

GOVERNMENT CODE

CHAPTER 1208. SECURITY FOR PUBLIC SECURITIES

Sec. 1208.001. DEFINITIONS. In this chapter:

(1) "Credit agreement" means any agreement authorized by a governing body of an issuer in connection with or related to the authorization, issuance, sale, resale, security, exchange, payment, purchase, remarketing, or redemption of a public security, interest on a public security, or both. The term includes any agreement relating to public securities that is defined or described in state law as a "credit agreement" or a "bond enhancement agreement."

(2) "Issuer" and "public security" have the meanings assigned by Section 1202.001.

(3) "Security agreement" means a resolution, order, ordinance, or agreement that creates a security interest with respect to a public security or a credit agreement.

(4) "Security interest" means a pledge of, lien on, or other interest in taxes, revenue, receipts, funds, or other personal property or fixtures that secures payment or performance of public securities or a credit agreement.

Added by Acts 2001, 77th Leg., ch. 24, Sec. 1, eff. July 1, 2001.

Sec. 1208.002. PLEDGE OF SECURITY. (a) A security interest created by an issuer by means of a security agreement:

(1) is valid and effective according to the terms of the security agreement as to all property of the governmental unit stated to be covered by the security agreement, whether:

(A) held at the time the security agreement is entered into or adopted; or

(B) later acquired or received;

(2) except as provided by Subsection (c), is perfected from the time the security agreement is entered into or adopted continuously through the termination of the security interest, in accordance with its terms, without physical delivery or transfer of control of the property, filing of a document, or another act;

(3) ranks as to priority in order of the time of perfection, except as otherwise provided by the security agreement; and

(4) may be enforced as provided by the security agreement or the law that authorizes the security agreement.

(b) The rights of a lien creditor as defined by Section 9.102(a), Business & Commerce Code, are subordinate to a perfected security interest described by Subsection (a).

(c) A security interest in real property is perfected when the security agreement, a memorandum of the security agreement, or other instrument creating the security interest is duly recorded in the real property records of the county in which the property is located.

(d) This section does not:

(1) create or exempt an issuer from a duty to submit public securities to the attorney general for approval and registration by the comptroller; or

(2) authorize an issuer to enter into or adopt a security agreement.

Added by Acts 2001, 77th Leg., ch. 24, Sec. 1, eff. July 1, 2001.

Sec. 1208.003. PREEMPTION. This chapter is a statute described by Section 9.109(c)(2), Business & Commerce Code, and an issuer is considered to be a governmental unit for purposes of that section.

Added by Acts 2001, 77th Leg., ch. 24, Sec. 1, eff. July 1, 2001.