

WHITE PAPER

AN EXECUTIVE SUMMARY FOR COMMUNITY BANKERS

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The 2005 Legislative Session: Financial Modernization



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The 2005 Legislative Session: Financial Modernization

INTRODUCTION

For banking, the 79th Regular Session of the Texas Legislature represented a major effort to revise the Finance Code in order to make Texas a friendlier venue for lending. House Financial Institutions Chair Burt Solomons made it his mission to file and pass an omnibus bill dealing with usury and regulation of lending. The end result was House Bill 955, discussed in the usury section of this White Paper.

This session played out against a backdrop of a crisis in school finance from both the perspective of adequacy of funding and fairness of the Robin Hood plan. Although all aspects of the Legislature are now controlled by the Republican party, school finance and school programs in general tend to break down according to geography rather than party lines. Rural legislators and those from the inner cities have a vastly different point of view than suburban legislators. In this session, the House and the Senate had very different views as well. The House was committed to a tax reform bill, while the Senate was looking to pass a school finance bill. Each chamber had hugely different perspectives as to how much of the load should be shifted to business and in what fashion.

As this paper is being written, the Legislature is looking toward one or more special sessions on school finance over the summer. However, there still does not appear to be an agreement worked out between the House and Senate leadership with regard to the share of taxes to be paid by business and the methodology for calculating those taxes. The House would increase sales tax more, while the Senate would increase business taxes more, looking to some enhancement of the franchise tax or some watered down version of a gross receipts tax.

Although the Legislature appeared to get off to a slow start due to the immense amount of time devoted to school reform and tax bills, in actual fact more bills were passed this session than last, with 1,649 passing both chambers out of 5,984 bills filed. Of those, only 19 were vetoed. Furthermore, nine constitutional amendments were passed out of 145 filed. Of these, SJR 7 deals with lines of credit on reverse mortgages, while SJR 21 would exclude certain very large commercial loans from the usury laws.

On an extremely positive note, 100 percent of IBAT's proactive agenda passed. IBAT was a prominent player in House Bill 955 on financial modernization. In addition, we promoted and drafted the public funds amendments discussed in this White Paper and took the lead in meaningful change to the garnishment laws in the state of Texas.

The following material identifies some of the legislation that we followed this session. We tracked 355 bills of interest. Where appropriate, we have attempted to identify possible follow-up action for you to consider in response to a particular bill. If you are interested in reading the text of any

of the bills described in this paper or would like information about any such bill (including the bill analysis, witness list, or research reports), simply go to the Texas Legislature's web site and follow the instructions. Be sure to select the Regular Session. Here is the link:

http://www.capitol.state.tx.us/tlo/legislation/bill_status.htm

BANK OPERATIONS

Identity theft concerns had a front row seat in this session of the Legislature. This was due in part to the personal experience of a senior legislator, Rep. Helen Giddings, who is chair of the House Business & Industry Committee. Because she was personally the victim of identity theft through the loss of checks delivered to her home, she introduced a number of bills dealing with how checks are handled and processed as well as legislation dealing with identity theft.

Breaking news about intrusion and loss of data at ChoicePoint, major financial institutions, and other entities definitely played a role in new laws tightening up on data management and notification to customers.

In most of the legislation introduced, IBAT was able to negotiate with the bill sponsors to obtain language excluding financial institutions as defined either in the Gramm-Leach-Bliley Act or the USA PATRIOT Act. These exclusions were appropriate, in our opinion, because those laws already dealt with privacy of customer information or security of customer information in a uniform and effective manner. Fortunately, the authors could see our viewpoint and could see that these regulated entities were, indeed, already subject to significant laws and regulations providing adequate protection to consumers.

Also, IBAT was able to inject "best practices" concepts of requiring both customer notification of the bank and customer filing of a criminal report as a prerequisite to their obtaining relief.

HB 607 by Giddings, Rodney Ellis

Relating to the delivery of blank check forms

Effective Date: June 1, 2005

This amendment to the Business & Commerce Code deals with delivery of check forms. This bill was inspired by Rep. Giddings' personal experience in having her checks stolen when they were delivered to her home. It requires persons who print check forms to give customers the option to require delivery of check forms in a manner that requires the signature of the addressee or addressee's representative on delivery by a courier if such service is available in the addressee's area. The option to require such a signature may be provided on a printed check form order, on an electronic order form or by another reasonable method. Failure to comply subjects the party, the check printer, to civil penalties, and the Attorney General may bring suit.

HB 628 by Giddings, Rodney Ellis

Relating to debt collection after a consumer has filed a report with a law enforcement agency

Effective Date: September 1, 2005

This bill amends the Debt Collection Practices Act to make it an unfair debt collection practice to continue to collect or attempt to collect an obligation under a check, draft, debit payment, or credit

card payment if the item was refused because it was not drawn or payment was not made by the person authorized to use the applicable account and the debt collector has received written notice from the person authorized to use the account that the item was unauthorized and that person has filed a report with law enforcement. A copy of the complaint must be provided to the debt collector.

