SUBJECT: Limiting liability that an acquiring financial institution could inherit

COMMITTEE: Judiciary & Civil Jurisprudence — committee substitute recommended

VOTE: 5 ayes — Leach, Julie Johnson, Flores, Moody, Schofield

2 nays — Slawson, Vasut

1 absent — Davis

1 present not voting — Murr

WITNESSES: For — David Estes, Texas Regional Bank; Danny Gurwitz, Texas Regional Bank (*Registered, but did not testify*: Stephen Scurlock, Independent Bankers Association of Texas; Chnequa Kirby Harrison)

Against — Craig Hopper, Texas Real Estate Probate Institute (*Registered, but did not testify*: Guy Herman, Presiding Judge of the Statutory Probate Judges of Texas)

BACKGROUND: Some have suggested that an acquiring trustee of a merged or acquired financial institution should not be held liable for transactions that were conducted by a predecessor.

DIGEST: CSHB 1552 would limit the aggregate liability of an acquiring financial institution, as defined in statute, that accepted trusts served by the financial institution with which the acquiring institution merged or acquired to whichever amount was lesser between:

- $10 million; or
- the aggregate value of all distributions of trust property made by any predecessor trustee in all trusts before the acquiring financial institution's acceptance of the trusts.

This provision would apply only to liability for conduct of a predecessor trustee.

The bill would take effect September 1, 2023 and apply only to actions filed against a financial institution on or after that date.