

By: Slawson

H.B. No. 3849

A BILL TO BE ENTITLED

AN ACT

relating to regulation of state trust companies.

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

SECTION 1. Section 182.502(b), Finance Code, is amended to read as follows:

Sec. 182.502. CONVERSION OF TRUST INSTITUTION INTO STATE TRUST COMPANY.

(b) A trust institution applying to convert into a state trust company may receive a certificate of authority to do business as a state trust company if the banking commissioner finds that:

(1) the trust institution is not engaging in a pattern or practice of unsafe and unsound fiduciary or banking practices;

(2) the trust institution has adequate capitalization for a state trust company to act as a fiduciary at the same locations as the trust institution is acting as a fiduciary before the conversion;

(3) the trust institution can be expected to operate profitably after the conversion;

(4) the officers and directors of the trust institution as a group have sufficient fiduciary ~~[banking]~~ experience, ability, standing, competence, trustworthiness, and integrity to justify a belief that the trust institution will operate as a state trust company in compliance with law; and

(5) Each principal shareholder has sufficient

1 experience, ability, standing, competence, trustworthiness, and  
2 integrity to justify a belief that the trust institution will be  
3 free from improper or unlawful influence or interference with  
4 respect to the trust institution's operation as a state trust  
5 company in compliance with law.

6 SECTION 2. Section 184.003(e), Finance Code, is amended to  
7 read as follows:

8 Sec. 184.003. OTHER REAL PROPERTY.

9 (e) Subject to the exercise of good judgment, a state trust  
10 company may invest its secondary capital in real property. The  
11 factors to be considered by a state trust company in exercise of  
12 prudent judgment include the factors contained in Section  
13 184.101(e) [~~184.101(f)~~].

14 SECTION 3. This Act takes effect immediately if it receives  
15 a vote of two-thirds of all the members elected to each house, as  
16 provided by Section 39, Article III, Texas Constitution. If this  
17 Act does not receive the vote necessary for immediate effect, this  
18 Act takes effect September 1, 2021.