

FINANCE CODE

TITLE 3. FINANCIAL INSTITUTIONS AND BUSINESSES

SUBTITLE Z. MISCELLANEOUS PROVISIONS RELATING TO FINANCIAL
INSTITUTIONS AND BUSINESSES

CHAPTER 276. FINANCIAL INSTITUTION ACCOUNTS

Sec. 276.001. ACCOUNTS FOR CANDIDATES FOR PUBLIC OFFICE.

(a) A financial institution may not open an account in the name of a candidate without obtaining that candidate's consent and signature. This subsection does not require that the candidate be a signatory to the account.

(b) In this section:

(1) "Candidate" has the meaning assigned by Section [251.001](#), Election Code.

(2) "Financial institution" means a bank, savings and loan association, savings bank, or credit union.

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.27(a), eff. Sept. 1, 1999.

Sec. 276.002. GARNISHMENT OF FINANCIAL INSTITUTION ACCOUNT.

(a) Notwithstanding the Texas Rules of Civil Procedure, if a financial institution fails to timely file an answer to a writ of garnishment issued before or after a judgment is rendered in the case, a court may enter a default judgment against the financial institution solely as to the existence of liability and not as to the amount of damages.

(b) A financial institution against which a default judgment is entered under Subsection (a) is not deemed to have in the financial institution's possession or to have knowledge of sufficient debts, assets, or personal effects of the debtor to satisfy the debtor's obligations to the garnishor.

(c) After a default judgment is entered against a financial institution as to the existence of liability as provided by Subsection (a), the garnishor has the burden to establish the amount of actual damages proximately caused to the garnishor by the financial institution's default.

(d) The court may award to the garnishor:

(1) damages in the amount determined under Subsection (c); and

(2) for good cause shown, reasonable attorney's fees incurred by the garnishor in establishing damages under Subsection (c).

(e) Notwithstanding Section 22.004, Government Code, the supreme court may not amend or adopt rules in conflict with this section.

Added by Acts 2005, 79th Leg., Ch. 1319 (H.B. 3428), Sec. 1, eff. September 1, 2005.

Sec. 276.003. USE OF PROCEEDS OF EXTENSION OF CREDIT FOR FINANCIAL INSTITUTION ACCOUNT. (a) An obligor may use proceeds of an extension of credit made by a financial institution for business, commercial, investment, or similar purposes to establish collateral for the extension of credit by:

- (1) making deposits;
- (2) purchasing certificates of deposit; or
- (3) establishing other accounts at the financial institution.

(b) The amount of the proceeds used as provided by Subsection (a) is not considered a reduction in the amount of the proceeds of the extension of credit for purposes of Title 4 or for any other purpose.

(c) A determination by the obligor that it is beneficial to use proceeds of an extension of credit in the manner described by Subsection (a) is conclusive.

(d) This section may not be construed to imply a contrary rule for transactions not covered by this section.

Added by Acts 2005, 79th Leg., Ch. 1319 (H.B. 3428), Sec. 1, eff. September 1, 2005.