material facts and circumstances within 12 the knowledge and information of the applicant that might 13 reasonably tend to show the time or place of death or the names or 14 residences of all heirs, if the time or place of death or the names 15 or residences of all the heirs are not definitely known to the 16 applicant;

17 (4) a statement that all children born to or adopted by18 the decedent have been listed;

(5) a statement that each marriage of the decedent has been listed with the date of the marriage, the name of the spouse, and if the marriage was terminated, the date and place of termination, and other facts to show whether a spouse has had an interest in the property of the decedent;

24 (6) whether the decedent died testate and if so, what25 disposition has been made of the will;

(7) a general description of all the real and personal
 property belonging to the estate of the decedent; and

(8) an explanation for the omission of any of the
 foregoing information that is omitted from the application.

3 SECTION 1.04. Section 77, Texas Probate Code, is amended to 4 read as follows:

5 Sec. 77. ORDER OF PERSONS QUALIFIED TO SERVE. Letters 6 testamentary or of administration shall be granted to persons who 7 are qualified to act, in the following order:

8 (a) To the person named as executor in the will of the 9 deceased.

10 (b) To the surviving husband or wife.

11 (c) To the principal devisee or legatee of the testator.

12 (d) To any devisee or legatee of the testator.

13 (e) To the next of kin of the deceased, the nearest in order 14 of descent first, and so on, and next of kin includes a person and 15 his descendants who legally adopted the deceased or who have been 16 legally adopted by the deceased.

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(f) To a creditor of the deceased.

(g) To any person of good character residing in the countywho applies therefor.

(h) To any other person not disqualified under the following <u>section</u> [Section]. When <u>persons</u> [applicants] are equally entitled, letters shall be granted to the <u>person</u> [applicant] who, in the judgment of the court, is most likely to administer the estate advantageously, or <u>letters</u> [they] may be granted to [any] two or more of <u>those persons</u> [such applicants].

26 SECTION 1.05. Section 83(a), Texas Probate Code, is amended 27 to read as follows:

1 (a) Where Original Application Has Not Been Heard. If, after an application for the probate of a will or for the appointment of a 2 3 general personal representative has been filed, and before such application has been heard, an application for the probate of a will 4 5 of the decedent, not theretofore presented for probate, is filed, the court shall hear both applications together and determine what 6 instrument, if any, should be admitted to probate, or whether the 7 8 decedent died intestate. The court may not sever or bifurcate the proceeding on the applications. 9

10 SECTION 1.06. Section 149C, Texas Probate Code, is amended 11 by amending Subsection (a) and adding Subsections (a-1) and (a-2) 12 to read as follows:

13 (a) The [county] court, [as that term is defined by Section 14 <u>3 of this code</u>,] on its own motion or on motion of any interested 15 person, after the independent executor has been cited by personal 16 service to answer at a time and place fixed in the notice, may 17 remove an independent executor when:

(1) the independent executor fails to return within ninety days after qualification, unless such time is extended by order of the court, an inventory of the property of the estate and list of claims that have come to the independent executor's knowledge;

(2) sufficient grounds appear to support belief that
the independent executor has misapplied or embezzled, or that the
independent executor is about to misapply or embezzle, all or any
part of the property committed to the independent executor's care;
(3) the independent executor fails to make an

1 accounting which is required by law to be made;

2 (4) the independent executor fails to timely file the
3 affidavit or certificate required by Section 128A of this code;

4 (5) the independent executor is proved to have been 5 guilty of gross misconduct or gross mismanagement in the 6 performance of the independent executor's duties; or

7 (6) the independent executor becomes an incapacitated
8 person, or is sentenced to the penitentiary, or from any other cause
9 becomes <u>incapable of</u> [<del>legally incapacitated from</del>] properly
10 performing the independent executor's fiduciary duties.

