

AN ACT

relating to multiple-party accounts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 442, Texas Probate Code, is amended to read as follows:

Sec. 442. RIGHTS OF CREDITORS; PLEDGE OF ACCOUNT. No multiple-party account will be effective against an estate of a deceased party to transfer to a survivor sums needed to pay debts, taxes, and expenses of administration, including statutory allowances to the surviving spouse and minor children, if other assets of the estate are insufficient. No multiple-party account will be effective against the claim of a secured creditor who has a lien on the account. A party to a multiple-party account may pledge the account or otherwise create a security interest in the account without the joinder of, as appropriate, a P.O.D. payee, a beneficiary, a convenience signer, or any other party to a joint account, regardless of whether there is a right of survivorship. A convenience signer may not pledge or otherwise create a security interest in an account. Not later than the 30th day after the date on which a security interest on a multiple-party account is perfected, a secured creditor that is a financial institution the accounts of which are insured by the Federal Deposit Insurance Corporation shall provide written notice of the pledge of the account to any other party to the account who did not create the

1 security interest. The notice must be sent by certified mail to any
2 other party at the last address the party provided to the depository
3 bank and is not required to be provided to a P.O.D. payee, a
4 beneficiary, or a convenience signer. A party, P.O.D. payee, or
5 beneficiary who receives payment from a multiple-party account
6 after the death of a deceased party shall be liable to account to
7 the deceased party's personal representative for amounts the
8 decedent owned beneficially immediately before his death to the
9 extent necessary to discharge the claims and charges mentioned
10 above remaining unpaid after application of the decedent's estate,
11 but is not liable in an amount greater than the amount that the
12 party, P.O.D. payee, or beneficiary received from the
13 multiple-party account. No proceeding to assert this liability
14 shall be commenced unless the personal representative has received
15 a written demand by a surviving spouse, a creditor, or one acting
16 for a minor child of the decedent, and no proceeding shall be
17 commenced later than two years following the death of the decedent.
18 Sums recovered by the personal representative shall be administered
19 as part of the decedent's estate. This section shall not affect the
20 right of a financial institution to make payment on multiple-party
21 accounts according to the terms thereof, or make it liable to the
22 estate of a deceased party unless before payment the institution
23 received written notice from the personal representative stating
24 the sums needed to pay debts, taxes, claims, and expenses of
25 administration.

26 SECTION 2. This Act takes effect September 1, 2003, and
27 applies only to an account created on or after the effective date of

1 this Act. An account created before the effective date of this Act
2 is governed by the law in effect when the account was created, and
3 the former law is continued in effect for that purpose.

David Dewhurst

President of the Senate

Jim Cuddihy

Speaker of the House

I certify that H.B. No. 1590 was passed by the House on April 25, 2003, by a non-record vote; and that the House concurred in Senate amendments to H.B. No. 1590 on May 30, 2003, by a non-record vote.

Robert Harey

Chief Clerk of the House

I certify that H.B. No. 1590 was passed by the Senate, with amendments, on May 28, 2003, by the following vote: Yeas 31, Nays 0.

Patsy Saw

Secretary of the Senate

APPROVED: 20 JUN '03

Date

Rick Perry

Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
10:30 PM '03

Ann Shea
JUN 20 2003
Secretary of State