

FINANCE CODE

TITLE 3. FINANCIAL INSTITUTIONS AND BUSINESSES

SUBTITLE B. SAVINGS AND LOAN ASSOCIATIONS

CHAPTER 65. SAVINGS ACCOUNTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 65.001. LIMITATIONS ON ACCOUNTS. The board of directors of an association may limit the number and value of savings accounts the association may accept.

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

Sec. 65.002. INVESTMENT IN ACCOUNTS. (a) Any person may be the holder of a savings account.

(b) An investment in a savings account may be made only in cash.

(c) A person may invest in a savings account in the person's own right or in a trust or other fiduciary capacity.

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

Sec. 65.003. SAVINGS CONTRACT. (a) Each holder of a savings account must execute a savings contract. The contract must specify:

(1) any special terms applicable to the account; and

(2) the conditions on which withdrawals may be made.

(b) The association shall hold a savings contract in the records pertaining to the account.

(c) A savings contract pertaining to a savings account of a public or governmental entity must provide that the holder of the account may not become a member of the association.

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

Sec. 65.004. EVIDENCE OF ACCOUNT. An association shall issue an account book or certificate to the holder of a savings account as evidence of the account.

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

Sec. 65.005. ACCOUNT OWNERSHIP. Unless an association has acknowledged in writing a pledge of a savings account, the association may treat the holder of record of the account as the owner of the account for all purposes and is unaffected by notice to the contrary.

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

Sec. 65.006. TRANSFER OF ACCOUNT. (a) A savings account may be transferred only on the books of an association on presentation to the association of:

(1) evidence of transfer satisfactory to the association; and

(2) an application for transfer by the transferee.

(b) A transferee accepts an account subject to the terms of the:

(1) savings contract; and

(2) association's charter and bylaws.

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

Sec. 65.007. LOST OR DESTROYED ACCOUNT BOOK OR CERTIFICATE.

(a) An association may issue a new account book or certificate in the name of the holder of record of a savings account if:

(1) the holder or the holder's legal representative requests; and

(2) proof is presented satisfactory to the association that the original book or certificate is lost or destroyed.

(b) A new account book or certificate must expressly state that:

(1) it is issued to replace a lost or destroyed account book or certificate; and

(2) the association may not be held liable on the original account book or certificate.

(c) An association may require indemnification against any loss resulting from issuing a new account book or certificate.

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

Sec. 65.008. ACCOUNT WITHDRAWALS. (a) A savings account

holder at any time may present a written order for withdrawal of all or part of the holder's account except to the extent the account is pledged to the association or to another person on the association's books.

(b) The association may:

- (1) pay in full a withdrawal order as presented; and
- (2) collect an early withdrawal penalty provided by the certificate or contract applicable to the account.

(c) With the approval of the Finance Commission of Texas and the governor, the commissioner may impose a uniform limitation on amounts withdrawable from savings accounts of associations if that limitation is necessary in the public interest.

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

Sec. 65.009. INTEREST OR DIVIDENDS PAID ON ACCOUNTS. (a) An association whose bylaws contain the provision authorized by Section 65.012 may contract to pay interest on savings accounts.

(b) An association whose bylaws do not contain the provision authorized by Section 65.012 may pay earnings on savings accounts in the form of dividends declared by the association's board.

(c) An association shall compute and pay interest and dividends according to rules of the finance commission.

(d) An association shall credit a dividend to a savings account on the association's books unless the account holder requests and the association has agreed that the association will pay dividends on the account in cash.

(e) An association may pay a cash dividend by check or bank draft.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 867, Sec. 30, eff. Sept. 1, 2001.

Sec. 65.010. REDEMPTION OF SAVINGS ACCOUNT. (a) An association may redeem in the manner the board determines all or part of its savings accounts if the association:

- (1) redeems the accounts on a dividend date;
- (2) not later than the 31st day before the redemption date, gives notice of the redemption by certified mail to each

affected account holder at the holder's last address as recorded on the books of the association; and

(3) not later than the redemption date, sets aside the amount necessary for the redemption and keeps the amount available for redemption.

(b) The redemption price of a savings account is the withdrawal value of the account.

(c) All rights, including the accrual of earnings, that relate to a deposit account called for redemption, other than the right of the account holder of record to receive the redemption price, terminate as of the redemption date.

(d) An association may not redeem any of its savings accounts if the association:

(1) is subject to supervisory control, a conservatorship, or a receivership action under Chapter 66, unless the commissioner directs the redemption; or

(2) has applications for withdrawal that have been on file for more than 30 days and have not been paid.

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

Sec. 65.011. LIEN ON SAVINGS ACCOUNT. (a) Without further agreement or pledge, an association or a federal association doing business in this state has a lien on all savings accounts owned by a member to whom or on whose behalf the association has advanced money by loan or otherwise.

(b) On default in the payment or satisfaction of the member's obligation, the association, without notice to or consent of the member, may cancel on its books all or part of the member's savings account and apply that amount to payment of the obligation.

(c) The association by written instrument may waive its lien in whole or in part on a savings account.

(d) The association may take the pledge of a savings account of the association that is owned by a member other than the borrower as additional security for a:

(1) loan secured by an account;

(2) loan secured by an account and real property; or

(3) real property loan.

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

Sec. 65.012. PRIORITY OF ACCOUNTS; NOTICE OF WITHDRAWAL.

(a) An association's bylaws may provide that on voluntary or involuntary liquidation, dissolution, or winding up of the association, or in any other situation in which the priority of savings accounts is in controversy, all savings accounts are, to the extent of their withdrawal value, debts of the association having the same priority as the claims of general creditors of the association not having priority, other than a priority resulting from consensual subordination, over claims of other general creditors of the association.