This includes banks collecting on their own note payments as well as on overdraft privilege accounts. Be sure your collectors are aware of this change.

HB 1855 by Giddings, Rodney Ellis

Relating to the deletion of certain electronic records concerning a customer who issues a check

Effective Date: September 1, 2005

This amendment to Chapter 35 of the Business & Commerce Code really only applies to merchants. There is an exception for “financial institution.”

The idea behind this is if the merchant is treating an item as a dishonored check (hot check) and the customer establishes that the check was forged by bringing in a written notice plus a report from law enforcement, then the merchant has to delete any electronic record about the refusal to accept that check.

HB 2218 by McCall, Brimer

Relating to the regulation of money services businesses in Texas and penalties

Effective Date: September 1, 2005

This adds a new Chapter 151 to the Finance Code dealing with money service businesses. MSBs are currently regulated under the Currency Exchange Act and the Sale of Checks Act. This simply adds additional requirements and merges the previous licenses into one MSB license. Since banks are excluded from the definition of either of those two entities in the relevant chapters, this should have no impact on banks and their activities. However, banks that are providing services to a money service business will need to become familiar with the requirements as a part of BSA procedures. The Department of Banking regulates these entities and lists registered entities on its web site (www.banking.state.tx.us). Agents of licensed entities, acting within the scope of authority of a written contract, are excluded from licensing.

SB 220 by Carona, Grusendorf

Relating to maintenance of records by a notary public

Effective Date: September 1, 2005

This amends the government code to permit notaries public to maintain their records electronically in a computer or other storage device. Presumably this means that notary records could be optically imaged.

SB 446 by Carona, Martinez

Relating to the reduction in value or expiration of a stored value card.

Effective Date: September 1, 2005 (cards issued or activated after that date)

This bill went through many changes. It regulates reduction in value of a stored value card through dormancy fees. These must be clearly disclosed. This addition to the Business & Commerce Code does not apply to cards issued by financial institutions (banks, S&Ls, credit unions).

The law also clarifies the escheat law as it applies to these cards. This part does apply to bank issued stored value cards generally.

HB 729 by Nixon, Janek

Relating to an order by a court that a judgment debtor turn over certain property for the satisfaction of the judgment

Effective Date: May 17, 2005

A court may enter an order to turn over nonexempt property without specifying the property subject to turnover. This bill will assist creditors in collecting judgments.

HB 2223 by Giddings, Rodney Ellis

Relating to the making of a notation on a forged check by a financial institution.

Effective Date: September 1, 2005

This amends the Business & Commerce Code to require banks to process checks as forgeries if the reported maker has done certain things to establish that they are the victims of identity theft, including closing the account and filing a criminal complaint. A victim cannot later complain that a bank that honored the request to process the item as a forgery had committed a wrongful dishonor.

HB 3428 by Elkins

Relating to financial institution accounts, pledges of accounts and garnishments.

Effective Date: September 1, 2005

This bill amends Chapter 276 of the Finance Code by adding a new section relating to garnishment of financial institution accounts. It solves a problem in the current law that results in the bank being 100% liable for the debt if it fails to answer a garnishment. A default judgment can still be taken against the bank, but the garnishor has to prove up damages.

SB 1563 by Estes, McCall

Relating to uniform law on negotiable instruments and bank deposits and collection

Effective Date: September 1, 2005

These are the uniform amendments to Article 3 & 4 of Uniform Commercial Code as proposed by Texas State Bar and Texas Business Law Foundation. The purpose of these uniform amendments is to bring the laws into conformity with the Restatement of Suretyship, Check 21, and uniformity with regard to transfer warranties on remotely created items.

The State Bar Committee reviewing the NCCUSL Amendment concluded that the Texas version (which was adopted in 1997) relating to remotely created drafts is preferable to the proposal from NCCUSL.

All of this may become very irrelevant as to the transfer warranties as the Fed just proposed amendments to Regulation CC that would also handle the transfer warranty issue and would preempt.

CONSUMER CREDIT

The bills discussed below reflect once again concerns of the Legislature with regard to predatory lending and lending to Hispanics.

HB 1547 by Pickett

Relating to the form of the loan contract and related documents for a consumer loan.

Effective Date: September 1, 2005

This bill amends § 341.502 of the Finance Code. It applies to retail installment transactions under Chapter 348, installment loans, and home equity loans as regulated by the Consumer Credit Commissioner. This would not appear to apply to bank loans since it only applies to OCCC regulated transactions. If the terms were negotiated in Spanish, then a summary of the terms must be provided.

SB 99 by Ellis, Giddings

Relating to the extension of credit to a victim of and to insurance coverage for identity theft.

