

FINANCE CODE

TITLE 3. FINANCIAL INSTITUTIONS AND BUSINESSES

SUBTITLE Z. MISCELLANEOUS PROVISIONS RELATING TO FINANCIAL  
INSTITUTIONS AND BUSINESSES

CHAPTER 273. SAVINGS AND LOAN SUPPLEMENTAL FUND ACT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 273.001. SHORT TITLE. This chapter may be cited as the Texas Savings and Loan Supplemental Fund Act.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.002. PURPOSES; LIBERAL CONSTRUCTION. (a) The purposes of this chapter are to:

(1) establish a fund in this state to aid the commissioner in maintaining the solvency of associations that contribute to the fund; and

(2) safeguard the public interest and promote public confidence in domestic associations doing business in this state by making the fund available to the commissioner to be used to:

(A) protect and rehabilitate the assets of member associations; and

(B) maintain the solvency of member associations.

(b) This chapter shall be liberally construed to effect its purposes.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.003. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of the corporation.

(2) "Commissioner" means the savings and mortgage lending commissioner.

(3) "Corporation" means the Texas Savings and Loan Supplemental Fund Corporation.

(4) "Domestic association" means a savings and loan association that is organized under the laws of this state.

(5) "Member association" means a domestic association that is a member in good standing of the corporation.

(6) "Member association under conservatorship" means a member association that is subject to a conservatorship order of the commissioner.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 921 (H.B. 3167), Sec. 6.059, eff. September 1, 2007.

Sec. 273.004. EXEMPTION FROM SECURITIES ACT. (a) A security issued by the corporation under this chapter is not considered a "security" under The Securities Act (Title 12, Government Code).

(b) A person authorized by and acting on behalf of the corporation is exempt from the registration and licensing provisions of The Securities Act (Title 12, Government Code) with respect to that person's participation in a sale or other transaction involving a security of the corporation.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. 4171), Sec. 2.16, eff. January 1, 2022.

Sec. 273.005. SECURITY OF CORPORATION CONSIDERED AUTHORIZED INVESTMENT OF SAVINGS AND LOAN ASSOCIATION. A security of the corporation held by a member association is considered an authorized investment of a savings and loan association under state law.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

#### SUBCHAPTER B. ORGANIZATION OF CORPORATION

Sec. 273.101. CREATION OF AND MEMBERSHIP IN CORPORATION.

(a) The Texas Savings and Loan Supplemental Fund Corporation is a nonprofit legal entity that is supervised by the commissioner.

(b) A domestic association is eligible to be a member of the

corporation if the association:

(1) is insured by the Federal Deposit Insurance Corporation; and

(2) meets the membership standards adopted by the board and approved by the commissioner as part of the Texas Savings and Loan Supplemental Fund Corporation's plan of operation.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.102. BOARD OF DIRECTORS. (a) The board shall exercise the powers and manage the business and affairs of the corporation.

(b) The board consists of:

(1) the members of the Finance Commission of Texas; and

(2) six members elected by the member associations at an annual meeting.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.103. EXECUTIVE COMMITTEE. (a) The plan of operation of the corporation may authorize the board to create an executive committee consisting of three or more directors.

(b) An act of the executive committee is as effective as an act of the board if the act is authorized by the plan of operation and is within the authority delegated to the committee.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.104. TERM. (a) An elected director serves a two-year term and continues to serve until a successor has been elected and qualified.

(b) Of the original board who represent the member associations, three directors shall be elected for two-year terms, and the other three directors shall be elected for one-year terms.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.105. BOARD OFFICERS AND PERSONNEL. (a) At the first board meeting after each directors' election, the board shall elect from its membership a presiding officer.

(b) The board may appoint other officers and employees as the board considers appropriate.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.106. VACANCY. (a) The office of a director becomes vacant on the death, resignation, or removal of the director.

(b) A resignation must be presented to the commissioner or the board's presiding officer.

