

BILL ANALYSIS

Senate Research Center
85R7797 MTB-D

S.B. 714
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Business & Commerce
2/22/2017
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The 84th Legislature, Regular Session, 2015, passed S.B. 1791, which significantly changed the procedure for informing customers about multi-party accounts. S.B. 714 clarifies procedures for account opening and modification, and also amends the statutory form for multi-party accounts that bankers are required to use upon account opening or modification.

As proposed, S.B. 714 amends current law relating to certain account disclosures provided by a financial institution to a customer.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 113.052, Estates Code, to include an acknowledgment clause and signature line in the form that a financial institution is authorized to use to establish the type of account selected by a party.

SECTION 2. Amends Section 113.053, Estates Code, as follows:

Sec. 113.053. REQUIRED DISCLOSURE; USE OF FORM. (a) Requires a financial institution, except as provided by Subsection (d), to disclose the information provided in this subchapter (Uniform Account Form) to a customer before, rather than at the time, the customer selects or modifies an account.

(a-1) Creates this subsection from existing text. Provides that a financial institution is considered to have disclosed the information provided in this subchapter if the financial institution uses the form provided by Section 113.052 and the customer signs the acknowledgment provided at the end of the form, rather than if the financial institution uses the form provided by Section 113.052 and the customer places the customer's initials to the right of each paragraph on the form.

(b) Requires a financial institution, if the financial institution varies the format of the form provided by Section 113.052, to disclose the information provided by this subchapter separately from other account information except that the financial institution is authorized to disclose that information as part of other account documentation if the disclosures are the first items of the documentation. Deletes existing text authorizing a financial institution, if the financial institution varies the format of the provided form, to make disclosures in the account agreement or in any other form that discloses the information provided by this subchapter. Deletes existing text relating to certain required criteria for disclosures under this subsection.

(c) Requires the financial institution to notify the customer of the type of account the customer selected and provides that this requirement is satisfied by providing

the customer with a copy of the account opening or modification documentation, as appropriate, in paper or electronic format.

(d) Provides that if a type of multiple-party account is not available from a financial institution, the financial institution is not required to make a disclosure about that type of account. Deletes existing text providing that this section does not apply to a credit union.

(e) Provides that this section does not apply to an account that is opened or modified by a customer who is a legal entity, including a governmental entity, or who is acting as a legal representative for another person.

SECTION 3. Repealer: Section 113.0531 (Use of Form and Disclosure by Credit Unions), Estates Code.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: September 1, 2017.