11 (a-1) The court, on its own motion or on the motion of any 12 interested person, and after the independent executor has been 13 cited by certified mail, return receipt requested, to answer at a 14 time and place stated in the citation, may remove an independent 15 executor who is appointed under the provisions of this code if the 16 independent executor:

17 (1) subject to Subsection (a-2)(1) of this section,
 18 fails to qualify in the manner and period required by law;

19 (2) subject to Subsection (a-2)(2) of this section,
20 fails to return not later than the 90th day after the date the
21 independent executor qualifies an inventory of the estate property
22 and a list of claims that have come to the independent executor's
23 knowledge, unless the period is extended by court order;
24 (3) cannot be served with notices or other processes

25 because the:

26 (A) independent executor's location is unknown;
 27 (B) independent executor is eluding service; or

C.S.H.B. No. 2899 1 (C) independent executor is a nonresident of this 2 state who does not have a resident agent to accept service of process in a probate proceeding or other action relating to the 3 4 estate; or 5 (4) subject to Subsection (a-2)(3) of this section, has misapplied, embezzled, or removed from the state, or is about to 6 7 misapply, embezzle, or remove from the state, all or any part of the 8 property committed to the independent executor's care. 9 (a-2) The court may remove an independent executor: (1) under Subsection (a-1)(1) of this section only if 10 the independent executor fails to qualify on or before the 30th day 11 12 after the date the court sends a notice by certified mail, return receipt requested, to the independent executor's last known address 13 14 and to the last known address of the independent executor's 15 attorney, notifying the independent executor and attorney of the court's intent to remove the independent executor for failure to 16 17 qualify in the manner and period required by law; (2) under Subsection (a-1)(2) of this section only if 18 19 the independent executor fails to file an inventory and list of claims as required by law on or before the 30th day after the date 20 the court sends a notice by certified mail, return receipt 21 requested, to the independent executor's last known address and to 22 the last known address of the independent executor's attorney, 23 24 notifying the independent executor and attorney of the court's intent to remove the independent executor for failure to file the 25 26 inventory and list of claims; and 27 (3) under Subsection (a-1)(4) of this section only on

1 presentation of clear and convincing evidence given under oath of 2 the misapplication, embezzlement, or removal from this state of 3 property as described by that subdivision. 4 SECTION 1.07. Part 1, Chapter VIII, Texas Probate Code, is 5 amended by adding Section 254 to read as follows: 6 Sec. 254. PENALTY FOR FAILURE TO TIMELY FILE INVENTORY, APPRAISEMENT, AND LIST OF CLAIMS. (a) This section applies only to 7 a personal representative, including an independent executor or 8 administrator, who does not file an inventory, appraisement, and 9 10 list of claims within the period prescribed by Section 250 of this code or any extension granted by the court. 11

C.S.H.B. No. 2899

12 (b) Any person interested in the estate on written 13 complaint, or the court on the court's own motion, may have a 14 personal representative to whom this section applies cited to file 15 the inventory, appraisement, and list of claims and show cause for 16 the failure to timely file.

17 (c) If the personal representative does not file the 18 inventory, appraisement, and list of claims after being cited or 19 does not show good cause for the failure to timely file, the court 20 on hearing may fine the representative in an amount not to exceed 21 \$1,000.

(d) The personal representative and the representative's sureties, if any, are liable for any fine imposed under this section and for all damages and costs sustained by the representative's failure. The fine, damages, and costs may be recovered in any court of competent jurisdiction.
SECTION 1.08. Section 407, Texas Probate Code, is amended

1 to read as follows:

Sec. 407. CITATION AND NOTICE UPON PRESENTATION OF ACCOUNT 2 3 FOR FINAL SETTLEMENT. Upon the filing of an account for final settlement by temporary or permanent personal representatives of 4 5 the estates of decedents, citation shall contain a statement that such final account has been filed, the time and place when it will 6 be considered by the court, and a statement requiring the person or 7 8 persons cited to appear and contest the same if they see proper. Such citation shall be issued by the county clerk to the persons and 9 in the manner set out below. 10

11 1. <u>Citation</u> [In case of the estates of deceased 12 persons, notice] shall be given [by the personal representative] to 13 each heir or beneficiary of the decedent by certified mail, return 14 receipt requested, unless another <u>method of service</u> [type of 15 notice] is directed by the court by written order. The <u>citation</u> 16 [notice] must include a copy of the account for final settlement.

2. If the court deems further additional notice necessary, it shall require the same by written order. In its discretion, the court may allow the waiver of <u>citation</u> [notice] of an account for final settlement in a proceeding concerning a decedent's estate.

