

FINANCE CODE

TITLE 3. FINANCIAL INSTITUTIONS AND BUSINESSES

SUBTITLE B. SAVINGS AND LOAN ASSOCIATIONS

CHAPTER 62. ORGANIZATIONAL AND FINANCIAL REQUIREMENTS

SUBCHAPTER A. INCORPORATION IN GENERAL

Sec. 62.001. APPLICATION TO INCORPORATE. (a) Five or more residents of this state may apply to incorporate an association by submitting to the commissioner an application and the filing fee.

(b) An application must contain:

(1) two copies of the association's articles of incorporation identifying:

(A) the name of the association;

(B) the location of the principal office; and

(C) the names and addresses of the initial directors;

(2) two copies of the association's bylaws;

(3) data sufficiently detailed and comprehensive to enable the commissioner to make a determination under Section 62.007, including statements, exhibits, and maps;

(4) other information relating to the association and its operation that the finance commission by rule requires; and

(5) financial information about each applicant, incorporator, director, or shareholder that the finance commission by rule requires.

(c) Financial information described by Subsection (b)(5) is confidential and not subject to public disclosure unless the commissioner finds that public disclosure is necessary.

(d) The articles of incorporation and statements of fact shall be signed and sworn to.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 867, Sec. 23, eff. Sept. 1, 2001.

Sec. 62.002. ADDITIONAL INCORPORATION REQUIREMENTS FOR CAPITAL STOCK ASSOCIATION. (a) A capital stock association's articles of incorporation must include a statement of:

(1) the aggregate number of shares of common stock that the association may issue;

(2) the par value of each share or that the shares are without par value;

(3) whether the association may issue preferred stock;

(4) the amount of stock that has been subscribed and will be paid for before the association begins business;

(5) the name and address of each subscriber and the amount subscribed by each; and

(6) the amount of paid-in surplus with which the association will begin business.

(b) Before approving the application of a capital stock association, the commissioner may require the association to have an aggregate amount of capital in the form of stock and paid-in surplus that the finance commission by rule specifies.

(c) The subscriptions for capital stock and paid-in surplus, less lawful expenditures, shall be returned pro rata to the subscribers if:

(1) the application is not approved; or

(2) the association does not begin business.

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

Sec. 62.003. ADDITIONAL INCORPORATION REQUIREMENTS FOR MUTUAL ASSOCIATION. (a) A mutual association's articles of incorporation must include a statement of the amount of savings liability of the association and the amount of the expense fund with which the association will begin business.

(b) Before approving the articles of incorporation of a mutual association, the commissioner may require the association to have subscriptions for an aggregate amount of savings accounts and an expense fund in an aggregate amount that the commissioner, under rules of the finance commission, finds is necessary for the successful operation of the association.

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

Sec. 62.004. APPROVAL OF MANAGING OFFICER. (a) An association may not begin business before:

(1) it presents to the commissioner the name and qualifications of its managing officer; and

(2) the commissioner approves the managing officer.

(b) An applicant is not required at a hearing on the application to specify in the public record the name or qualifications of the managing officer of the association.

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

Sec. 62.005. CORPORATE NAME. (a) The name of an association must include the words "Savings Association," "Savings Institution," "Savings and Loan Association," or "Savings and Loan Institution," preceded by one or more appropriate descriptive words approved by the commissioner.

(b) The commissioner may not approve the incorporation of an association that has the same name as another association authorized to do business in this state under this subtitle or a name so nearly resembling the name of another association as to be calculated to deceive unless the association is formed:

(1) by the reincorporation, reorganization, or consolidation of other associations; or

(2) on the sale of the property or franchise of an association.

(c) A person who is not an association authorized to do business under this subtitle may not do business under a name or title that:

(1) indicates or reasonably implies that the business being done is the type of business carried on or transacted by an association; or

(2) is calculated to lead a person to believe that the business being done is the type of business carried on or transacted by an association.

(d) On application by the commissioner or an association, a court may enjoin a violation of this section.

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

Sec. 62.006. HEARING ON APPLICATION TO INCORPORATE. (a) On the filing of a complete application to incorporate, the

commissioner shall:

- (1) issue public notice of the application; and
- (2) give any interested person an opportunity to appear, present evidence, and be heard for or against the application.

(b) A hearing officer designated by the commissioner shall preside over the hearing.

(c) The hearing officer shall file with the commissioner a report on the hearing. The report must:

- (1) specify findings of fact on each condition described by Section 62.007(a); and
- (2) identify the evidence that forms the basis for the findings.

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

Sec. 62.007. DECISION ON APPLICATION TO INCORPORATE; ISSUANCE OF CERTIFICATE OF INCORPORATION. (a) The commissioner may approve an application to incorporate only if the commissioner finds that:

(1) the prerequisites to incorporation required by this chapter are satisfied;

(2) the character, responsibility, and general fitness of each person named in the articles of incorporation command confidence and warrant belief that:

(A) the business of the association will be honestly and efficiently conducted in accordance with the intent and purpose of this subtitle; and

(B) the association will have qualified full-time management;

(3) there is a public need for the association;

(4) the volume of business in the community in which the association will conduct its business indicates a profitable operation is probable; and

(5) the operation of the association will not unduly harm an existing association.

(b) On finding that the requirements of Subsection (a) are fulfilled, the commissioner shall:

(1) enter an order approving the application and stating the findings required by Subsection (a);

(2) issue under official seal a certificate of incorporation;

(3) deliver a copy of the approved articles of incorporation and bylaws to the incorporators; and

(4) permanently retain a copy of the articles and bylaws.

(c) On delivery of the certificate of incorporation to the incorporators, the association:

(1) is a corporate body with perpetual existence unless terminated by law; and

(2) may exercise the powers of an association beginning on the date the commissioner certifies receipt of satisfactory proof that the association has received in cash and free of encumbrance:

(A) the required amount of the capital stock and paid-in surplus if the association is a capital stock association; or

(B) the required amount of the savings liability and expense fund if the association is a mutual association.

