

## FINANCIAL INSTITUTION CHARTER COMPARISON

### *GENERAL POWERS, COST, & REGULATORY ENVIRONMENT*

Characteristic	Texas Savings Bank	Texas Savings & Loan	Texas State Bank	Federal Savings Institution	National Bank
POWERS (General)	Same as Federal Savings Association, State S&L, and State or National Bank (+Automatic (+parity provision))	Same as Federal Savings Association (+parity provision)  + Real estate development through subsidiary (with FDIC approval) or Holding Company	+Broader than National Bank (+parity provision)	Same as State S&L (No parity provision)  + Real estate development through subsidiary or Holding Company	
ASSESSMENTS	50% Lower than Federal Thrifts	25% Lower than Federal Thrifts, if federally insured; 50% Higher than Federal Thrifts, if uninsured	Lower than National Banks	Generally higher than State Thrifts	Higher than State Thrifts
INTANGIBLE BENEFITS	+ Locally-Oriented regulator with accessible executive management  + State & federal (FDIC or FRB) joint supervision  + All joint examinations with FDIC or FRB	+ Locally-Oriented regulator with accessible executive management  (+ State & federal joint supervision if insured)	+ Locally-Oriented regulator with accessible management  + State & federal (FDIC or FRB) joint supervision	+ Single, nationally-oriented regulator with accessible regional management (10 state region)	+ Single, nationally-oriented regulator with accessible regional management (10 state region)
EXTERNAL OVERSIGHT	1 of 3 agencies under the Finance Commission of Texas, a body comprised of Texas business leaders	1 of 3 agencies under the Finance Commission of Texas, a body comprised of Texas business leaders	1 of 3 agencies under the Finance Commission of Texas, a body comprised of Texas business leaders	1 of 11 bureaus under the United States Department of the Treasury	1 of 11 bureaus under the United States Department of the Treasury
REGULATOR	SML Commissioner & FDIC or FRB	SML Commissioner (& Federal if Insured)	Banking Commissioner & FDIC or FRB	OCC	OCC
MUTUAL FORM PERMITTED	Yes	Yes	No	Yes	No
FRB MEMBERSHIP	Optional	Not Eligible	Optional	Not Eligible	Required
FHLB MEMBERSHIP	Optional	Optional	Optional	Required	Optional
ACTIVITIES	State Law may exceed National Bank authority with approval of FDIC + parity with National Banks, Texas State Banks, and Federal Savings Associations	State law may Exceed National Bank authority with approval of FDIC + parity with Federal Savings Associations	State law may exceed National Bank authority with approval of FDIC	Federal Thrift Law	Federal Banking Law
BRANCHING	Each charter permits both statewide and interstate branching.				

