

CHAPTER 795

H.B. No. 1285

AN ACT

relating to a uniform single-party or multiple-party account form and to convenience accounts.

Be it enacted by the Legislature of the State of Texas:

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

Sec. 438A. CONVENIENCE ACCOUNT. (a) If an account is established at a financial institution by a party in the names of the party and a cosigner and the terms of the account provide that the sums on deposit are paid or delivered to the party or to the cosigner "for the convenience" of the party, the account is a convenience account.

(b) The making of a deposit in a convenience account does not affect the title to the deposit.

(c) 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 the cosigner.

(d) On the death of the party, the cosigner shall have no right of survivorship in the account and ownership of the account remains in the party.

(e) If an addition is made to the account by anyone other than the party, the addition and accruals to the addition are considered to have been made by the party.

(f) All deposits to a convenience account and additions and accruals to the deposits may be paid to the party or to the cosigner. The financial institution is completely released from liability for a payment made from the account before the financial institution receives notice in writing signed by the party not to make the payment in accordance with the terms of the account. After receipt of the notice from the party, the financial institution may require the party to approve any further payments from the account.

(g) If the financial institution makes a payment of the sums on deposit in a convenience account to the cosigner after the death of the party and before the financial institution has received written notice of the party's death, the financial institution is completely released from liability for the payment. If a financial institution makes payment to the personal representative of the deceased party's estate after the death of the party and before service on the financial institution of a court order prohibiting payment, the financial institution is released to the extent of the payment from liability to any person claiming a right to the funds. The receipt by the representative to whom payment is made is a complete release and discharge of the financial institution.

SECTION 2. Part 1, Chapter XI, Texas Probate Code, is amended by adding Section 439A to read as follows:

Sec. 439A. UNIFORM SINGLE-PARTY OR MULTIPLE-PARTY ACCOUNT FORM.

(a) A contract of deposit that contains provisions substantially the same as in the form provided by Subsection (b) of this section establishes the type of account selected by a party. The provisions of this part of Chapter XI of this code govern an account selected under the form, other than a single-party account without a P.O.D. designation. A contract of deposit that does not contain provisions substantially the same as in the form provided by Subsection (b) of this section is governed by the provisions of this chapter applicable to the account that most nearly conforms to the depositor's intent.

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

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

— (1) **SINGLE-PARTY ACCOUNT WITHOUT "P.O.D." (PAYABLE ON DEATH) DESIGNATION.** *The party to the account owns the account. On the death of the party,*

ownership of the account passes as a part of the party's estate under the party's will or by intestacy.

Enter the name of the party:

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

Enter the name of the party:

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

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

Enter the names of the parties:

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

Enter the names of the parties:

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

Enter the names of the parties:

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

— (6) **CONVENIENCE ACCOUNT.** The party to the account owns the account. The cosigner to the account may make account transactions for the party. The cosigner does not own the account. On the death of the party, ownership of the account passes as a part of the party's estate under the party's will or by intestacy. The financial institution may pay funds in the account to the cosigner before the financial institution receives notice of the death of the party. The payment to the cosigner does not affect the party's ownership of the account.

Enter the name of the party:

Enter the name of the cosigner:

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

Enter the name or names of the trustees:

Enter the name or names of the beneficiaries:

(c) A financial institution shall be deemed to have adequately disclosed the information provided in this section if the financial institution uses the form set forth in Subsection (b) of this section. If a financial institution varies the format of the form set forth in Subsection (b) of this section, then such financial institution may make disclosures in the account agreement or in any other form which adequately discloses the information provided in this section.

(d) A financial institution may combine any of the provisions and vary the format of the selections form and notices described in Subsection (b) of this section provided that the customer receives adequate disclosure of the ownership rights and there is appropriate indication of the names of the parties. This may be accomplished in a universal account form with options listed for selection and additional disclosures provided in the account agreement, or in any other manner which adequately discloses the information provided in this section.

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on April 7, 1993, by a non-record vote; the House concurred in Senate amendments to H.B. No. 1285 on May 24, 1993, by a non-record vote; passed by the Senate, with amendments, on May 20, 1993: Yeas 31, Nays 0.

Approved June 18, 1993.

Effective Aug. 30, 1993, 90 days after date of adjournment.