(d) On denial of an application, the commissioner shall enter an order denying the application and include a written statement specifying the grounds for the denial. The commissioner shall deliver by certified mail a copy of the order to the designated representative of the incorporators.

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

Sec. 62.008. PREFERENCE FOR LOCAL CONTROL. If an application to incorporate a new association that proposes to locate an office in a community is before the commissioner at the same time as an application to establish an additional office in the same community from an existing association and the principal office of the existing association is located in a county other than the county in which the community is located, the commissioner may give additional weight to the application of the applicant that has the greater degree of control vested in or held by residents of the

community.

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

Sec. 62.009. DEADLINE FOR COMMENCING BUSINESS. (a) An association shall begin business not later than the first anniversary of the date the commissioner approves the association's application.

(b) On the request of the incorporators and for good cause shown, the commissioner may grant a reasonable extension of the deadline prescribed by Subsection (a).

(c) The commissioner may rescind the authority to operate of an association that does not begin business as required by this subtitle.

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

Sec. 62.010. AMENDMENT OF ARTICLES OF INCORPORATION OR BYLAWS. (a) An association may amend its articles of incorporation or bylaws by a resolution adopted by a majority vote of those entitled to vote attending an annual meeting or a special meeting called for that purpose.

(b) An amendment may not take effect before it is filed with and approved by the commissioner.

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

Sec. 62.011. CHANGE OF OFFICE OR NAME. (a) Only with the prior approval of the commissioner may an association:

(1) establish an office other than the principal office stated in the association's articles of incorporation;

(2) move an office from its immediate vicinity; or

(3) change the association's name.

(b) On request, the commissioner shall give a person who may be affected by an act described by Subsection (a) an opportunity to be heard.

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

#### SUBCHAPTER B. INCORPORATION TO REORGANIZE OR MERGE

Sec. 62.051. PURPOSE OF INCORPORATION. A person may apply to incorporate an association for the purpose of:

(1) purchasing the assets, assuming the liabilities, excluding liability to stockholders, and continuing the business of an association the commissioner considers to be in an unsafe condition; or

(2) acquiring an existing association by merger.

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

Sec. 62.052. INCORPORATION REQUIREMENTS. (a) An application to incorporate an association under this subchapter must be submitted to the commissioner.

(b) The application must include information required by rule of the finance commission.

(c) The association must have capital in an amount set by the commissioner that is sufficient to carry out the purposes for which incorporation is requested.

(d) If the commissioner considers the association to be reorganized or merged to be in an unsafe condition:

(1) Chapter 2001, Government Code, does not apply to the application; and

(2) the application and all information relating to the application are confidential and not subject to public disclosure.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 867, Sec. 24, eff. Sept. 1, 2001.

Sec. 62.053. DECISION ON APPLICATION; ISSUANCE OF CERTIFICATE OF INCORPORATION. (a) The commissioner shall approve an application under this subchapter if the commissioner finds that:

(1) the business of the association that is to be reorganized or merged can be effectively continued under the articles of incorporation; and

(2) the reorganization or merger is in the best interest of the general public and the savers, depositors, creditors, and shareholders of the association that is to be

reorganized or merged.

(b) If the commissioner approves an application under Subsection (a), the commissioner shall:

(1) state findings under that subsection in writing; and

(2) issue under official seal a certificate of incorporation.

(c) Notwithstanding Section 62.354, the commissioner may approve an application to incorporate under this subchapter if the commissioner:

(1) considers the association that is to be reorganized or merged to be in an unsafe condition; and

(2) finds from the application and all information submitted with the application that the reorganization or merger is in the best interest of the general public and the savers, depositors, creditors, and shareholders of the association that is to be reorganized or merged.

(d) On issuance of the certificate of incorporation, the association:

(1) is a corporate body and a continuation of the former association, subject to all its liabilities, obligations, duties, and relations; and

(2) may exercise the powers of an association.

(e) In a merger, a shareholder of a capital stock association has the same dissenter's rights as a shareholder of a domestic business corporation under the Texas Business Corporation Act.

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

#### SUBCHAPTER C. ADMINISTRATION

Sec. 62.101. ORGANIZATIONAL MEETING. (a) Not later than the 30th day after the date the corporate existence of an association begins, the initial board shall hold an organizational meeting and elect officers and take other appropriate action to begin the business of the association.

(b) The commissioner for good cause shown by order may



extend the deadline prescribed by Subsection (a).

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

Sec. 62.102. BOARD OF DIRECTORS. (a) A board of not less than five or more than 21 directors shall direct the business of the association. The members or shareholders shall periodically set the number of directors by a resolution adopted at an annual meeting or a special meeting called for that purpose.

(b) The members or shareholders shall elect the board by a majority vote at each annual meeting.

(c) The bylaws of a capital stock association may require all or a majority of the board to be elected from among the holders of the capital stock.

(d) A vacancy on the board is filled by the election by a majority vote of the remaining directors, regardless of whether a quorum exists, of a director to serve until the next annual meeting of the members or shareholders. The remaining directors may continue to direct the association until the vacancy is filled.

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

Sec. 62.104. OFFICERS. (a) The officers of an association are:

- (1) a president;
- (2) one or more vice presidents;
- (3) a secretary; and
- (4) other officers prescribed by the bylaws.

(b) The board shall elect the officers by a majority vote.

(c) The president must be a member of the board.

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

Sec. 62.105. INDEMNITY BONDS OF DIRECTORS, OFFICERS, AND EMPLOYEES. (a) An association shall maintain a blanket indemnity bond with an adequate corporate surety protecting the association from loss by or through dishonest or criminal action or omission, including fraud, theft, robbery, or burglary, by an officer or employee of the association or a director of the association when the director performs the duties of an officer or employee.

