

CHAPTER 119

H.B. No. 1248

AN ACT

relating to the regulation and supervision of savings and loan associations.

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

SECTION 1. Section 1.03, Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended by adding Subdivisions (22), (23), and (24) to read as follows:

(22) "Foreign association" means a savings and loan association whose principal office is located outside this state and that has been organized under the laws of a state or territory of the United States other than this state or under the laws of the United States;

(23) "Domestic association" means a savings and loan association organized under the laws of this state and subject to this Act;

(24) "Surviving association" means the entity that is the result of a merger or consolidation of a foreign association and a domestic association.

SECTION 2. Section 2.08, Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 2.08. DISSOLUTION OF ASSOCIATION FOR FAILURE TO COMMENCE BUSINESS. An association shall begin business not later than one year after the date of the approval of its application. The incorporators may request from the commissioner an extension of this time. If good cause is shown, the commissioner may grant a reasonable extension of this time. Failure to begin business as required by this Act constitutes grounds for *rescission of an association's charter by the commissioner* [~~dissolution of the association by suit brought in Travis County by the attorney general on request of the commissioner~~].

SECTION 3. Section 6.16, Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 6.16. REDEMPTION OF SAVINGS ACCOUNTS. At any time funds are on hand for the purpose an association shall have the right to redeem by lot or otherwise, as the board of directors may determine, all or any part of any of its savings accounts on a dividend date by giving thirty (30) days' notice by certified mail addressed to each affected account holder at his last address as recorded on the books of the association. No association shall redeem any of its savings accounts when the association is subject to *conservatorship, supervisory control, or receivership action under Chapter 8 of this Act, unless directed to do so by the commissioner, [Section 8.16 hereof]* or when it has applications for withdrawal which have been on file for more than thirty (30) days and have not been reached for payment. The redemption price of savings accounts redeemed shall be the withdrawal value thereof. If the aforesaid notice of redemption shall have been duly given, and if on or before the redemption date the funds necessary for such redemption shall have been set aside so as to be and continue to be available therefor, dividends upon the accounts called for redemption shall cease to accrue from and after the dividend date specified as the redemption date, and all rights with respect to such accounts shall forthwith, after such redemption date, terminate, except only the right of the account holder of record to receive the redemption price.

SECTION 4. Section 6.19, Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 6.19. PERMISSIVE BYLAW PROVISIONS IN RESPECT TO PRIORITY OF SAVINGS ACCOUNTS AND NOTICE OF WITHDRAWAL. The bylaws of an association may provide that in the event of voluntary or involuntary liquidation, dissolution, or winding up of the association or in the event of any other situation in which the priority of savings accounts is in controversy, all savings accounts shall, to the extent of their withdrawal value, be debts of the association having the same priority as the claims of general creditors of the association not having priority (other than any priority arising or resulting from consensual subordination) over other general creditors of the association.

If its bylaws so provide, an association may require advance notice of as much as sixty (60) days before paying withdrawal applications. An association which, having required advance notice of withdrawal, fails to make full payment of any withdrawal application at the end of the notice period shall be deemed to be subject to *conservatorship, supervisory control, or receivership proceedings* under Chapter 8 [Section 8.16] of this Act.

SECTION 5. Section 8.05(d), Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended to read as follows:

(d) A temporary or final supervisory order and all notices, correspondence, or other records relating to the order are confidential and may not be revealed to the public, except for good reason by the commissioner, or in a [lawsuit or] hearing or *judicial proceeding* under Section 8.06 or 8.07 of this Act[, or by other lawful order or authority]. However, the commissioner may disclose the information to a department, agency, or instrumentality of this or another state or the United States if the commissioner determines that the disclosure is necessary or proper for the enforcement of the laws of this or another state or the United States.

