

1-1 By: Zaffirini S.B. No. 1900
1-2 (In the Senate - Filed March 12, 2021; March 26, 2021, read
1-3 first time and referred to Committee on Business & Commerce;
1-4 April 8, 2021, reported favorably by the following vote: Yeas 9,
1-5 Nays 0; April 8, 2021, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			

1-17 A BILL TO BE ENTITLED
1-18 AN ACT

1-19 relating to the regulatory authority of the savings and mortgage
1-20 lending commissioner; authorizing fees.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Section 92.554(a), Finance Code, is amended to
1-23 read as follows:

1-24 (a) On receipt of an application, the commissioner shall
1-25 submit to the Texas Register for publication in the next issue after
1-26 the date the application is received or publish in a newspaper of
1-27 general circulation that is printed in English in the county in
1-28 which the savings bank is to have the savings bank's principal
1-29 office:

- 1-30 (1) notice of the application;
- 1-31 (2) the date the application was filed; and
- 1-32 (3) the identity of each party to the application.

1-33 SECTION 2. Subchapter B, Chapter 96, Finance Code, is
1-34 amended by adding Section 96.0551 to read as follows:

1-35 Sec. 96.0551. REGULATION AND EXAMINATION OF CERTAIN RELATED
1-36 ENTITIES. (a) In this section, "state savings bank" has the
1-37 meaning assigned by Section 31.002.

1-38 (b) The commissioner may regulate and examine, to the same
1-39 extent as if the services or activities were performed by a state
1-40 savings bank on its own premises:

1-41 (1) the activities of a state savings bank affiliate;
1-42 and

1-43 (2) the services or activities of a third-party
1-44 service provider that a state savings bank or state savings bank
1-45 affiliate has contracted for or otherwise arranged to be performed
1-46 on behalf of the state savings bank or state savings bank affiliate.

1-47 (c) The commissioner may collect a fee from an examined
1-48 third-party service provider or affiliate in connection with each
1-49 examination to cover the cost of the examination or may collect that
1-50 fee from the state savings banks that use the examined third-party
1-51 service provider.

1-52 (d) For purposes of this section, a state savings bank
1-53 affiliate does not include a company in which ownership or
1-54 membership is limited to individuals and conditioned by law on the
1-55 existence and maintenance of professional licensing.

1-56 (e) To promote regulatory efficiency, if, in the preceding
1-57 24 months, a third-party service provider or affiliate has been
1-58 examined by a federal or state financial services regulatory agency
1-59 or by a member agency of the Federal Financial Institutions
1-60 Examination Council, or its successor agency, the commissioner may
1-61 accept the results of that examination instead of conducting the

2-1 commissioner's own examination of the third-party service provider
 2-2 or affiliate. Nothing in this subsection shall be construed as
 2-3 limiting or restricting the commissioner from participating in an
 2-4 examination of a third-party service provider or affiliate
 2-5 conducted by a federal or state financial services regulatory
 2-6 agency or by a member agency of the Federal Financial Institutions
 2-7 Examination Council, or its successor agency.

2-8 (f) A third-party service provider that refuses to submit to
 2-9 examination or to pay an assessed fee for examination under this
 2-10 section is subject to an enforcement action under Chapter 96. With
 2-11 respect to a third-party service provider's refusal to submit to
 2-12 examination, the commissioner may notify all state savings banks of
 2-13 the refusal and warn that continued use of the third-party service
 2-14 provider may constitute an unsafe and unsound banking practice.

2-15 SECTION 3. Section 97.006, Finance Code, is amended by
 2-16 adding Subsections (f), (g), and (h) to read as follows:

2-17 (f) The commissioner may:

2-18 (1) examine a holding company that controls a state
 2-19 savings bank to the same extent as if the holding company were a
 2-20 state savings bank; and

2-21 (2) bring an enforcement action under Chapter 96
 2-22 against a holding company described by Subdivision (1) or other
 2-23 person that violates or participates in a violation of this
 2-24 subtitle, an agreement filed with the commissioner under this
 2-25 chapter, or a rule adopted by the finance commission or order issued
 2-26 by the commissioner under this subtitle, as if the holding company
 2-27 were a state savings bank.