(b) An association that employs a collection agent who is not covered by the bond required by Subsection (a) shall provide for the bonding of the agent in an amount equal to at least twice the average monthly collection of the agent unless the agent is an institution insured by the Federal Deposit Insurance Corporation. An association shall require a collection agent to settle with the association at least monthly.

(c) The board and the commissioner must approve:

- (1) the amount and form of the bond; and
- (2) the sufficiency of the surety.

(d) The bond must provide that a cancellation by the surety or the insured is not effective until the earlier of:

(1) the date the commissioner approves for the cancellation; or

(2) the 31st day after the date written notice of the cancellation is given to the commissioner.

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

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 464 (S.B. 1008), Sec. 3, eff. September 1, 2013.

Sec. 62.106. MEETINGS OF MEMBERS AND SHAREHOLDERS. (a) The annual meeting of the members or shareholders of an association shall be held at the time set by the bylaws of the association.

(b) A special meeting may be called as provided by the bylaws of the association.

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

Sec. 62.107. VOTING RIGHTS. (a) The bylaws of an association must specify the voting requirements, including quorum requirements, for conducting business at a meeting of the members or shareholders.

(b) A person is entitled to vote at an annual or special meeting of the association if the person:

(1) was a member or shareholder of record of the association on December 31 of the year preceding the date of the meeting or on the 20th business day preceding the date notice of the

meeting was given, whichever is later; and

(2) has not ceased to be a member or shareholder of the association after the date described by Subdivision (1) and before the date of the meeting.

(c) The bylaws of an association must provide for the voting rights of the members or shareholders. The bylaws may provide for computing the number of votes that a member or shareholder is entitled to cast. The bylaws of a capital stock association may provide that only a shareholder is entitled to vote.

(d) Unless the bylaws of the association provide otherwise, on a question requiring action by the members or shareholders, each member or shareholder is entitled to cast:

(1) one vote because the person is a member or shareholder;

(2) one vote for each share or fraction of a share of the capital stock of the association the person owns; and

(3) one vote for each \$100 or fraction of that amount of the withdrawal value of savings accounts the person holds.

(e) A loan or a savings account creates a single membership for voting purposes even if more than one person is obligated on the loan or has an interest in the savings account.

(f) Voting may be in person or by proxy. A proxy must be in writing, signed by the member or shareholder or the member's or shareholder's attorney-in-fact, and filed with the secretary of the association. Unless otherwise specified by the proxy, a proxy continues until:

(1) a written revocation is delivered to the secretary; or

(2) the proxy is superseded by a subsequent proxy.

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

#### SUBCHAPTER D. OPERATIONS AND FINANCES

Sec. 62.151. COMPUTATION OF INCOME; STATEMENT OF CONDITION. (a) An association shall close its books at the times provided by its bylaws to determine the amount of its gross income for the period since the date of the last closing of its books.

(b) An association's net income for a period is computed by subtracting the association's operating expenses for the period from the association's gross income for the period.

(c) An association shall:

(1) have prepared and published a statement of the association's condition as of December 31 of each year; and

(2) file a copy of the statement with the commissioner not later than January 15 of the year following the year for which the statement is prepared.

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

Sec. 62.152. MINIMUM NET WORTH REQUIREMENT. An association shall meet minimum net worth requirements prescribed by rule of the finance commission.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 867, Sec. 25, eff. Sept. 1, 2001.

Sec. 62.153. INSURANCE OF SAVINGS ACCOUNTS. (a) An association may obtain insurance for its savings accounts from the Federal Deposit Insurance Corporation.

(b) Only if the account is insured by the Federal Deposit Insurance Corporation may a person advertise, represent, or offer to accept a savings account in this state as:

(1) an insured or guaranteed account; or

(2) the savings account of an insured or guaranteed institution.

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

Sec. 62.154. LIMITATION ON ISSUANCE OF SECURITIES. An association may issue a form of stock, share, account, or investment certificate only as authorized by this subtitle.

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

Sec. 62.155. COMMON STOCK. (a) An association may not issue common stock before the common stock is fully paid for in cash.

(b) An association may not make a loan against the shares of

its outstanding common stock.

(c) An association may not directly or indirectly purchase its own issued common stock.

(d) An association may not retire or redeem common stock until:

(1) all liabilities of the association are satisfied, including all amounts due to holders of savings accounts, unless:

(A) the savings accounts are insured by an agency of the United States or written permission is obtained from the commissioner; and

(B) the retirement or redemption is authorized by a majority vote of the association's stockholders at an annual meeting or a special meeting called for that purpose;

(2) the basis of the retirement or redemption is approved by the commissioner; and

(3) if an association's accounts are insured, the association files written consent from the insuring agency with the commissioner.

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

Sec. 62.156. PREFERRED STOCK. (a) An association may not issue preferred stock before the preferred stock is fully paid for in cash.

(b) An association may not make a loan against the shares of its outstanding preferred stock.

(c) An association may retire or redeem preferred stock in the manner provided by:

(1) the articles of incorporation; or

(2) a resolution of the board establishing the rights and preferences relating to the stock.

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

Sec. 62.157. SERIES AND CLASSES OF PREFERRED STOCK. (a) The articles of incorporation may:

(1) authorize that shares of preferred stock be divided into and issued in series; and

(2) determine the rights and preferences of each

series or part of a series.

(b) Each series must be clearly designated to distinguish its shares from the shares of other series or classes.

(c) The articles of incorporation may authorize the board by resolution to divide classes of preferred stock into series and to determine the rights and preferences of the shares of each series. A copy of the resolution must be submitted to the commissioner before the shares may be issued. The commissioner shall file the resolution in the commissioner's office if the resolution conforms to this subtitle. After the resolution is filed, it is considered an amendment of the association's articles of incorporation.