**INVESTMENTS**

Characteristic	Texas Savings Bank	Texas Savings & Loan	Texas State Bank	Federal Savings Institution	National Bank
COMMERCIAL LENDING	40% of assets in non-real estate commercial loans	10% of assets in non-real estate commercial loans	Not Applicable	20% of assets in non-real estate commercial loans	Not Applicable
LEGAL LENDING LIMIT	Same as National Banks, parity with State Banks and greater Federal Savings Association limits  [At least \$500,000]	Same as Federal Savings Association through parity provision	25% or 40%* of Tier 1 Capital  [*If statutory and regulatory exceptions apply]	Greater of National Bank authority, or \$500,000 + 30% of capital and surplus for loans to develop domestic residential housing units, with Director approval	15% or 25%* of capital & surplus (including ALLL)  [*If statutory and regulatory exceptions apply]
INVESTMENT IN SUBSIDIARY CORPORATION (SERVICE CORPORATION) AND FINANCIAL SUBSIDIARIES	+ 10% of total assets.  + Operating subsidiaries that engage in activities the savings bank could engage in directly are not subject to this investment limitation	+ 10% of total assets.  + Operating subsidiaries that engage in activities the savings association could engage in directly are not subject to this investment limitation	+ 10% of capital and certified surplus in a service corporation, and no more than the Bank's total equity capital in all service corporations  + Operating subsidiaries that engage in activities the bank could engage in directly are not subject to this investment limitation	+ 2% of total assets, or 3% if the additional percent serves primarily community development, etc.  + Operating subsidiaries that engage in activities the savings association could engage in directly are not subject to this investment limitation	+ 10% of capital and surplus in a service corporation, and no more than 5% of the Bank's total assets in all service corporations  + Operating subsidiaries that engage in activities the bank could engage in directly are not subject to this investment limitation
SERVICE AND FINANCIAL SUBSIDIARY CORPORATION ACTIVITIES & INVESTMENTS PERMITTED	+ May engage in loan origination and servicing, real estate acquisition, development and investment, real estate brokerage, securities brokerage services on a riskless principal basis, and insurance brokerage  + Also, parity with Federal Savings Associations, State and National Banks	+ May engage in loan origination and servicing, real estate acquisition, development and investment, real estate brokerage, securities brokerage services on a riskless principal basis, and insurance brokerage  + Also, parity with Federal Savings Associations, State and National Banks	+ May engage in any activity that can be engaged in directly by a Bank or Bank Holding Company including securities underwriting	+ May engage in loan origination and servicing, services to financial institutions, real estate services, acquisition, improvement and maintenance of real estate, securities brokerage services on a riskless principal basis, and insurance brokerage	+ May engage in any activity that can be engaged in directly by a Bank or Bank Holding Company including securities underwriting
THRIFTINESS TEST: HOLA(Home Owners Loan Act) QTL (Qualified Thrift Lender) Test, or IRS Test for Domestic Building and Loan	Yes - 65% of assets as pursuant to 12 U.S.C. §1467a(m) (defined as cash, U.S. government or agency securities, or real estate related lending, plus consumer, credit card, and small business lending)  or 50% if no Savings and Loan (HOLA 10(l)) Holding Company	Yes - Same as Federal Savings Association	Not Applicable	Yes - 65% of Assets as pursuant to 12 U.S.C. §1467a(m) (defined as cash, U.S. government or agency securities, or real estate related lending, plus consumer, credit card, and small business lending)  or 60% of Assets in IRS defined Qualified Assets of cash, U.S. government or agency securities, premises or real estate related lending and investments [26 U.S.C., (Chapter 79)§7701(a)(19) 1986 Internal Revenue Code]	Not Applicable

***HOLDING COMPANY REGULATION***

<b>Characteristic</b>	<b>Texas Savings Bank</b>	<b>Texas Savings &amp; Loan</b>	<b>Texas State Bank</b>	<b>Federal Savings Institution</b>	<b>National Bank</b>
HOLDING COMPANIES, IN GENERAL	Bank or Financial Holding Company  or Savings and Loan (HOLA 10(l)) Holding Company	S & L Holding Company (HOLA 10(l))  or Financial Holding Company	Bank or Financial Holding Company	S & L Holding Company (HOLA 10(l))  or Financial Holding Company	Bank or Financial Holding Company
MUTUAL HOLDING COMPANIES	The Mutual Holding Company must hold more than 50 percent of the stock of the subsidiary Savings Bank and receive all approvals required under federal law for the creation of a Bank or Thrift Holding Company	Not Expressly Allowed	None	The Mutual Holding Company must hold more than 50 percent of the stock of the subsidiary Savings Institution and receive all approvals required under federal law for the creation of a Bank or Thrift Holding Company	None
DIVERSIFIED ACTIVITIES OF UNITARY S&L HOLDING COMPANY (Controls Only One Savings Association)	Yes, same as Federal Savings Association	Yes, same as Federal Savings Association	Not Applicable	Yes, Unitary S&L Holding Company may engage in any legal business activity (not available unless grandfathered)	Not Applicable

Information compiled by and questions may be directed to:

Stephany Trotti, Deputy Commissioner/Director of Thrift  
Department of Savings & Mortgage Lending, (737) 222 - 0265

[Strotti@sml.texas.gov](mailto:Strotti@sml.texas.gov)

Last Revised 5/9/2019