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INDUSTRY LETTER

Volume 07-01

June 2007

SUBJECT: New Laws and Requirements (www.sml.state.tx.us/SSB_statutes.html)

The 80th Texas Legislature has come and gone. We have put together the enclosed package with a summary memorandum and copies of actual bills in order to bring you up-to-date on the relevant changes affecting you. While you should read all of the bills, we would like to bring to your attention what we feel are the most significant issues:

- Modernization of Finance Code – HB 2007 – While this is mostly a clean-up bill for the Department of Banking statutes, since about half of our state savings banks have adopted the their legal lending limit, this bill is of particular importance. The calculation burden has been reduced for legal lending limits by removing the requirement for certifying surplus. The limit is now 25 percent of the bank's unimpaired capital and surplus. Also of possible interest to some state savings bank, the bill reclassifies a non-working mineral or royalty interest as personal property.
 - Mortgage Fraud – HB 716 – A separate disclosure notice is now required entitled "Notice of Penalties for Making False or Misleading Written Statement" to be given to all mortgage borrowers at closing.
 - Bank Branch Locations – HB 944 – A bank may not establish or maintain a branch in this State on the premises or property of an affiliate if the affiliate engages in commercial activities defined in the bill.
 - Security at Unmanned Teller Machines (ATMs) – HB 1795 – The Finance Commission is charged with researching a system that enhances customer security at ATMs.
 - Identity Theft Notification – HB 2002 – A bank must notify check verification entities that a customer is a victim of identity theft.
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