(b) An association's bylaws may require not more than 60 days' notice before the date a withdrawal application may be paid.

(c) An association that requires notice of withdrawal and does not pay a withdrawal application by the end of the notice period is considered to be subject to supervisory control, a conservatorship, or a receivership proceeding under Chapter 66.

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

Sec. 65.013. ACCOUNT AS LEGAL INVESTMENT. (a) Each of the following persons may invest money held by the person in a savings account of an association or a federal association:

- (1) any fiduciary, including an administrator, executor, guardian, or trustee;
- (2) a political subdivision or instrumentality of this state;
- (3) an insurance company doing business in this state;
- (4) a business or nonprofit corporation;
- (5) a charitable or educational corporation or association; and
- (6) a financial institution, including a bank or credit union.

(b) An investment by an insurance company in a savings account is eligible for tax reducing purposes under Chapter 221, Insurance Code.

(c) An investment by a school district in a savings account

insured by the Federal Deposit Insurance Corporation is considered to meet the requirements of Section 45.102, Education Code.

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

Amended by:

Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 11.109, eff. September 1, 2005.

SUBCHAPTER B. PROVISIONS APPLICABLE TO SPECIFIC TYPES OF ACCOUNTS

Sec. 65.101. ACCOUNT HELD BY MINOR. (a) An association or a federal savings and loan association doing business in this state may accept a savings account from a minor as the sole and absolute owner of the account.

(b) On the minor's order the association may:

(1) pay withdrawals;

(2) accept pledges to the association; and

(3) act in any other manner with respect to the account.

(c) Subject to Subsection (e), a payment or delivery of rights to a minor, or an acquittance signed by a minor who holds a savings account, is a discharge of the association for that payment or delivery.

(d) If the association requires a minor to furnish an acquittance or pledge or take other action with respect to the minor's savings account, that action is binding on the minor as if the minor had the capacity of an adult.

(e) If a parent or guardian of a minor informs the association in writing that the minor is not to have the authority to control the minor's savings account, the minor may not control the account during the minority without the joinder of the parent or guardian.

(f) If a minor dies, the acquittance of a parent or guardian of the minor discharges the association for amounts that in the aggregate do not exceed \$1,000.

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

Sec. 65.102. ACCOUNT HELD BY MORE THAN ONE PERSON. (a) If a

savings account is opened in an association or a federal savings and loan association doing business in this state in the names of more than one person, whether the persons are minors or adults, and the savings contract specifies that money in the account may be paid to or on the order of any one of the account holders, the association may pay the money in the account to or on the order of any one of the account holders before or after the death of any of the other account holders. An association has no further liability for a payment made under this subsection.

(b) If a savings contract specifies that a check, receipt, or withdrawal order requires the signature of more than one of the account holders or of more than one of the surviving account holders after the death of an account holder, the association shall pay the money in the account according to the terms of the savings contract.

(c) If a savings account holder gives written notification to the association not to permit withdrawals according to the terms of the savings contract, the association may refuse, without liability, to honor any check, receipt, or withdrawal request on the account pending a determination of the rights of the account holders.

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

Sec. 65.103. JOINT TENANCY ACCOUNT HELD BY HUSBAND AND WIFE. (a) A husband and wife may enter into a savings contract that creates a joint tenancy with right of survivorship with respect to community property deposited in a savings account and any future additions or dividends made or credited to the account.

(b) An agreement under Subsection (a) must be in writing and subscribed to by the husband and wife but is not required to be acknowledged.

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

Sec. 65.104. PLEDGE OF JOINT ACCOUNT. (a) Unless the terms of the savings account provide otherwise, a person on whose signature money may be withdrawn from an account in the names of two or more persons may, by a signed pledge, pledge and transfer to the association or federal association all or part of the account.

(b) A pledge made under Subsection (a) does not sever or terminate the joint and survivorship ownership of the account.

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

Sec. 65.105. ACCOUNT HELD BY FIDUCIARY. (a) An association or a federal savings and loan association doing business in this state may accept a savings account in the name of a fiduciary, including an administrator, executor, custodian, guardian, or trustee, for one or more named beneficiaries.

(b) A fiduciary may:

(1) vote as a member as if the membership were held absolutely; and

(2) open, add to, or withdraw money from the account.

(c) Except as otherwise provided by law, a payment to a fiduciary or an acquittance signed by the fiduciary to whom a payment is made is a discharge of the association for the payment.

(d) After a person holding a savings account in a fiduciary capacity dies, the association may pay or deliver to the beneficiary the withdrawal value of the account, plus dividends on the account, or other rights relating to the account, in whole or in part, if the association has no written notice or order of the probate court of:

(1) the revocation or termination of the fiduciary relationship; or

(2) any other disposition of the beneficial estate.

(e) An association has no further liability for a payment made or right delivered under Subsection (d).

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

Sec. 65.106. TRUST ACCOUNT; UNDISCLOSED TRUST INSTRUMENT.

(a) If an association opens a savings account for a person claiming to be the trustee for another and the association has no other written notice of the existence or terms of a trust:

(1) the person claiming to be the trustee may, on the person's signature, withdraw money from the account; and

(2) if that person dies, an association may pay the withdrawal value of all or part of the account, plus dividends on

the account, to the person for whom the account was opened.

(b) An association has no further liability for a payment made under Subsection (a).

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

Sec. 65.107. POWER OF ATTORNEY ACCOUNT. (a) An association or a federal association doing business in this state may continue to recognize the authority of an attorney-in-fact authorized in writing to manage or withdraw money from a savings account of a member until the association receives written or actual notice of the revocation of that authority.

(b) For purposes of this section, written notice of the death or adjudication of incompetency of a member is considered to be written notice of revocation of the authority of the member's attorney-in-fact.

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