

FINANCE CODE

TITLE 3. FINANCIAL INSTITUTIONS AND BUSINESSES

SUBTITLE C. SAVINGS BANKS

CHAPTER 94. LOANS AND INVESTMENTS

SUBCHAPTER A. LIMITATIONS ON LOANS

Sec. 94.001. LOANS TO ONE BORROWER. (a) The finance commission by rule may limit loans to one borrower. Those limits may not be less restrictive than the limits imposed on savings associations under Section 5(u), Home Owners' Loan Act (12 U.S.C. Section 1464(u)).

(b) A savings bank may not make loans to one borrower to a greater extent than:

(1) permitted by rule adopted under Subsection (a);

or

(2) a savings association is permitted under Section 5(u), Home Owners' Loan Act (12 U.S.C. Section 1464(u)).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 867, Sec. 53, eff. Sept. 1, 2001.

Sec. 94.002. COMMERCIAL LOANS. (a) Subject to rules adopted by the finance commission, a savings bank may lend or invest not more than 40 percent of the savings bank's total assets in commercial loans.

(b) In this section, "commercial loan" means a loan that:

(1) is for business, commercial, corporate, or agricultural purposes;

(2) is not a real property loan; and

(3) is not a qualified thrift asset under Section [92.204](#).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 867, Sec. 54, eff. Sept. 1, 2001.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 464 (S.B. [1008](#)), Sec. 10, eff. September 1, 2013.

SUBCHAPTER B. LOAN EXPENSES

Sec. 94.051. BORROWER PAYMENT OF LOAN EXPENSES. Subject to Section 94.052, a savings bank may require a borrower to pay all reasonable expenses incurred in connection with making, closing, disbursing, extending, readjusting, or renewing a loan.
Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 94.052. CONSUMER LOANS. In the case of a consumer loan:

(1) a savings bank may charge a borrower the reasonable value of services rendered in connection with making the loan; and

(2) an expense charged a borrower must be:

(A) necessary and proper for the protection of the lender; and

(B) actually incurred in connection with making the loan.

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

Sec. 94.053. COLLECTION OF LOAN EXPENSES. An expense payment authorized by this subchapter may be:

(1) collected by the savings bank from the borrower and:

(A) retained by the savings bank; or

(B) paid to a person rendering a service for which a charge was made, including an officer, director, or employee of the savings bank rendering the service; or

(2) paid directly by the borrower to the person rendering the service.

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

Sec. 94.054. CHARACTER OF LOAN EXPENSE PAYMENTS. An expense payment authorized by this subchapter is not interest or compensation charged by a savings bank for the loan of money.

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

SUBCHAPTER C. LOAN PAYMENTS

Sec. 94.101. PENALTY FOR PREPAYMENT OR LATE PAYMENT. A savings bank may charge a penalty for a prepayment of or late payment on a loan.

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

Sec. 94.102. APPLICATION OF PREPAYMENTS TO LOAN INSTALLMENTS. Unless otherwise agreed in writing, a savings bank shall apply:

(1) a prepayment of principal to the final installment of the obligation until the final installment is fully paid; and

(2) additional prepayments to installments in the inverse order of their maturity.

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

SUBCHAPTER D. CHARGES RELATING TO REAL PROPERTY LOANS

Sec. 94.151. ADVANCES PAID BY SAVINGS BANK. (a) A savings bank may pay taxes, assessments, insurance premiums, and similar charges for the protection of the savings bank's interest in property that secures a real property loan of the savings bank.

(b) A payment under Subsection (a) is an advance, and the savings bank may:

(1) carry the payment on the savings bank's books as an asset of the savings bank for which the savings bank may charge interest; or

(2) add the payment to the unpaid balance of the loan to which it applies as of the first day of the month in which the payment is made.

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

Sec. 94.152. ADVANCES ARE LIEN ON PROPERTY. A payment under Section [94.151](#) is a lien against the real property that secures the loan for which it is made.