SECTION 6. Section 8.09, Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended by amending Subsections (c) and (d) and adding Subsections (e), (f), (g), (h), (i), and (j) to read as follows:

(c) Under the supervision of the commissioner, the liquidating agent shall:

(1) receive and take possession of the books, records, assets, and property of the association in liquidation;

(2) sell, enforce collection of, and liquidate the assets and property of the association in liquidation;

(3) sue in the name of the liquidating agent or in the name of the association in liquidation;

(4) defend actions brought against the liquidating agent or the association in liquidation;

(5) receive, examine, and pass on claims against the association in liquidation, including claims of *depositors* [members];

(6) make distribution and payment to creditors, *depositors*, stockholders, and members as their interests may appear;

(7) execute documents and papers and do other things that the liquidating agent considers necessary or desirable to the liquidation;

(8) give notice to creditors and *account holders* [members] directing them to present and prove their claims, by publishing the notice once a week in each of three successive weeks in a newspaper of general circulation in each county in which the association in liquidation maintained an office or branch for the transaction of business on the date it ceased unrestricted operations. *Such notice shall require all depositors and creditors to file written proofs of claim at such address as may be designated in such notice. Within 30 days after the first publication of such notice, the liquidating agent shall mail a similar notice to each depositor and creditor shown upon the books of the association at the address reflected therein; and*

(9) from time to time make a ratable liquidation dividend on claims that have been proved to the satisfaction of the board of directors or the liquidating agent or adjusted in a court of competent jurisdiction and, after the assets of the association have been liquidated, make further liquidation dividends on claims previously proved or adjusted, and for this purpose the statement of an amount due to a claimant shown on the books and records of the association may be accepted instead of a formal proof of claim on behalf of the claimant. *No final dividend shall be paid within 18 months of the date of the first publication of notice as prescribed in this section. All claims filed after the declaration and payment of any dividend and prior to the expiration of such 18 months shall, if approved, participate in dividends previously paid before any additional dividend is declared. Claims which are not presented within said 18-month period shall not participate in any dividend or distribution of assets until after full payment of all approved claims presented during such period, but all claims*

~~not filed before payment of the final dividend are barred, and claims rejected or disallowed by the liquidating agent are barred unless suit is instituted before three months after the day of notice of rejection or disallowance].~~

(d) *Each depositor, creditor, or other person asserting any claim of any character against an association in the process of liquidation under this section shall, within 18 months of the date of the first publication of notice, as provided for in this section, present his claim in writing to the commissioner or the liquidating agent, at such address which has been designated in the notice provided for in this section. Such claims shall state the facts on which same are based; shall set out any right of priority of payment or other specific rights asserted by the claimant; and shall be signed and sworn to by the claimant.*

(e) *Within three months after receipt of any claim against an association which is in liquidation, the liquidating agent shall, unless such time is extended by written agreement with the claimant, approve or reject such claim in whole or in part. If he approves such claim, or any part thereof, he shall classify such claim and enter such claim and his action thereon in a claim register. If the liquidating agent rejects any claim in whole or in part, or if he denies any right of priority of payment or any other right asserted by the claimant, he shall notify the claimant of his action by registered mail.*

(f) *Any claimant may, within three months from the day of mailing of notice by the liquidating agent, as provided by the preceding subsection, sue upon such claim in the district court of Travis County, Texas; otherwise the action of the liquidating agent shall be final and not subject to review. The trial of such suit shall be de novo as if originally filed in said court, and subject to the rules of procedure and appeal applicable to civil cases.*

(g) *On liquidation of an association, claims for payment shall have the following priority:*

(1) *obligations incurred by the commissioner or the liquidating agent, fees and assessments due to the department, and expenses of liquidation, all of which may be covered by the proper reserve of funds;*

(2) *claims of creditors having an approved claim as set forth in this section, to the extent that such claims are secured by, or constitute a lien on, the assets or property of the association;*

(3) *the claims of depositors having an approved claim against the general liquidating account of the association;*

(4) *claims of general creditors having an approved claim as set forth in this section, and the unsecured portion of any creditor obligation described in Subdivision (3);*

