

By: Bonnen, Morales of Maverick, Cyrier

H.B. No. 2825

Substitute the following for H.B. No. 2825:

By: Buckley

C.S.H.B. No. 2825

A BILL TO BE ENTITLED

1 AN ACT

2 relating to reporting requirements for certain loan and title
3 insurance transactions involving foreign companies and real
4 property located near military bases.

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

6 SECTION 1. Subtitle Z, Title 3, Finance Code, is amended by
7 adding Chapter 282 to read as follows:

8 CHAPTER 282. CERTAIN LOANS FOR REAL PROPERTY NEAR MILITARY BASES

9 Sec. 282.001. DEFINITIONS. In this chapter:

10 (1) "Commission" means the Texas Military
11 Preparedness Commission.

12 (2) "Company" and "scrutinized company" have the
13 meanings assigned by Section 2270.0001, Government Code.

14 (3) "Financial institution" means:

15 (A) a bank as defined for any purpose by Section
16 201.002(a)(4), whether chartered under the laws of this state,
17 another state, the United States, or another country, including a
18 state savings bank;

19 (B) a savings and loan association chartered
20 under Chapter 62 or similar laws of another state;

21 (C) a federal savings and loan association,
22 federal savings bank, or federal credit union; or

23 (D) a credit union chartered under Chapter 122 or
24 similar laws of another state.

1 (4) "Reportable company" means a company described by
2 Section 282.003(a).

3 Sec. 282.002. APPLICABILITY. This chapter applies only to
4 a loan made by a financial institution for the purchase, lease,
5 development, or renovation of real property that:

6 (1) is located within 25 nautical miles of the
7 boundaries of a military base located in this state; and

8 (2) is not zoned or intended to be used for residential
9 use only.

10 Sec. 282.003. NOTICE AND REPORTING OF LOAN TRANSACTIONS
11 INVOLVING CERTAIN FOREIGN COMPANIES. (a) Before approving a loan
12 application to which this chapter applies, a financial institution
13 shall determine if the company applying for a loan is:

14 (1) a scrutinized company;

15 (2) owned by or the majority of stock or other
16 ownership interest of the company is held or controlled by:

17 (A) individuals who are citizens of China, Iran,
18 North Korea, or Russia; or

19 (B) a company or other entity, including a
20 governmental entity, that is owned or controlled by citizens of or
21 is directly controlled by the government of China, Iran, North
22 Korea, or Russia; or

23 (3) headquartered in China, Iran, North Korea, or
24 Russia.

25 (b) Subsection (a) applies regardless of whether:

26 (1) the reportable company's or its parent company's
27 securities are publicly traded; or

1 (2) the reportable company or its parent company is
2 listed on a public stock exchange as a Chinese, Iranian, North
3 Korean, or Russian company.

4 (c) In making a determination if a loan applicant is a
5 scrutinized company under Subsection (a), a financial institution
6 may rely on the list maintained by the comptroller under Section
7 2270.0201, Government Code.

8 (d) If a financial institution determines that the
9 applicant is a reportable company, the financial institution shall
10 promptly notify the seller or lessor of the real property of that
11 fact.

12 (e) Not later than December 31 of each year, each financial
13 institution shall submit a report to the commission that identifies
14 each loan to which this chapter applies that is made to a reportable
15 company.

16 (f) This section does not prohibit a financial institution
17 from approving an application for a loan submitted by a reportable
18 company.

19 SECTION 2. Subchapter C, Chapter 436, Government Code, is
20 amended by adding Section 436.1031 to read as follows:

21 Sec. 436.1031. TRANSACTION INFORMATION INVOLVING REAL
22 PROPERTY NEAR MILITARY BASES. (a) The commission shall include in
23 the biennial report required under Section 436.103:

24 (1) a list of the financial institutions and title
25 insurance companies that have, during each biennium, reported a
26 transaction to the commission under Section 282.003, Finance Code,
27 or Section 2704.153, Insurance Code; and

1 (2) the name of the reportable company involved in
2 each transaction.

3 (b) Information under this section is confidential and not
4 subject to disclosure under Chapter 552.

5 SECTION 3. Chapter 2704, Insurance Code, is amended by
6 adding Subchapter D to read as follows:

7 SUBCHAPTER D. TITLE INSURANCE FOR REAL PROPERTY NEAR MILITARY BASES

8 Sec. 2704.151. DEFINITIONS. In this subchapter:

9 (1) "Commission" means the Texas Military
10 Preparedness Commission.

11 (2) "Company" and "scrutinized company" have the
12 meanings assigned by Section 2270.0001, Government Code.

13 (3) "Reportable company" means a company described by
14 Section 2704.153(a).

15 Sec. 2704.152. APPLICABILITY. This subchapter applies only
16 to a title insurance policy or contract issued by a title insurance
17 company for real property that:

18 (1) is located within 25 nautical miles of the
19 boundaries of a military base located in this state; and

20 (2) is not zoned or intended to be used for residential
21 use only.

22 Sec. 2704.153. NOTICE AND REPORTING OF POLICY AND CONTRACTS
23 INVOLVING CERTAIN FOREIGN COMPANIES. (a) Before approving the
24 policy or contract application to which this subchapter applies, a
25 title insurance company shall determine if the applicant for a
26 title insurance policy or contract is:

27 (1) a scrutinized company;

1 (2) owned by or the majority of stock or other
2 ownership interest of the company is held or controlled by:

3 (A) individuals who are citizens of China, Iran,
4 North Korea, or Russia; or

5 (B) a company or other entity, including a
6 governmental entity, that is owned or controlled by citizens of or
7 is directly controlled by the government of China, Iran, North
8 Korea, or Russia; or

9 (3) headquartered in China, Iran, North Korea, or
10 Russia.

11 (b) Subsection (a) applies regardless of whether:

12 (1) the reportable company's or its parent company's
13 securities are publicly traded; or

14 (2) the reportable company or its parent company is
15 listed on a public stock exchange as a Chinese, Iranian, North
16 Korean, or Russian company.

17 (c) In making a determination if a policy or contract
18 applicant is a scrutinized company under Subsection (a), a title
19 insurance company may rely on the list maintained by the
20 comptroller under Section [2270.0201](#), Government Code.

21 (d) If a title insurance company determines that the policy
22 or contract applicant is a reportable company, the title insurance
23 company shall promptly notify the seller or lessor of the real
24 property of that fact.

25 (e) Not later than December 31 of each year, each title
26 insurance company shall submit a report to the commission that
27 identifies each title insurance policy or contract to which this

1 subchapter applies that is made to a reportable company.

2 (f) This section does not prohibit a title insurance company
3 from approving an application for a title insurance policy or
4 contract submitted by a reportable company.

5 SECTION 4. Chapter 282, Finance Code, and Subchapter D,
6 Chapter 2704, Insurance Code, as added by this Act, apply only to an
7 application for a loan or title insurance policy or contract
8 submitted on or after the effective date of this Act.

9 SECTION 5. This Act takes effect September 1, 2021.