SECTION 1.09. Sections 408(b), (c), and (d), Texas Probate
Code, are amended to read as follows:

(b) Distribution of Remaining Property. Upon final settlement of an estate, if there be any of such estate remaining in the hands of the personal representative, the court shall order that a partition and distribution be made among the persons

1 entitled to receive such estate. The court shall order the representative to deposit in an account in the court's registry any 2 3 remaining estate property that is money and to which a person who is unknown or missing is entitled. In addition, the court shall order 4 the representative to sell, on terms the court determines are best, 5 remaining estate property that is not money and to which a person 6 7 who is unknown or missing is entitled. The court shall order the 8 representative to deposit the sale proceeds in an account in the court's registry. The court shall hold money deposited in an 9 10 account under this subsection until the court renders:

C.S.H.B. No. 2899

11 (1) an order requiring money in the account to be paid 12 to the previously unknown or missing person who is entitled to the 13 money; or

## 14 (2) another order regarding the disposition of the 15 money.

16 (c) Discharge of Representative When No Property Remains. 17 If, upon such settlement, there be none of the estate remaining in 18 the hands of the representative, <u>the representative</u> [<del>he</del>] shall be 19 discharged from <u>the representative's</u> [<del>his</del>] trust and the estate 20 ordered closed.

(d) Discharge When Estate Fully Administered. Whenever the representative of an estate has fully administered the same in accordance with this <u>code</u> [<del>Code</del>] and the orders of the court, and <u>the representative's</u> [<del>his</del>] final account has been approved, and <u>the</u> <u>representative</u> [<del>he</del>] has delivered all of said estate remaining in <u>the representative's</u> [<del>his</del>] hands to the person or persons entitled to receive the same, it shall be the duty of the court to enter an

order discharging such representative from <u>the representative's</u>
 [his] trust, and declaring the estate closed.

3 SECTION 1.10. Section 427, Texas Probate Code, is amended 4 to read as follows:

Sec. 427. WHEN ESTATES TO BE PAID INTO STATE TREASURY. 5 Τf any person entitled to a portion of an estate, except a resident 6 minor without a guardian, does [shall] not demand the person's 7 8 [his] portion, including any portion deposited in an account in the court's registry under Section 408(b) of this code, from the 9 executor or administrator within six months after an order of court 10 approving the report of commissioners of partition, or within six 11 months after the settlement of the final account of an executor or 12 administrator, as the case may be, the court by written order shall 13 14 require the executor or administrator to pay so much of said portion 15 as is in money to the comptroller; and such portion as is in other property the court [he] shall order the executor or administrator 16 17 to sell on such terms as the court thinks best, and, when the proceeds of such sale are collected, the court shall order the same 18 to be paid to the comptroller, in all such cases allowing the 19 executor or administrator reasonable compensation 20 the for executor's or administrator's [his] services. A suit to recover 21 proceeds of the sale is governed by Section 433 of this code [Code]. 22

SECTION 1.11. Section 29, Texas Probate Code, is repealed.
SECTION 1.12. (a) Except as otherwise provided by this
section, the changes in law made by this article apply to the estate
of a decedent that is pending or commenced on or after September 1,
27 2011, regardless of the date of the decedent's death.

1 (b) The changes in law made by this article to Section 2 49(a), Texas Probate Code, apply only to an application for 3 determination of heirship filed on or after September 1, 2011. An 4 application for determination of heirship filed before that date is 5 governed by the law in effect on the date the application was filed, 6 and the former law is continued in effect for that purpose.

7 The changes in law made by this article to Section 77, (c) 8 Texas Probate Code, apply only to an application for the grant of letters testamentary or of administration of a decedent's estate 9 10 filed on or after September 1, 2011. An application for the grant of letters testamentary or of administration of a decedent's estate 11 filed before that date is governed by the law in effect on the date 12 the application was filed, and the former law is continued in effect 13 14 for that purpose.

(d) The changes in law made by this article to Section 83(a), Texas Probate Code, apply only to an application for the probate of a will or administration of the estate of a decedent that is pending or filed on or after September 1, 2011.

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## ARTICLE 2. AMENDMENTS TO ESTATES CODE

20 SECTION 2.01. Section 53.104, Estates Code, as effective 21 January 1, 2014, is amended to read as follows:

Sec. 53.104. APPOINTMENT OF ATTORNEYS AD LITEM. (a) Except as provided by Section 202.009(b), the judge of a probate court may appoint an attorney ad litem in any probate proceeding to represent the interests of:

26 (1) a person who has a legal disability;27 (2) a nonresident;