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

(6) *approved claims of subordinated creditors; and*

(7) *claims of shareholders of the association.*

(h) *At any time after the expiration of 18 months from the first publication notice as specified in this section, after the liquidating agent has liquidated all of the assets of the association capable of liquidation or has realized sufficient funds from such liquidation to pay the costs thereof, to pay all claims which have been filed and established, and to leave funds available to provide for the payment of all nonclaiming depositors and creditors, the liquidating agent shall declare and pay a final dividend. The liquidating agent shall deposit in one or more state-chartered financial institutions all funds hereafter available for the benefit of nonclaiming depositors and creditors. All unclaimed dividends and all funds hereafter available for nonclaiming depositors and creditors shall be deposited in one or more state-chartered financial institutions for the benefit of the depositors and creditors entitled thereto. The liquidating agent shall pay any depositor or creditor, upon demand, any amount so held for his benefit. In the event the liquidating agent is in doubt as to the identity of any claimant or his right to the fund thus held, he shall reject the*

claim and notify the claimant by registered mail. The claimant shall, within three months after mailing of such notice, institute suit against the liquidating agent in a district court of Travis County, Texas, to recover such funds, which suit shall be in the nature of an action in rem governed by the rules of procedure and appeal applicable to civil cases, and the judgment therein shall be binding upon all persons interested in such funds. If such suit is not filed within the time prescribed, the rejection of the liquidating agent shall be final. After paying a final dividend as above provided and doing each and every act necessary or proper in connection with the liquidation of the assets of such association for the benefit of the depositors and creditors, the liquidating agent shall file with the commissioner his final report of such liquidation.

(i) The commissioner shall determine the cost incident to the liquidation, and this cost shall be paid out of the assets of the association as the commissioner directs.

(j) [(d)] The provisions of the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) relating to a contested hearing apply to any [a] hearing called by the commissioner pursuant to this section [to consider the question of liquidation of an association].

SECTION 7. Section 8.10, Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 8.10. COMPLETION OF LIQUIDATION. A liquidating agent may be removed and another agent appointed by the commissioner with or without cause. If a liquidating agent resigns, dies, or becomes unable to serve for any reason, the commissioner shall promptly appoint another agent. When the liquidation is complete, the liquidating agent shall certify that fact to the commissioner, who shall issue an order closing the liquidation. *Thereafter, the commissioner and the liquidating agent shall be released and discharged from any further duty, obligation, or liability in connection with the administration of the affairs of the association, and no persons shall have or maintain any claim, suit, or action against the commissioner or the liquidating agent, individually or in their official capacities, other than suits to recover unclaimed deposits as above provided.*

SECTION 8. Section 9.01, Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 9.01. LIMITATION ON RIGHT TO DO BUSINESS AS A SAVINGS AND LOAN ASSOCIATION. *(a) No [From and after the effective date of this Act no] person, firm, company, association, fiduciary, partnership or corporation by whatever name called shall do business as a savings and loan association within this State or maintain any office in this State for the purpose of doing such business except:*

(1) domestic associations [organized under the laws of this State and subject to this Act];

(2) Federal associations [as herein defined];

(3) foreign [savings and loan] associations that hold [organized under the laws of another state of the United States which have held on the effective date of this Act] certificates of authority issued pursuant to Section 61 of Senate Bill No. 111, Acts, 1929, Forty-first Legislature, Second Called Session, page 100, Chapter 61[, for not less than ten (10) consecutive years and have actually done business in this State continuously for such period]; and

(4) foreign associations that are surviving associations holding certificates of authority issued under Section 9.07 of this Act.

(b) The prohibition of this section does not apply to [to the extent] any activity that does not constitute transacting business in this State under Article 8.01B of the Texas Business Corporation Act.