2-28 (g) The grounds, procedures, and effects of an enforcement
 2-29 action brought under Subsection (f) apply to a holding company, an
 2-30 officer, director, or employee of a holding company, or a
 2-31 controlling shareholder or other person participating in the
 2-32 affairs of a holding company in the same manner as the grounds,
 2-33 procedures, and effects apply to a state savings bank, an officer,
 2-34 director, or employee of a state savings bank, or a controlling
 2-35 shareholder or other person participating in the affairs of a state
 2-36 savings bank.

2-37 (h) A state savings bank that is controlled by a holding
 2-38 company that is not a Texas holding company shall be subject to all
 2-39 laws of this state that are applicable to state savings banks that
 2-40 are controlled by Texas holding companies.

2-41 SECTION 4. Section 156.2041(a), Finance Code, is amended to
 2-42 read as follows:

2-43 (a) To be issued a mortgage company license, an applicant
 2-44 must:

2-45 (1) submit a completed application together with the
 2-46 payment of applicable fees through the Nationwide Mortgage
 2-47 Licensing System and Registry;

2-48 (2) designate control persons for the mortgage company
 2-49 through the Nationwide Mortgage Licensing System and Registry;

2-50 (3) designate an individual licensed as a residential
 2-51 mortgage loan originator under Chapter 157 as the company's
 2-52 qualifying individual;

2-53 (4) submit a completed branch application through the
 2-54 Nationwide Mortgage Licensing System and Registry for each branch
 2-55 office that engages in residential mortgage loan activity on
 2-56 residential real estate located in this state;

2-57 (5) not be in violation of this chapter, a rule adopted
 2-58 under this chapter, or any order previously issued by the
 2-59 commissioner to the applicant;

2-60 (6) have the company name or assumed name properly
 2-61 filed with either the secretary of state or with the appropriate
 2-62 county clerk's office; and

2-63 (7) ~~maintain a physical office in this state, and~~

2-64 ~~(8)~~ provide financial statements and any other
 2-65 information required by the commissioner.

2-66 SECTION 5. Section 156.2042(a), Finance Code, is amended to
 2-67 read as follows:

2-68 (a) To be issued a credit union subsidiary organization
 2-69 license, an applicant must:

3-1 (1) submit a completed application together with the
3-2 payment of applicable fees through the Nationwide Mortgage
3-3 Licensing System and Registry;

3-4 (2) designate control persons for the organization
3-5 through the Nationwide Mortgage Licensing System and Registry;

3-6 (3) designate an individual licensed as a residential
3-7 mortgage loan originator under Chapter 157 as the company's
3-8 qualifying individual;

3-9 (4) submit a completed branch application through the
3-10 Nationwide Mortgage Licensing System and Registry for each branch
3-11 office that engages in residential mortgage loan activity on
3-12 residential real estate located in this state; and

3-13 (5) not be in violation of this chapter, a rule adopted
3-14 under this chapter, or any order previously issued by the
3-15 commissioner to the applicant[~~, and~~

3-16 [~~(6) maintain a physical office in this state~~].

3-17 SECTION 6. Section 156.501(c), Finance Code, is amended to
3-18 read as follows:

3-19 (c) Amounts in the recovery fund may be invested and
3-20 reinvested in accordance with Chapter 2256, Government Code, and
3-21 under the prudent person standard described by Section 11b, Article
3-22 VII, Texas Constitution [~~in the same manner as funds of the~~
3-23 ~~Employees Retirement System of Texas~~], and the interest from these
3-24 investments shall be deposited to the credit of the fund. An
3-25 investment may not be made under this subsection if the investment
3-26 will impair the necessary liquidity required to satisfy judgment
3-27 payments awarded under this subchapter.

3-28 SECTION 7. The following provisions of the Finance Code are
3-29 repealed:

3-30 (1) Sections 156.212(a) and (a-1);

3-31 (2) Sections 156.501(d) and (f); and

3-32 (3) Section 156.502(b).

3-33 SECTION 8. Section 92.554(a), Finance Code, as amended by
3-34 this Act, applies only to an application filed on or after the
3-35 effective date of this Act. An application filed before the
3-36 effective date of this Act is governed by the law in effect on the
3-37 date the application was filed, and the former law is continued in
3-38 effect for that purpose.

3-39 SECTION 9. Section 156.501(c), Finance Code, as amended by
3-40 this Act, applies only to an investment made on or after the
3-41 effective date of this Act. An investment made before the effective
3-42 date of this Act is governed by the law in effect on the date the
3-43 investment was made, and the former law is continued in effect for
3-44 that purpose.

3-45 SECTION 10. This Act takes effect September 1, 2021.

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