(d) All shares of the same class of preferred stock must be identical except for the following rights and preferences:

- (1) the rate of dividend;
- (2) the terms, including price and conditions, under which shares may be redeemed;
- (3) the amount payable for shares on involuntary liquidation;
- (4) the amount payable for shares on voluntary liquidation;
- (5) a sinking fund provision for the redemption or purchase of shares;
- (6) the terms, including conditions, of conversion of shares that may be converted; and
- (7) voting rights.

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

Sec. 62.158. DIVIDENDS ON CAPITAL STOCK. The board of a capital stock association may declare and pay a dividend out of current or retained income, in cash or additional stock, to the holders of record of the stock outstanding on the date the dividend is declared.

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

Sec. 62.159. USE OF SURPLUS ACCOUNTS AND EXPENSE FUND CONTRIBUTIONS. (a) At an association's closing date, the association may use all or part of a surplus account, whether earned

or paid-in, or expense fund contributions on its books to:

(1) meet expenses of operating the association for the period just closed;

(2) make required transfers to loss reserves; or

(3) pay or credit dividends declared on savings accounts.

(b) Paid-in surplus may be used instead of earnings to pay organizational and operating expenses and dividends on savings accounts and to meet any loss reserve requirements.

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

Sec. 62.160. USE OF EXPENSE FUND CONTRIBUTIONS. (a) The expense of organizing the association, the association's operating expenses, and the dividends declared and paid or credited to the association's savings account holders may be paid out of the expense fund until the association's earnings are sufficient to pay those amounts.

(b) The amounts contributed to the expense fund are not a liability of the association except as provided by this subchapter.

(c) The association shall pay to the contributor dividends on the amount contributed. An amount contributed to the expense fund is considered a savings account of the association.

(d) Contributions to the expense fund may be repaid the contributors pro rata from the net earnings of the association after provision for required loss reserve allocations and payment or credit of dividends declared on savings accounts.

(e) If the association is liquidated before contributions to the expense fund are repaid, contributions to the expense fund that remain unspent after the payment of expenses of liquidation, creditors, and the withdrawal value of savings accounts shall be repaid the contributors pro rata.

(f) The association's books must reflect the expense fund.

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

#### SUBCHAPTER E. CONVERSION TO FEDERAL ASSOCIATION

Sec. 62.201. CONDITIONS FOR CONVERSION. (a) The finance

commission by rule shall establish the conditions under which an association may convert to a federal association under Section 5, Home Owners' Loan Act (12 U.S.C. Section 1464), and its subsequent amendments.

(b) The conditions must ensure that the conversion will not cause undue harm to the public interest or another existing association.

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

Sec. 62.202. APPLICATION TO CONVERT. (a) An association may convert to a federal association if a resolution favoring the conversion is adopted by a majority vote of the members or shareholders of the association who are entitled to vote at an annual meeting or a special meeting called to consider the conversion.

(b) The application to convert must:

(1) be filed in the office of the commissioner not later than the 10th day after the date of the meeting; and

(2) include a copy of the minutes of the meeting, sworn to by the secretary or an assistant secretary.

(c) The copy of the minutes filed under Subsection (b) is presumptive evidence that the meeting was held and the resolution was adopted.

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

Sec. 62.203. REVIEW BY COMMISSIONER; APPROVAL. Not later than the 10th day after the date an application to convert is received, the commissioner shall:

(1) consent in writing to the conversion; or

(2) set a hearing on whether the conversion complies with rules adopted under Section [62.201](#).

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

Sec. 62.204. HEARING ON APPLICATION. (a) A hearing set under Section [62.203](#)(2) shall be held not later than the 25th day after the date the application is filed unless a later date is agreed to by the applicant and the commissioner.



(b) The commissioner or a hearing officer designated by the commissioner shall conduct the hearing.

(c) The hearing shall be conducted as a contested case as provided by Chapter 2001, Government Code, except that:

(1) a proposal for decision may not be made; and

(2) the commissioner shall render a final decision or order not later than the 15th day after the date the hearing is closed.

(d) The provisions of Chapter 2001, Government Code, relating to motion for rehearing and judicial review are available to the applicant if the commissioner refuses to approve the conversion.

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

Sec. 62.205. CONSUMMATION OF CONVERSION. Within three months after the date the commissioner consents to the conversion of an association, the association shall take the action necessary under federal law to convert the association to a federal association.

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

Sec. 62.206. FILING OF CHARTER OR CERTIFICATE. (a) The converted association shall file with the commissioner:

(1) a copy of the charter issued to the federal association by the Office of the Comptroller of the Currency; or

(2) a certificate showing the organization of the association as a federal association, certified by the secretary or assistant secretary of the Office of the Comptroller of the Currency.

(b) Failure to file a required instrument with the commissioner does not affect the validity of the conversion.

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

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 464 (S.B. 1008), Sec. 4, eff. September 1, 2013.

Sec. 62.207. EFFECT OF ISSUANCE OF CHARTER. On the

issuance of a charter by the Office of the Comptroller of the Currency, the association:

(1) ceases to be an association incorporated under this subtitle; and

(2) is no longer subject to the supervision and control of the commissioner.

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

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 464 (S.B. 1008), Sec. 5, eff. September 1, 2013.

Sec. 62.208. CONTINUATION OF CORPORATE EXISTENCE. After an association is converted to a federal association:

(1) the corporate existence of the association continues; and

(2) the federal association is considered to be a continuation of the association that was converted.

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

Sec. 62.209. PROPERTY AND OBLIGATIONS OF CONVERTED ASSOCIATION. (a) The property of an association converted to a federal association immediately by operation of law vests in the federal association.