(c) A vacancy in the office of a director shall be filled for the unexpired term by majority vote of the remaining directors.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.107. REMOVAL OF BOARD MEMBER. The board may remove an elected director from office by a two-thirds majority vote at a meeting called for that express purpose because the director has failed to:

(1) maintain the standards for directors specified in the plan of operation; or

(2) perform any required duty.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.108. CONFLICT OF INTEREST. A director may not vote or act on a decision intended to directly and specifically affect an association in which the director has a direct interest.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.109. COMPENSATION; REIMBURSEMENT FOR EXPENSES. A director may not receive compensation for serving on the board but is entitled to reimbursement for actual expenses incurred in performing duties as a director.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.110. MEETINGS. (a) A regular meeting of the board shall be held as determined by the board.

(b) A special meeting of the board may be called by:

(1) the presiding officer;

- (2) any three directors; or
- (3) the commissioner.

(c) Notice of the time and place of each board meeting shall be given to each director and the commissioner at the time and in the manner specified in the plan of operation.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.111. QUORUM; VOTING. (a) A quorum of the board consists of not less than a majority of all directors, except that:

(1) less than a majority of all directors may adjourn from time to time; and

(2) a majority of directors holding office constitutes a quorum for filling a vacancy on the board.

(b) Each member association is entitled to one vote on a matter at a meeting of the member associations, including the election of directors. The vote must be cast by a delegate authorized to act by that association.

(c) A majority of the votes cast is required to elect a director or approve a question to be voted on by the directors.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

#### SUBCHAPTER C. OPERATION OF CORPORATION

Sec. 273.201. PLAN OF OPERATION; AMENDMENT. (a) After the directors have been selected and taken office, the board shall submit to the commissioner a plan of operation the board finds necessary and suitable to assure the fair, reasonable, and equitable administration of the corporation. The plan must:

(1) contain explicit standards for admission to and retention of membership in the corporation;

(2) establish procedures for handling the assets of the corporation;

(3) establish the amount and method of reimbursing directors;

(4) establish a regular place and time for board meetings;

(5) establish procedures for keeping records of

financial transactions of the board, the corporation, and the corporation's agents;

(6) establish additional procedures for issuing securities of the corporation under Subchapter D;

(7) subject to the limits prescribed by Section 273.305(c), establish a maximum amount that may be spent on behalf of a member association for the purposes of this chapter; and

(8) contain any other provision necessary or proper to execute the powers and duties of the corporation.

(b) A member association shall comply with the plan.

(c) The corporation may amend the plan and submit the amendment to the commissioner.

(d) The plan or an amendment to the plan takes effect on the commissioner's written approval of the plan or amendment.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.202. TEMPORARY PLAN OF OPERATION. (a) The commissioner shall prepare and adopt a temporary plan of operation for organization of the corporation until the initial board is selected. The plan must include standards for membership in the corporation.

(b) The temporary plan remains in effect until the plan is:

(1) modified by the commissioner; or

(2) superseded by a plan of operation that is approved by the commissioner.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.203. POWERS OF CORPORATION. The corporation may, consistent with the purposes of this chapter, exercise the powers of a nonprofit corporation created under the laws of this state, including the power to:

(1) enter into a contract;

(2) sue and be sued;

(3) purchase, hold, lease, receive, use, encumber, transfer, lend, advance, or otherwise dispose of money or other property of any kind, or of any interest in money or other property;

(4) take the capital stock and assets of a borrowing

member association as collateral securing any loan it makes to that association;

(5) hold or dispose of in any manner any collateral described by Subdivision (4) acquired as a result of default in the payment of a loan;

(6) declare and pay a dividend or interest on a security issued under this chapter;

(7) borrow money; and

(8) perform any other necessary act to enable the corporation to effectively promote and carry out its purposes.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.204. CONDITIONS UNDER WHICH CORPORATION MAY EXERCISE POWERS AND DUTIES. The corporation may not exercise a power or perform a duty under Section 273.203 or 273.205 or Subchapter E until the Office of Thrift Supervision and the Federal Deposit Insurance Corporation have:

(1) officially recognized that the corporation in exercising that power or performing that duty will reduce and minimize the liability of the Federal Deposit Insurance Corporation; and

(2) taken any necessary action to permit member associations to use without restraint all of the operational power the member associations have under the laws of this state, including rules of the Finance Commission of Texas.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 867, Sec. 95, eff. Sept. 1, 2001.