1	(3) an unborn or unascertained person; [ <del>or</del> ]
2	(4) an unknown <u>or missing</u> heir <u>; or</u>
3	(5) an unknown or missing person entitled to property
4	deposited in an account in the court's registry under Section
5	<u>362.011(b)</u> .
6	(b) <u>Subject to Subsection (c), an</u> [ <del>An</del> ] attorney ad litem
7	appointed under this section is entitled to reasonable compensation
8	for services provided in the amount set by the court. The court
9	shall:
10	(1) tax the compensation[, to be taxed] as costs in the
11	<u>probate</u> proceeding; or
12	(2) for an attorney ad litem appointed to represent
13	the interests of an unknown or missing person described by
14	Subsection (a)(5), order that the compensation be paid from money
15	in the account described by that subdivision.
16	(c) The court order appointing an attorney ad litem to
17	represent the interests of an unknown or missing person described
18	by Subsection (a)(5) must require the attorney ad litem to conduct a
19	search for the person. Compensation paid under Subsection (b) to
20	the attorney ad litem may not exceed 10 percent of the amount on
21	deposit in the account described by Subsection (a)(5) on the date:
22	(1) the attorney ad litem reports to the court the
23	location of the previously unknown or missing person; or
24	(2) the money in the account is paid to the comptroller
25	as provided by Section 551.001.
26	SECTION 2.02. Subchapter A, Chapter 202, Estates Code, as
27	effective January 1, 2014, is amended by adding Section 202.0025 to

1 read as follows:

<u>Sec. 202.0025. ACTION BROUGHT AFTER DECEDENT'S DEATH.</u>
<u>Notwithstanding Section 16.051, Civil Practice and Remedies Code, a</u>
<u>proceeding to declare heirship of a decedent may be brought at any</u>
<u>time after the decedent's death.</u>

6 SECTION 2.03. Section 202.004, Estates Code, as effective 7 January 1, 2014, is amended to read as follows:

8 Sec. 202.004. PERSONS WHO MAY COMMENCE PROCEEDING TO 9 DECLARE HEIRSHIP. A proceeding to declare heirship of a decedent 10 may be commenced and maintained under a circumstance specified by 11 Section 202.002 by:

12 (1) the personal representative of the decedent's 13 estate;

14 (2) a person claiming to be a secured <u>or unsecured</u>
15 creditor or the owner of all or part of the decedent's estate; or

16 (3) if the decedent was a ward with respect to whom a 17 guardian of the estate had been appointed, the guardian of the 18 estate, provided that the proceeding is commenced and maintained in 19 the probate court in which the proceedings for the guardianship of 20 the estate were pending at the time of the decedent's death.

21 SECTION 2.04. Section 256.101, Estates Code, as effective 22 January 1, 2014, is amended to read as follows:

Sec. 256.101. PROCEDURE ON FILING OF SECOND APPLICATION WHEN ORIGINAL APPLICATION HAS NOT BEEN HEARD. (a) If, after an application for the probate of a decedent's will or the appointment of a personal representative for the decedent's estate has been filed but before the application is heard, an application is filed

C.S.H.B. No. 2899 for the probate of a will of the same decedent that has not 1 previously been presented for probate, the court shall: 2 3 (1) hear both applications together; and 4 (2) determine: 5 (A) if both applications are for the probate of a will, which will should be admitted to probate, if either, or 6 whether the decedent died intestate; or 7 if only one application is for the probate of 8 (B) a will, whether the will should be admitted to probate or whether 9 the decedent died intestate. 10 (b) The court may not sever or bifurcate the proceeding on 11 12 the applications described in Subsection (a). SECTION 2.05. Section 304.001(c), Estates 13 Code, as effective January 1, 2014, is amended to read as follows: 14 (c) If persons [applicants for letters testamentary or of 15 administration] are equally entitled to letters testamentary or of 16 17 administration [the letters], the court: shall grant the letters to the person [applicant] 18 (1)19 who, in the judgment of the court, is most likely to administer the estate advantageously; or 20 21 (2) may grant the letters to two or more of those 22 persons [applicants]. SECTION 2.06. Subchapter B, Chapter 309, Estates Code, as 23 24 effective January 1, 2014, is amended by adding Section 309.056 to read as follows: 25 26 Sec. 309.056. PENALTY FOR FAILURE TO TIMELY FILE INVENTORY, APPRAISEMENT, AND LIST OF CLAIMS. (a) This section applies only to 27

