

CHAPTER 70

H.B. No. 840

AN ACT

relating to multiple-party accounts and trust accounts at a credit union.

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

SECTION 1. Section 6.05(a), Texas Credit Union Act (Article 2461-6.05, Vernon's Texas Civil Statutes), is amended to read as follows:

(a) A member, *including a member of a federal credit union doing business in this state*, may designate any person or persons, including organizations, associations, corporations, or partnerships, to own share or deposit accounts with the member jointly, with or without the right of survivorship, or in a multiple-party account as that term is defined by the Texas Probate Code. One or more or all of the parties to an account may make payments on share accounts and deposit accounts and make withdrawals subject to the terms of the account agreements accepted by the credit union. *Subject to a policy adopted by the board of directors, a member by written notice to the credit union may change or cancel a designation, change the form of the account, or stop or vary payment under the terms of the*

*account.* No party, unless also a member, may vote, obtain loans, or hold office in the credit union. Payment of part or all of an account to any one or more of the parties discharges, to the extent of the payment, the liability of the credit union to all.

SECTION 2. Section 6.07, Texas Credit Union Act (Article 2461–6.07, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 6.07. TRUST ACCOUNTS. (a) *A credit union may issue shares or receive deposits:*

(1) *in a revocable trust, if:*

(A) *a settlor is a member; or*

(B) *a trustee or beneficiary is a member, and a settlor is a member of the trustee's or beneficiary's family as that term is defined by the board of directors in written board policy; or*

(2) *in an irrevocable trust, if a settlor, trustee, or beneficiary is a member.*

(b) *On opening a trust account, the names of the beneficiaries must be disclosed to the credit union. Unless a beneficiary is a member, the beneficiary may not vote, obtain a loan, or hold office and is not required to pay an entrance fee. Subject to limitations imposed by this Act or a rule adopted under this Act, a credit union may make a fully secured loan to a nonmember trustee to enable or assist the trustee in performing the trustee's fiduciary responsibilities.*

(c) *Payment of part or all of the shares and deposits to a trustee or other person authorized to request present payment, to the extent of the payment, discharges the liability of the credit union to any settlor, trustee, and beneficiary. The credit union does not have a duty to inquire of a trustee the reason for a transaction or the intended use for which funds are withdrawn or borrowed.*

(d) *On termination of the trust, the credit union shall pay funds remaining in a trust account as:*

(1) *directed by the trustee;*

(2) *prescribed by the trust agreement; or*

(3) *provided by applicable law, in the absence of direction from the trustee or by the trust agreement.*

(e) *The death of a trustee does not affect the ownership or disposition of a trust account unless:*

(1) *the trust agreement provides otherwise;*

(2) *the account is a trust account subject to Chapter XI, Texas Probate Code, as amended, and there is not a surviving trustee; or*

(3) *there is not a surviving trustee and written evidence of the terms of the trust does not exist.*

(f) *On the death of a trustee for a trust account described by Subdivision (1), (2), or (3) of Subsection (e) of this section, the credit union may pay out the funds:*

(1) *in accordance with the trust agreement; or*

(2) *in the absence of written evidence of the terms of the trust, to a beneficiary or any other person authorized by law to request or receive payment. [A credit union may issue shares or hold deposits in the name of a member in trust for a beneficiary, including a minor, but no beneficiary, unless the beneficiary is also a member, may vote, obtain loans, hold office, or be required to pay an entrance fee. Payment of part or all of the shares or deposits to a member shall, to the extent of the payment, discharge the liability of the credit union to the member and the beneficiary, and the credit union shall be under no further obligation. If a member to or for whom shares or deposits are issued or held in trust dies, and the credit union has no other written evidence of the existence or terms of any trust, the credit union may pay the shares or deposits and any dividends or interest to the beneficiary or to the legal representative of the beneficiary. Such a payment discharges the liability of the credit union to the extent of the payment. If the credit union has written evidence of the terms of the trust, the credit union shall administer and*

~~distribute the shares or deposits so issued or held under the provisions of the trust agreement, a copy of which must remain on file with the credit union until termination of the trust. If the credit union does not have written evidence of the termination or other disposition of the trust, the credit union may distribute the shares or deposits so issued or held under the provisions of the trust agreement. Such a distribution discharges the liability of the credit union to the extent of the distribution.]~~

SECTION 3. The change in law made by Section 2 of this Act applies to a credit union trust account created on or after the effective date of this Act. A credit union trust account created before the effective date of this Act is governed by the law then in effect, and the former law is continued for that purpose.

SECTION 4. 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 March 25, 1993, by a non-record vote; passed by the Senate on April 21, 1993: Yeas 30, Nays 0.

Approved May 2, 1993.

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