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

Sec. 94.153. PAYMENT OF ESTIMATED CHARGES BY BORROWER. (a) To enable the savings bank to pay charges as they become due, a savings bank may require a borrower to pay monthly in advance, in addition to interest and principal, an amount equal to one-twelfth of the estimated annual taxes, assessments, insurance premiums, and other charges on the real property that secures a loan.

(b) A savings bank may increase or decrease the amount of the loan payment as necessary to meet the charges.

(c) A savings bank may:

(1) carry the payments in trust in an account; or

(2) credit the payments to the indebtedness and advance the money for charges as the charges become due.

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

Sec. 94.154. RECORD OF CHARGES. A savings bank shall keep a record of the status of taxes, assessments, insurance premiums, and other charges on real property that secures the savings bank's loans.

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

SUBCHAPTER F. INVESTMENT IN EQUITY SECURITIES

Sec. 94.251. LIMITATIONS ON INVESTMENT IN EQUITY SECURITIES. (a) A savings bank or a subsidiary may not invest in an equity security unless the security qualifies as an investment grade security under rules adopted by the finance commission.

(b) A savings bank may not invest in an equity security unless the security is an eligible investment for a federal savings and loan association.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 867, Sec. 56, eff. Sept. 1, 2001.

Sec. 94.252. INAPPLICABILITY OF LIMITATIONS. The limitations under Section [94.251](#) do not apply to an equity security issued by:

(1) a United States government-sponsored corporation, including the Federal National Mortgage Association, the Federal

Home Loan Mortgage Corporation, and the Student Loan Marketing Association; or

(2) a service corporation, an operating subsidiary, or a finance subsidiary of the savings bank.

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

Sec. 94.253. RULES. The finance commission may adopt rules necessary to implement this subchapter, including rules relating to eligible investment criteria, investment diversification, and resource management requirements.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 867, Sec. 57, eff. Sept. 1, 2001.

SUBCHAPTER G. INVESTMENT IN SUBSIDIARIES

Sec. 94.301. AUTHORIZATION. With the prior consent of the commissioner and subject to rules adopted by the finance commission, a savings bank may invest in a subsidiary corporation created under general corporation law.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 867, Sec. 58, eff. Sept. 1, 2001.

Sec. 94.302. LIMITATION ON INVESTMENT IN SUBSIDIARIES. (a) A savings bank may not invest in a subsidiary corporation if the investment would cause the savings bank's aggregate investments in subsidiaries to exceed an amount equal to 10 percent of the savings bank's total assets.

(b) For the purposes of Subsection (a), a savings bank's aggregate investment in subsidiaries does not include amounts invested in a subsidiary corporation the activities of which are limited to activities that could be conducted directly by the parent savings bank.

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

Sec. 94.303. REGULATION AND EXAMINATION OF SUBSIDIARY. (a) The commissioner may regulate and examine a subsidiary corporation in which a savings bank invests under Section [94.301](#).

(b) The subsidiary corporation shall pay the cost of the regulation and examination.

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

Sec. 94.304. RULES. The finance commission shall adopt rules on permitted activities of a subsidiary corporation in which a savings bank invests under Section 94.301.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 867, Sec. 59, eff. Sept. 1, 2001.

SUBCHAPTER H. PROPERTY OF SAVINGS BANK

Sec. 94.351. INVESTMENT IN BANKING PREMISES. Without prior approval of the commissioner, a savings bank may invest not more than an amount equal to the savings bank's regulatory capital in real property, including a building or related facility, a parking facility, or leasehold improvements for a rented facility, for use by the savings bank as its banking premises.

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

Sec. 94.352. FORM OF SAVINGS BANK FACILITY. The finance commission by rule adopted under Section 93.002 may approve a new form of savings bank facility or authorize the commissioner to approve a new form of savings bank facility if the commissioner does not have a significant supervisory or regulatory concern regarding the proposed facility.

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

Sec. 94.353. RECORD OF CHARGES ON REAL AND PERSONAL PROPERTY. A savings bank shall keep a record of the status of taxes, assessments, insurance premiums, and other charges on all real and personal property owned by the savings bank.

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