Sec. 273.205. CONSIDERATION FOR ASSISTANCE. In consideration for assistance provided to a member association under this chapter, the corporation shall receive:

(1) an equity interest in the association; or

(2) other compensation acceptable to the board from the association or another corporate entity that is a party to the transaction in which the assistance is rendered.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.206. CANCELLATION OF MEMBERSHIP. The board may cancel the membership of a member association that fails to purchase securities as required by Section 273.301 by the 10th banking day after the purchase date set by the board.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.207. REDEMPTION OF SECURITIES. (a) A member association that surrenders its membership, becomes ineligible for membership, or has its membership canceled may present any security of the corporation it holds for redemption. The corporation may defer redemption for not longer than three years and shall continue to pay interest or a dividend required under the terms of a security until the security is redeemed.

(b) When the balance of the administrative account exceeds 20 percent of the balance of the primary account, the corporation may begin a redemption plan of securities issued by the corporation.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.208. IMMUNITY FROM LIABILITY. The following persons are not liable for an act or failure to act in the exercise of the person's powers or performance of the person's duties under this chapter:

- (1) a member association;
- (2) the corporation;
- (3) a director;
- (4) the commissioner or the commissioner's representative; and
- (5) an agent or employee of the corporation or a member association.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.209. LIMITATION ON ADVERTISEMENT AND PROMOTION. A member association may advertise or use for promotional purposes the fact that its assets are protected under this chapter only to the extent and in the manner permitted by the plan of operation.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.



Sec. 273.210. DISSOLUTION. (a) The corporation may be dissolved on:

- (1) approval of the commissioner;
- (2) unanimous approval of the board; and
- (3) approval of two-thirds of the member associations.

(b) The corporation may be dissolved if member associations are required to contribute to any fund similar to the corporation's primary account, other than a fund in which member associations pay premiums to the Federal Deposit Insurance Corporation for insurance of accounts.

(c) The commissioner and the board shall establish procedures for dissolution.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.211. EFFECT OF DISSOLUTION. (a) On dissolution, money in the primary account shall be used to redeem all securities issued by the corporation and held by a member association. If money in the primary account is insufficient to redeem the securities, the administrative account may be used.

(b) On dissolution, the earnings of the corporation accrue to this state and may not be distributed to any other person.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

#### SUBCHAPTER D. PRIMARY AND ADMINISTRATIVE ACCOUNTS; ISSUANCE OF SECURITIES

Sec. 273.301. REQUIRED PURCHASE OF SECURITIES. (a) The corporation, acting on the direction of the board under the plan of operation, may require a member association to purchase by a certain date preferred stock, a certificate of participation, or another type of security issued by the corporation that accrues interest or pays a dividend at a specified rate or a variable rate determined by a specific method of computation.

(b) The commissioner may defer in whole or in part a purchase required by Subsection (a) if the commissioner believes the purchase would endanger the ability of the member association

to maintain its solvency.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.302. AMOUNT OF SECURITY PURCHASE. The aggregate amount of securities of any type a member association may be required to purchase under Section 273.301 may not exceed an amount equal to two percent of the total assets of the association as shown on the association's annual statement filed with the commissioner as required by law for the calendar year preceding the date of the required purchase.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.303. PRIMARY ACCOUNT. (a) Money from the sale of the corporation's securities constitutes the primary account of the corporation.

(b) Money in the primary account may be invested in:

(1) a certificate of deposit or other interest-bearing account in a savings and loan association or commercial bank domiciled in this state; or

(2) securities that:

(A) will mature in not longer than five years;

(B) are issued by the United States government, this state, or a municipality or other governmental entity of this state; and

(C) are direct obligations of or secured by the full faith and credit of the issuer.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.304. ADMINISTRATIVE ACCOUNT. The corporation shall establish an administrative account in which the corporation shall deposit earnings, including interest, on the investment of money in the primary account.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.305. AUTHORIZED EXPENDITURES. (a) The corporation may spend money from the administrative account for the usual business operations of the corporation.