SECTION 9. Section 8.12, Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended by adding Subsection (e) to read as follows:

(e) Immediately after the closing of any association by its directors or by the commissioner under the provisions of this section, the commissioner shall place an appropriate sign to that effect at the main entrance of the association, and thereafter

no judgment lien, attachment lien, or other voluntary lien shall attach to any assets of said association, nor shall the directors, officers, or agents of any such association thereafter have authority to act for or on behalf of said association or to convey, transfer, assign, pledge, mortgage, or encumber any asset thereof, and any attempt by an officer, director, or agent to transfer, assign, convey, mortgage, or pledge any asset of the association or to create any lien thereon or in any manner to prefer any depositor or creditor of the association after the posting of such notice, or in contemplation thereof, shall be void.

SECTION 10. Section 9.02, Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 9.02. RENEWAL OF OUTSTANDING CERTIFICATES. Any *foreign* [savings and loan] association [organized under the laws of another state of the United States] holding a certificate of authority *under Section 9.01(3) or 9.07* [to do business in this State on the effective date of this Act] may renew such certificate from year to year thereafter by the payment of an annual renewal fee *in January of each year in an amount set annually by resolution of the Savings and Loan Section of the Finance Commission.* [of Five Hundred Dollars (\$500) or Twenty Dollars (\$20) for each million dollars or major fraction thereof of the total assets of such association, whichever is the greater, and by fulfilling all the prerequisites required by law at the time it secured its last renewal certificate prior to the effective date of this Act.] Such association shall pay the same [annual fees in lieu of] examination charges paid by domestic associations under Section 11.05 [11.06] of this Act, together with all traveling expenses of such examination; provided that if such examination fee is inadequate to defray all expenses of such examination, then such association shall pay the additional cost thereof. Examinations shall not be made more than once each year.

SECTION 11. Section 9.04, Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 9.04. RIGHTS, PRIVILEGES AND OBLIGATIONS OF FOREIGN ASSOCIATIONS WITH CERTIFICATES OF AUTHORITY. (a) Any foreign association operating under a certificate of authority *under Section 9.01(3) or 9.07* [as herein provided, during the time such certificate is in force,] shall have all of the rights and privileges of associations created under this Act and its [savings] accounts shall be eligible for investment to the same extent as that of a domestic association. *All* [likewise, all] provisions of this Act and all rules and regulations made pursuant thereto shall be applicable to such foreign associations *with respect to its operations in this state, and may be enforced by the commissioner. However, the foreign association may not be considered an association organized under the laws of this state.*

(b) *The commissioner, in exercising the supervisory and regulatory authority granted under Chapter 8 of this Act, may enter into cooperative agreements with regulatory authorities of other states to facilitate the regulation of foreign associations doing business in this state and may accept reports of examinations and other records from those regulatory authorities in lieu of conducting examinations outside this state.*

(c) *A foreign association operating in this state as authorized by this chapter may not exercise any powers, perform any functions, or offer any services that a domestic association could not exercise, perform, or offer.*

SECTION 12. Section 9.05, Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 9.05. POWER OF COMMISSIONER TO REVOKE CERTIFICATE. The Commissioner may issue [discontinuance] orders against a foreign association *holding a certificate of authority to do business in this State* in the same manner as against domestic associations as set forth in *Chapter 8 of this Act* [Section 8.13 hereof], and upon the failure or refusal of a foreign association to comply with a final order of the Commissioner he *may* [shall] revoke the certificate of authority held by such association and it will be unlawful thereafter for any agent of such association to transact any business in this State, except to receive payments to apply on loan contracts then in effect, and to pay withdrawal requests.

