

By: Zaffirini
(Anchia)

S.B. No. 1900

Substitute the following for S.B. No. 1900:

By: Perez

C.S.S.B. No. 1900

A BILL TO BE ENTITLED

AN ACT

relating to the regulatory authority of the savings and mortgage
lending commissioner; authorizing fees.

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

SECTION 1. Section 92.554(a), Finance Code, is amended to
read as follows:

(a) On receipt of an application, the commissioner shall
submit to the Texas Register for publication in the next issue after
the date the application is received or publish in a newspaper of
general circulation that is printed in English in the county in
which the savings bank is to have the savings bank's principal
office:

(1) notice of the application;

(2) the date the application was filed; and

(3) the identity of each party to the application.

SECTION 2. Subchapter B, Chapter 96, Finance Code, is
amended by adding Section 96.0551 to read as follows:

Sec. 96.0551. REGULATION AND EXAMINATION OF CERTAIN RELATED
ENTITIES. (a) In this section, "state savings bank" has the
meaning assigned by Section 31.002.

(b) The commissioner may regulate and examine, to the same
extent as if the services or activities were performed by a state
savings bank on its own premises:

(1) the activities of a state savings bank affiliate;

1 and

2 (2) the services or activities of a third-party
3 service provider that a state savings bank or state savings bank
4 affiliate has contracted for or otherwise arranged to be performed
5 on behalf of the state savings bank or state savings bank affiliate.

6 (c) The commissioner may collect a fee from an examined
7 third-party service provider or affiliate in connection with each
8 examination to cover the cost of the examination or may collect that
9 fee from the state savings banks that use the examined third-party
10 service provider.

11 (d) For purposes of this section, a third-party service
12 provider or state savings bank affiliate does not include a company
13 or firm in which ownership or membership is limited to individuals
14 and conditioned by law on the existence and maintenance of
15 professional licensing.

16 (e) To promote regulatory efficiency, if, in the preceding
17 24 months, a third-party service provider or affiliate has been
18 examined by a federal or state financial services regulatory agency
19 or by a member agency of the Federal Financial Institutions
20 Examination Council, or its successor agency, the commissioner may
21 accept the results of that examination instead of conducting the
22 commissioner's own examination of the third-party service provider
23 or affiliate. Nothing in this subsection shall be construed as
24 limiting or restricting the commissioner from participating in an
25 examination of a third-party service provider or affiliate
26 conducted by a federal or state financial services regulatory
27 agency or by a member agency of the Federal Financial Institutions

1 Examination Council, or its successor agency.

2 (f) A third-party service provider that refuses to submit to
3 examination or to pay an assessed fee for examination under this
4 section is subject to an enforcement action under Chapter 96. With
5 respect to a third-party service provider's refusal to submit to
6 examination, the commissioner may notify all state savings banks of
7 the refusal and warn that continued use of the third-party service
8 provider may constitute an unsafe and unsound banking practice.

9 SECTION 3. Section 97.006, Finance Code, is amended by
10 adding Subsections (f), (g), and (h) to read as follows:

11 (f) The commissioner may:

12 (1) examine a holding company that controls a state
13 savings bank to the same extent as if the holding company were a
14 state savings bank; and

15 (2) bring an enforcement action under Chapter 96
16 against a holding company described by Subdivision (1) or other
17 person that violates or participates in a violation of this
18 subtitle, an agreement filed with the commissioner under this
19 chapter, or a rule adopted by the finance commission or order issued
20 by the commissioner under this subtitle, as if the holding company
21 were a state savings bank.

22 (g) The grounds, procedures, and effects of an enforcement
23 action brought under Subsection (f) apply to a holding company, an
24 officer, director, or employee of a holding company, or a
25 controlling shareholder or other person participating in the
26 affairs of a holding company in the same manner as the grounds,
27 procedures, and effects apply to a state savings bank, an officer,

1 director, or employee of a state savings bank, or a controlling
2 shareholder or other person participating in the affairs of a state
3 savings bank.

4 (h) A state savings bank that is controlled by a holding
5 company that is not a Texas holding company shall be subject to all
6 laws of this state that are applicable to state savings banks that
7 are controlled by Texas holding companies.

8 SECTION 4. Section 156.2041(a), Finance Code, is amended to
9 read as follows:

10 (a) To be issued a mortgage company license, an applicant
11 must:

12 (1) submit a completed application together with the
13 payment of applicable fees through the Nationwide Mortgage
14 Licensing System and Registry;

15 (2) designate control persons for the mortgage company
16 through the Nationwide Mortgage Licensing System and Registry;

17 (3) designate an individual licensed as a residential
18 mortgage loan originator under Chapter 157 as the company's
19 qualifying individual;

20 (4) submit a completed branch application through the
21 Nationwide Mortgage Licensing System and Registry for each branch
22 office that engages in residential mortgage loan activity on
23 residential real estate located in this state;

24 (5) not be in violation of this chapter, a rule adopted
25 under this chapter, or any order previously issued by the
26 commissioner to the applicant;

27 (6) have the company name or assumed name properly

1 filed with either the secretary of state or with the appropriate
2 county clerk's office; and

3 (7) [~~maintain a physical office in this state, and~~
4 [~~8~~] provide financial statements and any other
5 information required by the commissioner.

6 SECTION 5. Section 156.2042(a), Finance Code, is amended to
7 read as follows:

8 (a) To be issued a credit union subsidiary organization
9 license, an applicant must:

10 (1) submit a completed application together with the
11 payment of applicable fees through the Nationwide Mortgage
12 Licensing System and Registry;

13 (2) designate control persons for the organization
14 through the Nationwide Mortgage Licensing System and Registry;

15 (3) designate an individual licensed as a residential
16 mortgage loan originator under Chapter 157 as the company's
17 qualifying individual;

18 (4) submit a completed branch application through the
19 Nationwide Mortgage Licensing System and Registry for each branch
20 office that engages in residential mortgage loan activity on
21 residential real estate located in this state; and

22 (5) not be in violation of this chapter, a rule adopted
23 under this chapter, or any order previously issued by the
24 commissioner to the applicant[~~, and~~

25 [~~6~~ maintain a physical office in this state].

26 SECTION 6. Section 156.501(c), Finance Code, is amended to
27 read as follows:

1 (c) Amounts in the recovery fund may be invested and
2 reinvested in accordance with Chapter 2256, Government Code, and
3 under the prudent person standard described by Section 11b, Article
4 VII, Texas Constitution [~~in the same manner as funds of the~~
5 ~~Employees Retirement System of Texas~~], and the interest from these
6 investments shall be deposited to the credit of the fund. An
7 investment may not be made under this subsection if the investment
8 will impair the necessary liquidity required to satisfy judgment
9 payments awarded under this subchapter.

10 SECTION 7. The following provisions of the Finance Code are
11 repealed:

- 12 (1) Sections 156.212(a) and (a-1);
- 13 (2) Sections 156.501(d) and (f); and
- 14 (3) Section 156.502(b).

15 SECTION 8. Section 92.554(a), Finance Code, as amended by
16 this Act, applies only to an application filed on or after the
17 effective date of this Act. An application filed before the
18 effective date of this Act is governed by the law in effect on the
19 date the application was filed, and the former law is continued in
20 effect for that purpose.

21 SECTION 9. Section 156.501(c), Finance Code, as amended by
22 this Act, applies only to an investment made on or after the
23 effective date of this Act. An investment made before the effective
24 date of this Act is governed by the law in effect on the date the
25 investment was made, and the former law is continued in effect for
26 that purpose.

27 SECTION 10. This Act takes effect September 1, 2021.