(b) The federal association:

(1) holds the property in its own right to the extent it was held by the association that was converted; and

(2) succeeds to the obligations and relations of the association that was converted on the date the conversion takes effect.

(c) A pending judicial proceeding to which the association that was converted is a party is not abated or discontinued by reason of the conversion and may be prosecuted to final judgment, order, or decree as if the conversion had not occurred.

(d) The federal association may continue a judicial proceeding in its own corporate name. A judgment, order, or decree that might have been rendered for or against the association that was converted may be rendered for or against the federal

association.

(e) In this section, "property" includes the right, title, and interest in and to property, including things in action, and each right, privilege, interest, and asset that exists or inures. Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

SUBCHAPTER F. CONVERSION OF FEDERAL ASSOCIATION OR STATE OR NATIONAL BANK TO STATE ASSOCIATION

Sec. 62.251. APPLICATION TO CONVERT. (a) A federal association or state or national bank may convert to an association if the conversion is approved by a majority vote of the members or shareholders of the federal association or state or national bank cast at an annual meeting or a special meeting called to consider the conversion.

(b) The application to convert must:

(1) be filed in the office of the commissioner and with the appropriate banking agency not later than the 10th day after the date of the meeting; and

(2) include a copy of the minutes of the meeting, sworn to by the secretary or an assistant secretary.

(c) The copy of the minutes filed under Subsection (b) is presumptive evidence that the meeting was held and the conversion was approved.

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

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 464 (S.B. 1008), Sec. 6, eff. September 1, 2013.

Sec. 62.252. ELECTION OF DIRECTORS; EXECUTION AND ACKNOWLEDGMENT OF APPLICATION AND BYLAWS. (a) At the meeting under Section 62.251(a), the members or shareholders shall elect the directors of the association.

(b) The directors shall execute two copies of the application required by Section 62.251.

(c) Each director of the association shall sign and acknowledge the application as a subscriber and the proposed bylaws

as an incorporator.

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

Sec. 62.253. REVIEW BY COMMISSIONER; APPROVAL. (a) On receipt of an application, the commissioner shall order an examination of the entity to be converted.

(b) If the commissioner finds the entity is in sound condition, the commissioner shall:

(1) approve the conversion; and

(2) insert in the certificate of incorporation, at the end of the paragraph preceding the testimonium clause, the statement "This association is incorporated by conversion from \_\_\_\_\_ (a federal savings and loan association, state bank, or national bank, as applicable)."

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

Sec. 62.254. APPLICABILITY OF SUBTITLE TO CONVERTED ASSOCIATION. (a) To the extent applicable, this subtitle applies to an association incorporated under this subchapter.

(b) An association incorporated under this subchapter:

(1) is a continuation of the entity that was converted; and

(2) has the property and rights of that entity.

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

SUBCHAPTER G. CONVERSION OF ASSOCIATION TO STATE OR NATIONAL BANK  
OR STATE OR FEDERAL SAVINGS BANK

Sec. 62.301. APPLICATION TO CONVERT TO STATE SAVINGS BANK. An association may apply to the commissioner to convert to a state savings bank by filing an application with the commissioner. The application shall be processed under Subtitle C.

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

Sec. 62.302. APPLICATION TO CONVERT TO STATE OR NATIONAL BANK OR STATE OR FEDERAL SAVINGS BANK. (a) An association may convert to a state or national bank or state or federal savings bank

if a resolution favoring the conversion is adopted by a majority vote of the members or shareholders of the association who are entitled to vote at an annual meeting or a special meeting called to consider the conversion.

(b) The application to convert must:

(1) be filed in the office of the commissioner not later than the 10th day after the date of the meeting; and

(2) include a copy of the minutes of the meeting, sworn to by the secretary or an assistant secretary.

(c) The copy of the minutes filed under Subsection (b) is presumptive evidence that the meeting was held and the resolution was adopted.

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

Sec. 62.303. REVIEW BY COMMISSIONER; APPROVAL. (a) The commissioner shall approve the application if the commissioner determines that the association is in good standing.

(b) For purposes of Subsection (a), an association is in good standing if the association has paid all fees, assessments, and money due and payable to the Department of Savings and Mortgage Lending.

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. 6.027, eff. September 1, 2007.

Sec. 62.304. FILING OF CHARTER OR CERTIFICATE. (a) The bank or savings bank shall file with the commissioner:

(1) a copy of the charter issued to the bank or savings bank by the appropriate financial institution regulatory agency; or

(2) a certificate showing the organization of the bank or savings bank as a financial institution, certified by the secretary or assistant secretary of the appropriate financial institution regulatory agency.

(b) Failure to file the charter or certificate with the commissioner does not affect the validity of the conversion.

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

Sec. 62.305. EFFECT OF APPROVAL OF APPLICATION AND ISSUANCE OF CHARTER. On the commissioner's approval of the application for conversion and the appropriate financial institution regulatory agency's issuance of a charter, the bank or savings bank:

(1) ceases to be an association incorporated under this subtitle; and

(2) is no longer subject to the supervision and control of the commissioner.

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

Sec. 62.306. CONTINUATION OF CORPORATE EXISTENCE. After an association is converted to a bank or savings bank:

(1) the corporate existence of the association continues; and

(2) the bank or savings bank is considered to be a continuation of the association that was converted.

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

Sec. 62.307. PROPERTY AND OBLIGATIONS OF CONVERTED ASSOCIATION. (a) The property of an association converted to a bank or savings bank immediately by operation of law vests in the bank or savings bank.

(b) The bank or savings bank:

(1) holds the property in its own right to the extent it was held by the association that was converted; and

(2) succeeds to the obligations and relations of the association that was converted on the date the conversion takes effect.

(c) A pending judicial proceeding to which the association that was converted is a party is not abated or discontinued by reason of the conversion and may be prosecuted to final judgment, order, or decree as if the conversion had not occurred.

