



Douglas B. Foster
Commissioner

TEXAS DEPARTMENT OF SAVINGS & MORTGAGE LENDING

83rd Legislative Session Thrift - Proposed Legislation

Savings Bank Act and Savings and Loan Association Act.

Overview:

S.B. 1008 primarily reduces regulatory burden on state savings banks, strengthens protections afforded to both the industry and the department, and removes/updates obsolete references.

Substantive amendments:

- TX Fin. Code §13.002(b) – Savings and Mortgage Lending Commissioner. Amends qualifications of the commissioner from 7 years to 5 years; and then adds that such qualification be obtained during the 10 years preceding appointment. *(Mirrors Credit Union Commissioner qualifications, as provided in TX Fin. Code §15.302. Enhances qualifications for the commissioner requiring more recent industry experience, which is necessary due to the ever-evolving nature of the industry.)*
- TX Fin. Code §92.202 – Repeal of the Liquidity requirement. *(Not required of any other depository charter. Repeal eliminates a competitive disadvantage; unnecessary overlap with and distraction from more effective and comprehensive liquidity risk management policies; and unnecessary and burdensome monitoring.)*
- TX Fin. Code §94.002 – Commercial Loan Limits. Adds a provision exempting Qualified Thrift Lender (QTL) activity from the 40% cap. *(Effect is to eliminate a lending restriction on small business loans that otherwise meet QTL requirements under TX Fin. Code §92.204. Eliminating the conflict between these two sections will encourage small business lending among state savings banks.)*
- TX Fin. Code §94.201-204 – Repeal of the Local Service Area requirement. *(Not required of any other depository charter. Repeal eliminates competitive disadvantage; unnecessary overlap with existing and applicable federal law (Community Reinvestment Act); and unnecessary and burdensome monitoring.)*
- TX Fin. Code §96.053 – Repeal of the annual financial report requirement and amendment to substitute additional reports required by the commissioner. *(The annual financial report is obsolete and duplicative of more frequent financial reporting. Analysis now uses more automated tools, reducing time and effort for both savings bank and regulatory personnel. Existing authority to require additional reports, as needed, is preserved.)*
- TX Fin. Code §119.202 – Addition of a provision specifically relating to Criminal Slander. *(Mirrors existing laws in effect for commercial and federal charters. Protects Texas depositors, communities, savings bank employees, and shareholders from the risk of a “run” on bank deposits.)*