SECTION 13. Chapter 9, Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended by adding Section 9.07 to read as follows:

Sec. 9.07. MERGER OR CONSOLIDATION OF FOREIGN AND DOMESTIC ASSOCIATIONS. (a) *A domestic association may merge or consolidate with a foreign association pursuant to a plan adopted by the boards of directors of both associations and approved by the commissioner. The plan of merger or consolidation must be approved by a majority of the total vote the members or shareholders of the domestic association are entitled to cast. Approval may be voted at either an annual meeting or at a special meeting called to consider that action. A shareholder of a domestic association that is a capital stock association has the same dissenter's rights as a shareholder of a domestic corporation under the Texas Business Corporation Act.*

(b) *When presented with a plan of merger or consolidation of a foreign association and a domestic association, the commissioner shall give public notice of the proposed merger or consolidation in each county in which the domestic association has an office, and shall give any interested party an opportunity to appear, present evidence, and be heard for or against the proposed plan. The hearing shall be held before a hearing officer designated by the commissioner. If a protest is not received on or before the date of hearing, the hearing may be dispensed with by the commissioner or hearing officer. The provisions of the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) applicable to a contested case apply to the hearing. The notice and hearing provisions of that Act and of this section do not apply to an application if the domestic association is considered by the commissioner to be in an unsafe condition, and in that event, the application and all information related to the application are confidential and privileged from public disclosure.*

(c) *The commissioner shall issue an order denying the proposed plan if the commissioner finds that any of the conditions set out in Section 10.03(c) of this Act exists. In addition, if the surviving association is the foreign association, the commissioner shall deny the application if:*

(1) *the laws of the state in which the foreign association has its principal place of business do not permit savings and loan associations of that state to merge or consolidate with a domestic association if the surviving association is the domestic association; or*

(2) *the foreign association is controlled by a savings and loan holding company that has its principal place of business in a state the laws of which do not permit savings and loan associations of that state to merge or consolidate with a domestic association if the surviving association is the domestic association.*

(d) *If the surviving association is the foreign association, the commissioner may enforce any conditions, restrictions, and requirements on the surviving association that could have been enforced by the state in which the foreign association has its principal place of business with respect to a merger or consolidation in that state in which the surviving association is a domestic association.*

(e) *If the commissioner approves the proposed plan of merger or consolidation, the commissioner shall issue an order approving the merger or consolidation. If the surviving association is the foreign association, the commissioner shall issue and deliver to the surviving association a certificate of authority to do business as a savings and loan association within this state for a period to expire on January 31 of the next calendar year. If the surviving association is the domestic association, it shall continue to operate under the terms of its charter and the laws and regulations applicable to a domestic association.*

SECTION 14. Section 10.01, Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 10.01. CONVERSION INTO FEDERAL ASSOCIATIONS. *The Savings and Loan Section of the Finance Commission of Texas shall promulgate rules and regulations establishing the conditions under which an [Any] association subject to this Act may convert itself into a Federal association in accordance with the provisions of Section 5 of the Home Owners' Loan Act of 1933, as now or hereafter amended[~~upon a~~*

