

TITLE 7. BANKING AND SECURITIES

**PART 4. DEPARTMENT OF SAVINGS
AND MORTGAGE LENDING**

**CHAPTER 77. LOANS,
INVESTMENTS, SAVINGS, AND
DEPOSITS**

**SUBCHAPTER A. AUTHORIZED
LOANS AND INVESTMENTS**

7 TAC §77.10

The Finance Commission of Texas (commission), on behalf of the Department of Savings and Mortgage Lending (department), proposes amendments to existing 7 TAC §77.10. This proposal and the rule as amended by this proposal are referred to collectively as the "proposed rule."

Explanation of and Justification for the Rule

Existing 7 TAC §77.10 partially implements Finance Code Subtitle C, the Texas Savings Bank Act, and specifically §94.002 of such act. The proposed rule was identified during the department's periodic review of 7 TAC Chapter 77 conducted pursuant to Government Code §2001.039.

Existing §77.10, concerning Non-Real Estate Commercial Loans, determines the circumstances under which and requirements for a savings bank to engage in commercial real estate loans. The proposed rule, if adopted, would amend the rule to clarify within the text of the rule that the rule pertains only to commercial loans.

**Fiscal Impact on State and Local
Government**

Antonia Antov, director of operations for the department (director), has determined that for the first five-year period the proposed rule is in effect, there are no foreseeable increases or reductions in costs to the state or local governments as a result of enforcing or administering the proposed rule. The director has further determined that for the first five-year period the proposed rule is in effect, there will be no foreseeable losses or increases in revenue for the state or local governments as a result of enforcing or administering the proposed rule.

Public Benefits

Stephany Trotti, deputy commissioner and director of thrift for the department (deputy commissioner) has determined that for each of the first five years the proposed rule is in effect, the public benefit anticipated as a result of enforcing the proposed rule will be to have a rule that is easier to understand.

**Probable Economic Costs to Persons
Required to Comply with the Proposed Rule**

The deputy commissioner has determined that for the first five years the proposed rule is in effect, there are no substantial economic costs anticipated to persons required to comply with the proposed rule.

One-for-One Rule Analysis

Pursuant to Finance Code §16.002, the department is a self-directed and semi-independent agency and thus not subject to the requirements of Government Code §2001.0045.

PROPOSED AMENDMENT

7 TAC §77.10

PAGE 2 OF 3

Government Growth Impact Statement

For each of the first five years the proposed rule is in effect, the department has determined the following: (1) the proposed rule does not create or eliminate a government program; (2) implementation of the proposed rule does not require the creation of new employee positions or the elimination of existing employee positions; (3) implementation of the proposed rule does not require an increase or decrease in future legislative appropriations to the agency; (4) the proposed rule does not require an increase or decrease in fees paid to the agency; (5) the proposed rule does not create a new regulation (rule requirement); (6) the proposed rule does not expand, limit, or repeal an existing regulation (rule requirement); (7) the proposed rule does not increase or decrease the number of individuals subject to the rule's applicability; and (8) the proposed rule does not positively or adversely affect this state's economy.

Local Employment Impact Statement

No local economies are substantially affected by the proposed rule. As a result, preparation of a local employment impact statement pursuant to Government Code §2001.022 is not required.

Fiscal Impact on Small and Micro-Businesses and Rural Communities

The proposed rule will not have an adverse effect on small or micro-businesses or rural communities because there are no substantial economic costs anticipated to persons required to comply with the proposed rules. As a result, preparation of an economic impact statement and a regulatory

flexibility analysis as provided by Government Code §2006.002 are not required.

Takings Impact Assessment

There are no private real property interests affected by the proposed rule. As a result, preparation of a takings impact assessment as provided by Government Code §2007.043 is not required.

Public Comments

Written comments regarding the proposed rule may be submitted by mail to Iain A. Berry, Associate General Counsel, at 2601 North Lamar Blvd., Suite 201, Austin, Texas 78705-4294, or by email to rules.comments@sml.texas.gov. All comments must be received within 30 days of publication of this proposal.

Statutory Authority

This proposal is made under the authority of Finance Code §11.302(a) which authorizes the commission to adopt rules applicable to state savings banks. This proposal is also made under the authority of Finance Code §96.002(a), which authorizes the commission to adopt rules necessary to supervise and regulate Texas-chartered savings banks and to protect public investment in Texas-chartered savings banks. 7 TAC §77.10 is also proposed under the authority of, and to implement Finance Code §94.002.

This proposal affects the statutes contained in Finance Code Subtitle C, the Texas State Savings Bank Act.

§77.10.Non-Real Estate Commercial Loans.

A savings bank may lend and invest not more than 40% of its total assets in non-real estate commercial loans for business, corporate, or agricultural purposes. The amount of each letter of credit or other unfunded commitment to make a non-real estate commercial loan shall be included in computing this limitation. Prior to funding a loan under this section, a savings bank shall comply with the requirements of §77.31(a) of this title (relating to Loan Documentation).

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on December 22, 2020.

TRD-202005677

Iain A. Berry

Associate General Counsel

Department of Savings and Mortgage
Lending

Earliest possible date of adoption: February
7, 2021

For further information, please call: (512)
475-1535