

CHAPTER 943

H.B. No. 1772

AN ACT

relating to the priority for the distribution of the assets of a trust company on its liquidation.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Article 2, Chapter XI, The Texas Banking Code (Article 342-1102, Vernon's Texas Civil Statutes), is amended to read as follows:

Art. 2. APPLICABILITY OF STATE BANKING CODE. Unless otherwise provided in this chapter, a trust company is subject to the provisions of Chapters I, II, III, IV, V, VIII, and IX of this code as if the trust company were a state bank; provided, however, that Article 1, Chapter III, relating to banking powers, Article 11a, Chapter IV, relating to securities law exemption, *Article 4a, Chapter VIII, relating to priority of distribution in liquidation*, and Article 3, Chapter IX, relating to limited branch banking shall not apply.

SECTION 2. Chapter XI, The Texas Banking Code (Article 342-1101 et seq., Vernon's Texas Civil Statutes), is amended by adding Article 14 to read as follows:

Art. 14. PRIORITY OF CLAIMS

Sec. 1. On liquidation of a trust company, claims for payment against that trust company have the following priority:

(1) obligations incurred by the Banking Commissioner, fees and assessments due to the Banking Department, and expenses of liquidation, including any taxes due, all of which may be covered by a proper reserve of funds;

(2) claims of trust account holders having an approved claim against the general liquidating account of the trust company;

(3) claims of salaried employees of the trust company for salaries that are earned but unpaid at the time the trust company is closed;

(4) claims of general creditors having an approved claim against the general liquidating account of the trust company;

(5) claims otherwise proper that were not filed within the time prescribed by this code;

(6) approved claims of subordinated creditors; and

(7) claims of stockholders of the trust company.

Sec. 2. Subject to the provisions of Articles 14 and 15 of Chapter VIII of this Act, after fully satisfying all timely filed and approved claims of a higher priority, the commissioner may make a ratable distribution to approved claimants within a particular class or priority if there are insufficient funds to fully satisfy all of those claims, after reserving funds for administrative expenses, if necessary.

SECTION 3. The change in law made by this Act applies only to the liquidation of a trust company that begins on or after the effective date of this Act.

SECTION 4. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on May 8, 1993, by a non-record vote; the House concurred in Senate amendments to H.B. No. 1772 on May 26, 1993: Yeas 131, Nays 0, 2 present, not voting; passed by the Senate, with amendments, on May 23, 1993: Yeas 30, Nays 0.

Approved June 19, 1993.

Effective June 19, 1993.