(d) The bank or savings bank may continue a pending action in its own corporate name. A judgment, order, or decree that might have been rendered for or against the association that was

converted may be rendered for or against the bank or savings bank.

(e) In this section, "property" has the meaning assigned by Section 62.259(e).

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

#### SUBCHAPTER H. REORGANIZATION, MERGER, AND CONSOLIDATION

Sec. 62.351. AUTHORITY TO REORGANIZE, MERGE, OR CONSOLIDATE. (a) An association may reorganize, merge, or consolidate with another association, federal association, foreign association, state or national bank, or state or federal savings bank under a plan adopted by the board.

(b) The plan must be approved:

(1) at an annual meeting or a special meeting called to consider the action by a majority of the total vote the members or shareholders are entitled to cast; and

(2) by the commissioner.

(c) A shareholder of a capital stock association has the same dissenter's rights as a shareholder of a domestic corporation under the Texas Business Corporation Act.

(d) A merger or consolidation of a domestic association with a foreign association is also subject to Subchapter I.

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

Sec. 62.352. CONTINUATION OF CORPORATE EXISTENCE; HOME OFFICE OF SURVIVING ENTITY. (a) An entity that results from a reorganization, merger, or consolidation as provided by Section [62.351](#) has the same incidents as the reorganized, merged, or consolidated entity in the same manner as an entity that has converted under this chapter has the same incidents as the converting entity.

(b) The home office of the association in the proposed merger that possesses the largest assets is the home office of the surviving entity unless the commissioner approves otherwise.

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

Sec. 62.353. NOTICE AND HEARING; CONFIDENTIALITY. (a) On

presentation of a plan of reorganization, merger, or consolidation, the commissioner shall give:

(1) public notice of the reorganization, merger, or consolidation in each county in which an association participating in the plan has an office; and

(2) any interested person an opportunity to appear, present evidence, and be heard for or against the plan.

(b) A hearing officer designated by the commissioner shall preside over the hearing.

(c) If a protest is not received on or before the date of the hearing, the commissioner or hearing officer may waive the hearing.

(d) Except as provided by Subsection (e), the provisions of Chapter 2001, Government Code, applicable to a contested case apply to the hearing.

(e) If the commissioner designates a merger as a supervisory merger under rules adopted by the finance commission:

(1) the notice and hearing provisions of Chapter 2001, Government Code, and of this section do not apply to the application; and

(2) the application and all information relating to the application are confidential and not subject to public disclosure.

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

Sec. 62.354. DENIAL BY COMMISSIONER OF PLAN. The commissioner shall issue an order denying the plan if the commissioner finds that:

(1) the reorganization, merger, or consolidation would substantially lessen competition or restrain trade, and result in a monopoly or further a combination or conspiracy to monopolize or attempt to monopolize the savings and loan industry in any part of the state, unless the anticompetitive effects of the reorganization, merger, or consolidation are clearly outweighed in the public interest by the probable effect of the reorganization, merger, or consolidation in meeting the convenience and needs of the community to be served;

(2) in a merger or consolidation, the financial



condition of either entity would jeopardize the financial stability of an association that is a party to the plan;

(3) the plan is not in the best interest of an association that is a party to the plan;

(4) the experience, ability, standing, competence, trustworthiness, or integrity of the management of the entities proposing the plan is such that the reorganization, merger, or consolidation would not be in the best interest of the associations that are parties to the plan;

(5) after reorganization, merger, or consolidation, the surviving entity would not be solvent, have adequate capital structure, or be in compliance with the laws of this state;

(6) the entities proposing the plan have not furnished all of the information pertinent to the application that is reasonably requested by the commissioner; or

(7) the entities proposing the plan are not acting in good faith.

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

#### SUBCHAPTER I. ADDITIONAL PROVISIONS FOR MERGER OR CONSOLIDATION OF DOMESTIC AND FOREIGN ASSOCIATIONS

Sec. 62.401. APPLICABILITY OF SUBCHAPTER. (a) This subchapter applies only to the merger or consolidation of a domestic association with a foreign association.

(b) The requirements of and authority and duties provided by this subchapter are in addition to those provided by Subchapter H.

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

Sec. 62.402. ADOPTION OF MERGER OR CONSOLIDATION PLAN. The board of directors of the foreign association must adopt the merger or consolidation plan.

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

Sec. 62.403. NOTICE AND HEARING; CONFIDENTIALITY. If the commissioner considers the domestic association to be in an unsafe condition:

(1) the notice and hearing provisions of Chapter 2001, Government Code, and of Section 62.353 do not apply to the application; and

(2) the application and all information related to the application are confidential and not subject to public disclosure. Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 62.404. DENIAL BY COMMISSIONER OF APPLICATION. If the surviving association is a 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 a savings and loan association of that state to merge or consolidate with a domestic association if the surviving association is a 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 whose laws do not permit a savings and loan association of that state to merge or consolidate with a domestic association if the surviving association is a domestic association.

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

Sec. 62.405. APPROVAL BY COMMISSIONER OF PLAN. (a) If the commissioner approves the plan of merger or consolidation, the commissioner shall issue an order approving the merger or consolidation.

(b) If the surviving association is a foreign association, the commissioner shall issue and deliver to the surviving association a certificate of authority to do business as an association in this state for the period expiring on January 31 of the next calendar year.

(c) A surviving association that is a domestic association shall operate under:

(1) the articles and bylaws of the merging or consolidating domestic association; and

(2) the laws applicable to a domestic association.

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

Sec. 62.406. ENFORCEMENT OF CONDITION, RESTRICTION, OR REQUIREMENT ON SURVIVING FOREIGN ASSOCIATION. If the surviving association is a foreign association, the commissioner may enforce a condition, restriction, or requirement on the surviving association that could have been enforced by the state in which the foreign association has its principal place of business if the merger or consolidation had occurred in that state and the surviving association were a domestic association.

