

2601 North Lamar - Suite 201
Austin, Texas 78705
Telephone: (512) 475-1350



**APPLICATION FOR
INVESTMENT IN SUBSIDIARY
OF A TEXAS SAVINGS BANK**

INTRODUCTION

This application shall be prepared by an officer acting on behalf of a state savings bank. The application must demonstrate that the applicant complies with the provisions of the *Texas Finance Code*, Subtitle C. Texas Savings Banks (the "Act") and the Rules and Regulations Applicable to Texas Savings Banks (the "Rules") and shall include all information required in the Act, 94.301 and the Rules, 77.91 through 77.96. One complete originally signed copy with all exhibits, accompanied by the application fee as provided in 79.102 of the Rules, shall be filed with the Commissioner, Texas Savings and Mortgage Lending Department, 2601 North Lamar, Suite 201, Austin, Texas 78705.

The required application format is set forth beginning on page 3 and the submission should clearly identify the item to which each response applies. The application and all required supporting information shall be executed by the officer submitting the application.

Confidential Treatment

All materials filed as part of this application are to be held "CONFIDENTIAL," unless otherwise deemed appropriate by the Commissioner.

INVESTMENT IN SUBSIDIARY APPLICATION PROCEDURE

The application of a Texas Savings Bank for investment in a subsidiary corporation is initiated by the adoption of a resolution by the board of directors authorizing the investment in a subsidiary corporation. Upon receipt of the application, the Commissioner and the Department will review the application and determine whether any additional information will be required. After review of the filed material, the applicant may be requested to furnish additional information as an amendment to the application. Further, the applicant may amend the application at its discretion. All amendments shall be clearly identified as such, numbered consecutively and shall comply with all pertinent requirements of the application, including signature. Upon receipt of all necessary information, the application will be deemed complete and the applicant so advised in writing.

If the Commissioner is satisfied that the applicants have complied with all statutes and rules governing investments in subsidiaries, he may approve the main office and any branches of the subsidiary stating the findings of fact pursuant to 77.91(b) of the Rules.

In addition to this application, the applicant must file appropriate documents with the Texas Secretary of State as required by the Texas Business Corporations Act (V.A.T.S., Article 1.01, et.seq.) and obtain a certificate of incorporation for the subsidiary. Incorporation may occur at any time before the subsidiary commences business and need not precede this application. The Commissioner's approval will be subject to filing a copy of the certificate of incorporation with the Department and obtaining the necessary insurance bond coverage required by 77.94(d) of the Rules regarding bond coverage for each director, officer, employee, and agent who has access to cash or securities of the subsidiary.

Pursuant to 77.91 through 77.96, applications may be made using this form for either a subsidiary corporation (also known as a service corporation) or for an operating subsidiary.

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TEXAS SAVINGS AND MORTGAGE LENDING DEPARTMENT

2601 North Lamar Suite 201

Austin, Texas 78705

**APPLICATION FOR INVESTMENT IN A SUBSIDIARY
CORPORATION/OPERATING SUBSIDIARY
FOR A TEXAS SAVINGS BANK**

(Exact Name of Applicant)

(Street Address of Applicant)

(City, State and Zip Code)

(Date of Application)

Additional Information Concerning This Application May Be Obtained From:

(Name and Title)

(Address)

(Telephone Number)

The undersigned hereby makes this application to the Savings and Mortgage Lending Commissioner for approval of investment in a subsidiary corporation on behalf of the above savings bank, pursuant to the Texas Savings Bank Act, (the "Act") and 77.92-77.96 of the Rules and Regulations Applicable to Texas Savings Banks, 7 TAC 75.01, et seq. (the "Rules"), and submits this application and other information and exhibits required by the Commissioner.

The subsidiary to which this application applies will be a subsidiary corporation subject to the investment limitations of 77.95 (or an operating subsidiary pursuant to the requirements of 77.96) and is established to engage in the activity of (be specific) as permitted by 79.93(a), or for which the Commissioner's approval is requested pursuant to 77.93(b).

Item 1. NAME AND LOCATION. The proposed name of the subsidiary, the location of the main office, and any branches of the subsidiary shall be provided.

Item 2. EXISTING CORPORATION. Audited financial statements will be provided if the savings bank is acquiring an existing corporation.

Item 3. ARTICLES AND BYLAWS. Certified copy of the articles of incorporation and bylaws of the subsidiary corporation and a certificate of incorporation will be included.

Item 4. INVESTMENT. Indicate planned acquisition terms, cost, or initial investment requirements of the savings bank in the corporation.

Item 5. OPERATING REQUIREMENTS. An annual operating budget for the proposed corporation for each of the first three years of its operation must be provided. Include sufficient detail and description of assumptions incorporated in the projections to evaluate expectations of profitable operations and indicate any additional investments that may be expected to facilitate the bank's operating objectives for the subsidiary.

Item 6. ATTORNEY OPINION. An attorney's opinion letter as to direct, indirect, and/or contingent savings bank and corporation liability will be included.

Item 7. PLANNED OPERATIONS. An outline of the plans for operation of the corporation shall be included. Specifically address how the subsidiary corporation's operations will be maintained clearly distinguishable from the parent.

Item 8. QUALIFIED FULL-TIME MANAGEMENT. Information indicating that the proposed corporation will be operated by qualified full-time management with proper supervision by savings bank management shall be included. Also, describe plans to ensure separate corporate identity.

Item 9. INFORMATION REGARDING DIRECTORS. If the savings bank is acquiring an existing corporation, the application shall include affidavits from all directors of the savings bank and of the corporation fully disclosing any interest they may directly or indirectly have in the corporation. If, however, the application is for a newly formed subsidiary that will be wholly

owned by the savings bank, then in lieu of the affidavits, the application may include a statement by the President, corporate secretary, or attorney to that effect.

Item 10. CORPORATE ASSETS. Plans for the safeguarding of corporate assets shall be included.

Item 11. BOARD OF DIRECTORS= RESOLUTION. A copy of the resolution of the bank=s board of directors certified by the institution's secretary that authorizes the investment in the subsidiary corporation is attached.

Item 12. OATH OF OFFICER. All statements of fact submitted to the Commissioner must be subscribed and sworn to before an officer authorized to administer oaths.