(b) On the commissioner's request, the corporation shall use money in the administrative account or primary account to:

(1) aid a member association under conservatorship; and

(2) rehabilitate a member association placed under conservatorship as authorized by law and minimize the chance the association will be liquidated.

(c) The total amount used to aid a member association under Subsection (b)(1) may not exceed the lesser of:

(1) 10 percent of the balance of the primary account; or

(2) 20 percent of the association's assets.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.306. FORM AND TERMS OF SECURITY ISSUE. The board shall determine the form and terms of, and any other matter not covered by this chapter relating to, each security issue under this subchapter.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.307. ALLOCATION OF SECURITY ISSUE. The corporation shall allocate each security issue under Section 273.301 ratably among the member associations based on the ratio of each association's total assets on December 31 of the year preceding the date on which the securities are purchased to the total assets of all member associations on that date.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.308. LIMITATION ON ISSUANCE OF SECURITIES. When the balance of the administrative account reaches the greater of \$50 million or five percent of the balance of the primary account, the corporation shall stop issuing securities until the balance of the administrative account is less than \$50 million or five percent of the balance of the primary account, as appropriate.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

#### SUBCHAPTER E. ASSISTANCE PROVIDED TO MEMBER ASSOCIATIONS UNDER

## CONSERVATORSHIP

Sec. 273.401. GENERAL ASSISTANCE. On the commissioner's request and under the commissioner's instruction, the corporation shall assist in the merger, consolidation, conservation, rehabilitation, or supervision of a member association under conservatorship.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.402. ASSISTANCE IN TRANSFERRING OR DISPOSING OF PROPERTY. The corporation shall make or issue to the appropriate person, with the commissioner's approval, a guaranty or other form of written assurance that is reasonably necessary to facilitate the transfer or other disposition of all or part of the property of a member association under conservatorship.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.403. ADVANCE OF MONEY. (a) The corporation shall advance money on terms the board may establish to directly aid or to provide special services for a member association under conservatorship so the association may continue to operate and maintain solvency.

(b) The corporation may charge interest on the money it advances under this section.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.404. PURCHASE OF INTEREST IN ASSETS. (a) The corporation shall purchase from a member association under conservatorship an interest in the association's assets at a price agreed to by the conservator and the board, regardless of whether the price exceeds the market value of the purchased assets.

(b) A purchase must be made on the terms the board determines. The commissioner must approve the terms of the purchase in writing.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.405. PROCEDURE FOR MERGER, SALE OF CONTROL OF, OR

SALE OF ASSETS. A merger, sale of control, or sale of any of the assets of a member association under conservatorship in aid of which money from an account under this chapter has been advanced may be accomplished in the form and by the procedure the board and the commissioner consider appropriate.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

#### SUBCHAPTER F. ADMINISTRATIVE PROVISIONS

Sec. 273.501. ANNUAL FINANCIAL STATEMENT. (a) Not later than April 1 of each year, the board shall submit to the commissioner an audited financial statement for the preceding calendar year, prepared in accordance with consistently applied generally accepted accounting principles.

(b) An independent certified public accountant must certify the financial statement.

(c) The commissioner may require additional necessary information.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.502. EFFECT OF MEMBERSHIP. In regulating a savings and loan association, the commissioner may not give preferential treatment to or discriminate against that association solely because that association is or is not a member of the corporation.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.503. AMOUNT TO BE SPENT BEFORE CERTIFICATION OF INSOLVENCY OF MEMBER ASSOCIATION. The commissioner must spend the amount prescribed by Section [273.201\(a\)\(7\)](#) before certifying a member association to be insolvent.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 273.504. FEE AND TAX EXEMPTION. The corporation is exempt from fees and taxes imposed by this state or a political subdivision of this state, except a tax imposed on real property.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.