~~majority vote of the members at any annual meeting or any special meeting called to consider such action].~~ *The purpose of such conditions shall be to assure that the proposed conversion shall not cause undue harm to the public interest or to any other existing association. Such a conversion may be initiated by the adoption, by a majority vote of the members or shareholders of an association entitled to vote at any annual or special meeting called to consider such conversion, of a resolution declaring that the association shall be so converted.* A copy of the minutes of the proceedings of such meeting of the shareholders or members, verified by affidavit of the secretary or an assistant secretary shall be filed in the office of the Commissioner within ten (10) days after the date of such meeting. A sworn copy of the proceedings of such meeting, when so filed, shall be presumptive evidence of the holding and action of such meeting. *Within ten (10) days after receipt of an application to convert, which shall include a copy of such minutes, the Commissioner shall either consent to such conversion in writing or call a hearing to consider whether such proposed conversion complies with the conditions established by the Savings and Loan Section of the Finance Commission of Texas. Such hearing shall be held within twenty-five (25) days after the filing of the conversion application unless a later date is agreed to by the association and the Commissioner. Such a hearing shall be conducted by the Commissioner, or a hearing officer designated by the Commissioner, as a contested case in compliance with the provisions of the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) except that no proposal for decision shall be made and a final decision or order must be rendered by the Commissioner within fifteen (15) days after the close of the hearing. The provisions of the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) with respect to motion for rehearing and judicial review, shall be available to the association in the event the Commissioner should refuse to approve the conversion sought. If the Commissioner consents to such conversion the association, within three (3) months after the date of the Commissioner's consent, [three (3) months after the date of such meeting, the association] shall take such action in the manner prescribed and authorized by the laws of the United States as shall make it a Federal association. There shall be filed with the Commissioner a copy of the charter issued to such Federal association by the Federal Home Loan Bank Board or a certificate showing the organization of such association as a Federal association, certified by the secretary or assistant secretary of the Federal Home Loan Bank Board. No failure to file any such *Federal* instruments with the Commissioner shall affect the validity of such conversion. Upon the grant of any association of a charter by the Federal Home Loan Bank Board, the association receiving such charter shall cease to be an association incorporated under this Act and shall no longer be subject to the supervision and control of the Commissioner. Upon the conversion of any association into a Federal association, the corporate existence of such association shall not terminate, but such Federal association shall be deemed to be a continuation of the entity of the association so converted and all property of the converted association, including its rights, titles, and interests in and to all property of whatever kind, whether real, personal, or mixed, and things in action, and every right, privilege, interest, and asset of any conceivable value or benefit then existing, or pertaining to it, or which would inure to it, shall immediately by operation of law and without any conveyance or transfer and without any further act or deed remain and be vested in and continue and be the property of such Federal association into which the state association has converted itself, and such Federal association shall have, hold and enjoy the same in its own right as fully and to the same extent as the same was possessed, held, and enjoyed by the converting association, and such Federal association as of the time of the taking effect of such conversion shall continue to have and succeed to all the rights, obligations, and relations of the converting association. All pending actions and other judicial proceedings to which the converting state association is a party shall not be deemed to have abated or to have discontinued by reason of such conversion, but may be prosecuted to final judgment, order, or decree in the same manner as if such conversion into Federal association had not been made and such Federal association resulting from such conversion may continue such action in its corporate name as a Federal association, and any judgment, order, or decree may be rendered for or against it which might have been rendered for or against the converting state association theretofore involved in such*

judicial proceedings. Any association or corporation, which has heretofore converted itself into a Federal association under the provisions of the Home Owners' Loan Act of 1933 and has received a charter from the Federal Home Loan Bank Board, shall hereafter be recognized as a Federal association, and its Federal charter shall be given full credence by the courts of this State to the same extent as if such conversion had taken place under the provisions of this Section; provided, however, that there shall have been compliance with the foregoing requirements with respect to the filing with the Commissioner of a copy of the Federal charter or a certificate showing the organization of such association as a Federal association. All such conversions are hereby ratified and confirmed, and all the obligations of such an association which has so converted shall continue as valid and subsisting obligations of such Federal association, and the title to all of the property of such an association shall be deemed to have continued and vested, as of the date of issuance of such Federal charter, in such Federal association as fully and completely as if such conversion had taken place since the enactment of this Act pursuant to this Section.

SECTION 15. Section 10.03(b), Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended to read as follows:

(b) Upon being presented with a plan of reorganization, merger, or consolidation, the Commissioner shall give public notice of the proposed reorganization, merger, or consolidation in the county or counties in which the associations participating in the proposed plan have offices and give any interested party an opportunity to appear, present evidence, and be heard for or against the proposed plan. The hearing shall be held before a hearing officer designated by the Commissioner. If a protest is not received on or before the date of hearing, the hearing may be dispensed with by the Commissioner or hearing officer. The provisions of the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) applicable to a contested case apply to the hearing, *except that the notice and hearing provisions of that Act and of this section do not apply to an application under this section if the Commissioner has designated the merger to be a supervisory merger, under rules adopted by the Savings and Loan Section of the Finance Commission, and in that event, the application and all information relating to the application is confidential and privileged from public disclosure.*

SECTION 16. Section 11.11(1), Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended to read as follows:

(1) Notice of any hearing held pursuant to orders issued under *Chapter 8 of this Act [Sections 8.13 and 8.14]* shall be given to all parties affected by such orders. Notice of all other hearings held under any provision of this Act shall be given to all associations and Federal associations in the county where the subject matter of the hearing is or will be situated.