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

#### SUBCHAPTER J. MERGER OF SUBSIDIARY CORPORATION

Sec. 62.451. AUTHORITY TO MERGE. One or more corporations organized under a law of this state may merge into an association that owns all of the corporations' capital stock if:

(1) the board of directors of the association and each corporation by a majority vote adopt the plan of merger; and

(2) the secretary of state and the commissioner approve the merger.

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

Sec. 62.452. ARTICLES OF MERGER. (a) The articles of merger must:

(1) be executed by the president or vice president and a secretary or assistant secretary of the association and each corporation; and

(2) include:

(A) the name of the association and each corporation;

(B) a copy of the resolution of the association and each corporation adopting the plan of merger;

(C) a statement of the number of shares of each class issued or authorized by each corporation;

(D) a statement that all capital stock of each corporation is owned by the association; and

(E) a statement incorporating the provisions of

Section 62.454(b).

(b) An original and a copy of the articles of merger shall be submitted to the secretary of state and the commissioner.  
Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 62.453. APPROVAL OF MERGER. (a) The secretary of state shall approve the articles of merger if the secretary of state determines that:

(1) the articles of merger comply with applicable law;  
and

(2) all fees and franchise taxes due from each corporation have been paid.

(b) The commissioner shall approve the articles of merger if the commissioner determines that:

(1) the articles of merger comply with applicable law;  
and

(2) the merger is in the best interest of the association.

(c) On approval of the articles of merger, each approving officer shall:

(1) endorse on the original and copy of the articles of merger the word "filed" and the date of the approval;

(2) file the original articles of merger in the records of the officer's office; and

(3) issue and deliver to the association a certificate of merger with an attached copy of the articles of merger.

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

Sec. 62.454. EFFECT OF MERGER. (a) A merger takes effect on the date the last required certificate of merger is issued.

(b) After the merger takes effect:

(1) a corporation that was merged ceases to exist;

(2) the association assumes the rights and obligations of the corporation and owns the property of the association; and

(3) the association's articles of incorporation are considered amended to the extent that a change is stated in the plan of merger.

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

Sec. 62.455. INAPPLICABILITY OF SUBCHAPTER H. Subchapter H does not apply to a merger under this subchapter.

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

#### SUBCHAPTER K. VOLUNTARY LIQUIDATION

Sec. 62.501. RESOLUTION TO LIQUIDATE AND DISSOLVE; APPROVAL BY COMMISSIONER. (a) An association may liquidate and dissolve if:

(1) at an annual meeting or a special meeting called for that purpose, the members and shareholders by majority vote adopt a resolution to liquidate and dissolve; and

(2) a copy of the resolution certified to by the president and the secretary of the association and an itemized statement of the association's assets and liabilities sworn to by a majority of its board is filed with and approved by the commissioner.

(b) On the approval by the commissioner of the resolution:

(1) the association may not accept additional savings accounts or additions to savings accounts or make additional loans; and

(2) the association's income and receipts in excess of actual expenses of liquidation shall be applied to the discharge of its liabilities.

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

Sec. 62.502. DISTRIBUTION OF ASSETS. (a) The board, under the commissioner's supervision and in accordance with the approved liquidation plan, shall liquidate the affairs of the association and reduce the association's assets to cash for the purpose of paying, satisfying, and discharging all existing liabilities and obligations of the association, including the withdrawal value of all savings accounts.

(b) The board shall distribute any remaining balance pro rata among the savings account members of record on the date the

association adopted the resolution to liquidate.

(c) The board of a capital stock association shall distribute any assets remaining after liabilities and obligations are fully paid and satisfied, including the withdrawal value of savings accounts, among the shareholders according to their liquidation rights.

(d) The board shall pay from the assets of the association all expenses incurred by the commissioner and the commissioner's representatives during the course of the liquidation.

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

Sec. 62.503. FINAL REPORT AND ACCOUNTING. (a) On completion of the liquidation, the board shall file with the commissioner a final report and accounting of the liquidation.

(b) The commissioner's approval of the report is a complete and final discharge of the board and each member in connection with the liquidation of the association.

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

#### SUBCHAPTER L. CHANGE OF CONTROL OF ASSOCIATION

Sec. 62.551. INAPPLICABILITY OF SUBCHAPTER. This subchapter does not apply to a conversion, reorganization, merger, consolidation, or voluntary liquidation under Subchapter E, F, G, H, J, or K.

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

Sec. 62.552. EFFECT OF SUBCHAPTER ON OTHER LAW. This subchapter does not:

(1) excuse or diminish the notice requirements prescribed by this subtitle; or

(2) prevent the commissioner from investigating, commenting on, or seeking to enjoin or set aside a transfer of voting securities that the commissioner considers to be contrary to the public interest, regardless of whether the transfer is governed by this subchapter.

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

Sec. 62.553. APPLICATION FOR CHANGE OF CONTROL. (a) Control of an association may be changed only if an application for approval of the change is filed with and approved by the commissioner.

(b) The application must be:

- (1) on a form prescribed by the commissioner;
- (2) sworn to; and
- (3) accompanied by the appropriate filing fee.

(c) Unless the commissioner expressly waives a requirement of this subsection, the application must contain:

(1) the identity, personal history, business background and experience, and financial condition of each person by whom or on whose behalf the acquisition is to be made, including a description of:

(A) the managerial resources and future prospects of each acquiring party; and

(B) any material pending legal or administrative proceedings to which the person is a party;

(2) the terms of any proposed acquisition and the manner in which the acquisition is to be made;

(3) the identity, source, and amount of the money or other consideration used or to be used in making the acquisition and, if any part of the money or other consideration has been or will be borrowed or otherwise obtained for the purpose of making the acquisition, a description of the transaction, the names of the parties, and arrangements, agreements, or understandings with the parties;

(4) any plan or proposal of an acquiring party to liquidate the association, sell the association's assets, merge the association with another company, or make other major changes in the association's business or corporate structure or management;

(5) the terms of any offer, invitation, agreement, or arrangement under which a voting security will be acquired and any contract affecting that security or its financing after it is acquired;

(6) information establishing that the requirements

under Section 62.555(b) are satisfied; and

(7) other information:

(A) the finance commission by rule requires to be furnished in an application; or

(B) the commissioner orders to be included in a particular application.