a personal representative, including an independent executor or 1 administrator, who does not file an inventory, appraisement, and 2 3 list of claims within the period prescribed by Section 309.051 or any extension granted by the court. 4 (b) Any person interested in the estate on written 5 complaint, or the court on the court's own motion, may have a 6 personal representative to whom this section applies cited to file 7 8 the inventory, appraisement, and list of claims and show cause for the failure to timely file. 9 10 (c) If the personal representative does not file the inventory, appraisement, and list of claims after being cited or 11 12 does not show good cause for the failure to timely file, the court on hearing may fine the representative in an amount not to exceed 13 \$1,000. 14 15 (d) The personal representative and the representative's sureties, if any, are liable for any fine imposed under this section 16 17 and for all damages and costs sustained by the representative's failure. The fine, damages, and costs may be recovered in any court 18 19 of competent jurisdiction. SECTION 2.07. Section 362.005, Estates Code, as effective 20 January 1, 2014, is amended to read as follows: 21 Sec. 362.005. CITATION AND NOTICE ON PRESENTATION 22 OF ACCOUNT. (a) On the presentation of an account for final settlement 23 by a temporary or permanent personal representative, the county 24 clerk shall issue citation to the persons and in the manner provided 25 26 by Subsection (b) [Subsections (c) and (d)]. (b) Citation issued under Subsection (a) must: 27

1 (1) contain: 2 (A) [(1)] a statement that an account for final 3 settlement has been presented; 4 (B) [(2)] the time and place the court will 5 consider the account; [and] 6 (C) [(3)] a statement requiring the person cited 7 to appear and contest the account, if the person wishes to contest 8 the account; and 9 (D) a copy of the account for final settlement; 10 and (2) be given [-11 [(c) The personal representative shall give notice] to each 12 heir or beneficiary of the decedent by certified mail, return 13 receipt requested, unless the court by written order directs 14 15 another method of service [type of notice] to be given[. The notice must include a copy of the account for final settlement]. 16 17 (c) [<del>(d)</del>] The court by written order shall require additional notice if the court considers the additional notice 18 19 necessary. (d) [(e)] The court may allow the waiver of citation 20 [notice] of an account for final settlement in a proceeding 21 concerning a decedent's estate. 22 SECTION 2.08. Section 362.011, Estates Code, as effective 23 24 January 1, 2014, is amended to read as follows: 25 Sec. 362.011. PARTITION AND DISTRIBUTION OF ESTATE; DEPOSIT 26 IN COURT'S REGISTRY. (a) If, on final settlement of an estate, any of the estate remains in the personal representative's possession, 27

1 the court shall order that a partition and distribution be made 2 among the persons entitled to receive that part of the estate.

3 (b) The court shall order the personal representative to deposit in an account in the court's registry any remaining estate 4 property that is money and to which a person who is unknown or 5 missing is entitled. In addition, the court shall order the 6 representative to sell, on terms the court determines are best, 7 8 remaining estate property that is not money and to which a person who is unknown or missing is entitled. The court shall order the 9 representative to deposit the sale proceeds in an account in the 10 court's registry. The court shall hold money deposited in an 11 12 account under this subsection until the court renders:

13 (1) an order requiring money in the account to be paid 14 to the previously unknown or missing person who is entitled to the 15 money; or

16 (2) another order regarding the disposition of the 17 money.

18 SECTION 2.09. Section 551.001(a), Estates Code, as 19 effective January 1, 2014, is amended to read as follows:

(a) The court, by written order, shall require the executor or administrator of an estate to pay to the comptroller as provided by this subchapter the share of that estate of a person entitled to that share who does not demand the share, including any portion deposited in an account in the court's registry under Section <u>362.011(b)</u>, from the executor or administrator within six months after the date of, as applicable:

27 (1) a court order approving the report of the

C.S.H.B. No. 2899 commissioners of partition made under Section 360.154; or 1 (2) the settlement of the final account of the 2 executor or administrator. 3 4 SECTION 2.10. The following are repealed: 5 (1) the changes in law made by Article 1 of this Act to 6 Sections 34A, 49(a), 77, 83(a), 407, 408(b), (c), and (d), and 427, Texas Probate Code; 7 (2) Sections 48(d) and 254, Texas Probate Code, as 8 added by Article 1 of this Act; and 9 10 (3) Section 351.002, Estates Code, as effective January 1, 2014. 11 SECTION 2.11. This article takes effect January 1, 2014. 12 ARTICLE 3. GENERAL EFFECTIVE DATE 13 SECTION 3.01. Except as otherwise provided by this Act, 14 15 this Act takes effect September 1, 2011.