SECTION 17. Section 11.18, Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 11.18. DISCLOSURE—PENALTY. The Commissioner and any examiner, inspector, deputy, assistant or clerk of the Savings and Loan Department of Texas, appointed or acting under the provisions of this Act, failing to keep secret any facts or information regarding an association obtained in the course of an examination or by reason of his official position, except when the public duty of the person requires, or who wilfully makes a false official report as to the condition of such association, shall be removed from office or further employment with the department. Reports of examinations made to the Commissioner shall be regarded as confidential and not for public record or inspection, except that for good reason same may be made public by the Commissioner, but copies thereof may be furnished to the Federal Home Loan Bank Board or to the Federal Home Loan Bank for the purpose of meeting the requirements of the Federal Home Loan Bank Act. Nothing herein shall prevent the proper exchange of information relating to associations and the business thereof with the representatives of savings and loan departments of other states or to any other department, agency, or instrumentality of this or another state or the United States if the Commissioner determines the disclosure to be necessary or proper for the enforcement of the laws of this state, another state, or the United States. Any official violating any provision of this

Section shall be liable, with his bondsmen, to the person or corporation injured by the disclosure of such secrets. Unless otherwise provided by this Act, the foregoing provisions shall not apply to any facts or information or to any reports of investigations obtained or made by the Commissioner or his staff in connection with any applications for a charter under this Act or in connection with any hearing held by the Commissioner under this Act, and any such facts, information or reports may be included in the record of the appropriate hearing. Notwithstanding the foregoing, the Commissioner shall report promptly to the Savings and Loan Section of the Finance Commission when a supervisory ~~[either a cease and desist or removal]~~ order has been issued *under Chapter 8 of this Act [to an association or a person]*. The Commissioner shall furnish such information about the association or the person as the section members shall require in executive session *and all information discussed in the executive session is confidential.*

SECTION 18. Chapter 11, Texas Savings and Loan Act (Article 852a, Vernon's Texas Civil Statutes), is amended by adding Section 11.24 to read as follows:

Sec. 11.24. LIABILITIES OF COMMISSIONER AND OTHERS—DEFENSE BY ATTORNEY GENERAL. The commissioner, a member of the Finance Commission, a deputy commissioner, an examiner, or any other officer or employee of the savings and loan department is not personally liable for damages arising from the person's official acts or omissions unless the acts or omissions are corrupt or malicious. The attorney general shall defend an action brought against such a person by reason of any of the person's official acts or omissions, regardless of whether at the time of the institution of the action the defendant is an officer or employee of the department.

SECTION 19. Article 14, Chapter I, The Texas Banking Code of 1943 (Article 342-114, Vernon's Texas Civil Statutes), is amended to read as follows:

Art. 14. SAVINGS AND LOAN SECTION—RULES AND REGULATIONS—LOANS AND INVESTMENTS—ADVISORY POWERS. The Savings and Loan Section, through resolutions adopted by not less than two affirmative votes, may promulgate general rules and regulations not inconsistent with the Constitution and Statutes of this State, and from time to time amend the same, which rules and regulations shall be applicable alike to all State associations, and may authorize savings and loan associations organized under the laws of this State to invest their funds in any manner and to the same extent which said association could invest such funds under existing or any future law, rule or regulation were they organized and operating as a Federal Savings and Loan Association under the laws of the United States, provided, however, that this authority shall not be construed in any wise to confer authority to abridge, or diminish or limit any rights or powers specifically given to State associations by the statutory laws of this State. In addition to such powers as may be conferred upon the Savings and Loan Section by this Act or by the Savings and Loan Act of Texas, as amended, the Savings and Loan Section shall have the following duties:

(a) When in the judgment of the Section, protection of investors in State associations requires additional regulations or limitations, to promulgate such additional rules and regulations as will in its judgment prevent State savings and loan associations from concentrating an excessive or unreasonable portion of their resources in any particular type or character of loan or security authorized by the Texas Savings and Loan Act.