(d) The commissioner may require each member of a group proposing to acquire voting securities under this subchapter to provide the information required by the commissioner.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 867, Sec. 26, eff. Sept. 1, 2001.

Sec. 62.554. APPLICATION FILING FEE. (a) The finance commission by rule shall adopt a schedule of fees for filing applications and holding hearings. The schedule may be graduated so that an application or hearing that is more difficult to review or administer requires a larger fee.

(b) An application fee is not refundable if the application is denied. The commissioner may refund a portion of the fee if the application is withdrawn before the commissioner completes reviewing the application.

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

Sec. 62.555. DENIAL OF APPLICATION. (a) The commissioner by order shall deny an application unless the applicant establishes that:

(1) the acquisition would not:

(A) substantially lessen competition;

(B) restrain trade in a manner that would result in a monopoly; or

(C) further a combination or conspiracy to monopolize or attempt to monopolize the savings and loan industry in any part of this state;

(2) the financial condition of an acquiring party would not jeopardize the financial stability of the association being acquired;

(3) the plan or proposal to liquidate or sell the



association or any assets is in the best interest of the association;

(4) the experience, ability, standing, competence, trustworthiness, and integrity of the applicant are sufficient to ensure that the acquisition is in the best interest of the association; and

(5) the association would be solvent, have adequate capital structure, and be in compliance with the laws of this state.

(b) The commissioner is not required to deny an application that fails to comply with Subsection (a)(1) if the commissioner determines that:

(1) the anticompetitive effects of the acquisition are clearly outweighed in the public interest by the probable effect of the acquisition in meeting the convenience and needs of the community to be served; and

(2) the acquisition does not violate a law of this state or the United States.

(c) Notwithstanding Subsections (a) and (b), the commissioner shall issue an order denying an application if the commissioner determines that the applicant:

(1) has failed to furnish all of the information pertinent to the application reasonably requested by the commissioner; or

(2) is not acting in good faith.

(d) If the commissioner does not deny an application before the 61st day after the date the application is filed, the acquisition may be consummated. The acquisition may be consummated before the expiration of the 60-day period if the commissioner notifies the applicant in writing that the application will not be denied.

(e) An agreement entered into by the applicant and the commissioner as a condition that the application will not be denied is enforceable against the association and is considered an agreement under this subtitle.

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

Sec. 62.556. APPEAL TO COMMISSIONER OF DENIAL. (a) If the

commissioner denies an application, the applicant is entitled to a hearing if the applicant submits a written request for a hearing not later than the later of:

(1) the 30th day after the date the application is filed; or

(2) the 15th day after the date the application is denied.

(b) Not later than the 30th day after the date the hearing is closed, the commissioner shall enter a final order affirming or withdrawing the denial of the application.

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

Sec. 62.557. JUDICIAL REVIEW. (a) An applicant may appeal the commissioner's denial of an application or the commissioner's order affirming the denial only after a final order is entered. The commissioner is defendant in the appeal.

(b) A party to the action may appeal the court's decision. The appeal is returnable to the appellate court at once and has precedence in that court over any cause of a different character pending in that court.

(c) The commissioner is not required to give an appeal bond in a cause arising under this subchapter.

(d) Filing an appeal under this section does not stay an order of the commissioner that is adverse to the applicant.

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

Sec. 62.558. UNAUTHORIZED CHANGE OF CONTROL. If it appears that a change in control may have taken place without approval, the commissioner may call a hearing to determine whether:

(1) a change in control has occurred without approval or an unauthorized person without any apparent ownership interest in the association, acting alone or with others, effectively has indirect controlling or dominating influence over the management or policies of the association; and

(2) if control or indirect controlling or dominating influence has been acquired as provided by Subdivision (1), an appropriate supervisory order should be issued, including an order

requiring a divestiture of that control or indirect controlling or dominating influence.

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

Sec. 62.559. CONFIDENTIALITY. (a) Except as provided by this section, information obtained by the commissioner under this subchapter is confidential and may not be disclosed by the commissioner or an officer or employee of the Department of Savings and Mortgage Lending.

(b) The commissioner may disclose the information to a department, agency, or instrumentality of this state or the United States if the commissioner considers disclosure to be necessary or proper to the enforcement of the laws of this state or the United States and in the best interest of the public.

(c) When the commissioner receives the application, the commissioner shall submit to the Texas Register notice of the application, its date of filing, and the identity of each party to the application. The information submitted shall be published in the Texas Register in the next issue following the date the information is received.

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. 6.028, eff. September 1, 2007.

Sec. 62.560. INJUNCTION. (a) The attorney general on behalf of the commissioner may apply for equitable relief, including an order enjoining a violation, if the commissioner believes a person has violated or is about to violate this subchapter or a rule of the finance commission or order of the commissioner adopted under this subchapter.

(b) The suit must be brought in a district court of Travis County.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 867, Sec. 27, eff. Sept. 1, 2001.

Sec. 62.561. CRIMINAL PENALTY. (a) A person commits an

offense if the person intentionally makes a materially false or misleading statement to the commissioner with respect to the information required by this subchapter.

(b) An offense under this section is a misdemeanor punishable by:

(1) a fine in an amount not to exceed \$2,000;

(2) confinement in county jail for a period not to exceed one year; or

(3) both the fine and confinement.

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