(b) When in the judgment of the Section, establishment of standards or changes in existing standards for investment are necessary, to establish standards through rules and regulations for investments by State associations ~~[in the investments authorized under the provisions of Section 5.11 of the Texas Savings and Loan Act]~~, which standards may also establish a limit in the amount which State associations may invest in any particular type or character of investment ~~[under said Subdivision]~~ to an amount or percentage based upon assets or *net worth* ~~[reserves, permanent capital and undivided profits]~~.

(c) To advise with the Savings and Loan Commissioner as to the forms to be prescribed for the filing of the annual statements with the Savings and Loan Department and the forms to be prescribed for the publication of the annual financial statements by State associations.

(d) To confer with the Savings and Loan Commissioner and with the President of the regional Federal Home Loan Bank of the district in which Texas State associations are members on general and special business and economic conditions affecting State associations.

(e) To request information and to make recommendations with respect to matters within the jurisdiction of the Savings and Loan Commissioner as relating to the savings and loan business, including recommendations as to legislation affecting such institutions, providing, that no information regarding the financial condition of any State savings and loan association obtained through examination or otherwise shall be divulged to any member of the Finance Commission, nor shall any member of the Finance Commission be given access to the files and records of the Department appertaining thereto; provided, further, however, that the Commissioner may disclose to the Savings and Loan Section any file or record pertinent to any hearing or matter pending before such Section.

SECTION 20. Article 5(d), Chapter II, The Texas Banking Code of 1943 (Article 342-205, Vernon's Texas Civil Statutes), is amended to read as follows:

(d) Upon the appointment and qualification of a Savings and Loan Commissioner under this Act such Savings and Loan Commissioner shall in person or by and through the Deputy Savings and Loan Commissioner, Savings and Loan Examiners, or other officers of the Savings and Loan Department, supervise and regulate, in accordance with the rules and regulations promulgated by the Savings and Loan Commissioner together with the *Savings [Building]* and Loan Section of the Finance Commission, all savings and loan associations doing business in this State (except Federal Savings and Loan Associations organized and existing under Federal Law), and he shall have and perform all of the duties and shall exercise all of the powers theretofore imposed upon the Banking Commissioner and upon the Building and Loan Supervisor under and by virtue of the laws of this State with reference to savings and loan associations, and the Banking Commissioner shall be relieved of all responsibility and authority relating to the granting of charters and the regulation and supervision of such associations.

SECTION 21. Article 6, Chapter II, The Texas Banking Code of 1943 (Article 342-206, Vernon's Texas Civil Statutes), is amended to read as follows:

Art. 6. OATH AND BOND OF COMMISSIONER AND OTHERS—PREMIUMS. The Commissioner, the Deputy Commissioner, the Departmental Examiner, the Liquidating Supervisor, and each examiner, assistant examiner, and special agent, the *Savings [Building]* and Loan *Commissioner [Supervisor]* and each *savings [building]* and loan examiner and each other officer and employee specified by the *appropriate* Commissioner shall, before entering upon the duties of his office, take an oath of office and make a fidelity bond in the sum of One Hundred Thousand Dollars (\$100,000), payable to the Governor of the State of Texas, and his successors in office, in individual, schedule or blanket form, executed by a surety appearing upon the list of approved sureties acceptable to the United States Government. Any bond provided under this article shall be on a form approved by the Finance Commission. The premiums for such bonds shall be paid out of the funds appropriated for the operation of the Banking Department *or the Savings and Loan Department, as applicable.*

SECTION 22. 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 April 29, 1987, by the following vote: Yeas 135, Nays 0, 2 present, not voting. Passed by the Senate on May 6, 1987, by the following vote: Yeas 31, Nays 0.

Approved May 19, 1987.

Effective May 19, 1987.