Effective Date: September 1, 2005

This amendment to Chapter 341 of the Finance Code adds to the non-discrimination section a prohibition against discriminating because an individual has been a victim of identity theft.

With the help of the Consumer Credit Commissioner, the original bill was amended to make it clear that a victim of ID theft could be denied credit for some other reason! Also, the victim must file a criminal report.

An entirely new section was added to the bill, authorizing ID theft insurance coverage.

HB 1088 by Thompson, Harris

Relating to an automobile club membership offered in connection with a loan.

Effective Date: September 1, 2005

Both Chapters 303 and 342 are amended to permit a lender to offer (but not require) an auto club membership for a fee. Written acknowledgment of the intent must be obtained by the lender.

HB 1582 by Chavez, Rodney Ellis

Relating to a study of subprime mortgage lending practices in certain counties.

Effective Date: June 18, 2005

This bill would require a study of sub-prime mortgage lending in Bexar, Cameron, Dallas, El Paso, Harris and Travis Counties. These are counties with large minority populations, primarily Hispanic. This study must be completed not later than September 1, 2006. Problem: national banks and their operations subsidiaries cannot be required to provide data.

HB 1833 by Chisum, Seliger

Relating to disclosures required for the creation of certain consumer contracts solicited by mail.

Effective Date: September 1, 2005

This amendment to Chapter 35 of the Business & Commerce Code applies to certain disclosures required for a consumer contract solicited by mail. It is triggered when a person solicits business by mailing an individual a check or draft payable to the individual. An exception was added for banks and authorized lenders that send a check or draft to existing or prospective account holders to access credit.

HB 2438 by Haggerty, Armbrister

Relating to the acquisition and regulation of manufactured homes.

Effective Date: June 18, 2005

This amends rules relating to sales of manufactured homes. It includes a provision on abandonment of a manufactured home, warranty requirements for homes treated as realty, and provisions relating to habitability.

A tax lien against a manufactured home can't be enforced unless it has been recorded with TDHCA. An effort was made to eliminate our exception for escrow of taxes for banks that don't escrow. However, that was dropped. The Manufactured Housing Division of TDHCA is already working on new regs and forms.

SB 1112 by Eltife, McCall

Relating to debt management services.

Effective Date: September 1, 2005

This adds a sub-chapter C to Chapter 394 of the Finance Code. This regulates consumer debt management services. There have been a number of abuses in this area. This should be beneficial to consumers and their creditors.

Workout and bankruptcy are not covered by this Chapter. Also, financial institutions are excluded from coverage.

SB 1479 by Shapleigh, Corte

Relating to deferred presentment transactions of certain military personnel or their spouses.

Effective Date: September 1, 2005

This amends Chapter 342 of the Finance Code to deal with deferred presentment transactions that are engaged in by members of the military including the National Guard. Banks are virtually prohibited from engaging in these pay-day loans due to recent circulars from the FDIC. The act requires specific disclosures and regulates collection efforts.

CRIMINAL

HB 1323 by Swinford, Seliger

Relating to the prosecution of the offense of credit card or debit card abuse.

Effective Date: September 1, 2005

This amendment to the Penal Code changes debit and credit card fraud by making it a crime to simply possess the card. This is a much needed tool in the fight against identity theft.

HB 1690 by Keel, Royce West

Relating to the element of common nuisance.

Effective Date: September 1, 2005

This bill amends the Civil Practices and Remedy Code regarding the elements of common nuisance and changes the standards from "knowingly" to "knowingly tolerates and fails to make reasonable attempts to abate the activity." There have been cases in which business owners in poor neighborhoods have been held responsible for criminal activity of gangs they could not control. This has adverse impact on business and the financing of small business.

SB 611 by Nelson, Phil King

Relating to the electronic creation, transmission, and use of certain documents related to the prosecution of a criminal offense.

Effective Date: June 17, 2005

This is an amendment to the Code of Criminal Procedure and deals with electronic documents. It permits prosecutors and others to electronically file documents in criminal proceedings.

The significant part for banks is Article 38.44 which addresses the admissibility of an electronically preserved document. If a party opposes admission of the document on the grounds that the documents have been materially altered, then the proponent of the document must disprove the allegations by preponderance of the evidence. With banks preserving documents as optical images, this may be of some concern. Admissibility of electronic documents is already dealt with in the Business and Commerce Code in UETA.

FINANCIAL LITERACY

IBAT has worked hard in the last several sessions to promote the concept of financial literacy as a requirement in Texas schools. This came to fruition in the 2005 session with the bills discussed below. The Main Street Foundation (dba IBAT Education Foundation) has a strong program of work to promote financial literacy and expects to continue to play an important role in delivery of education in this arena.

HB 492 by Woolley, Shapleigh

Relating to personal finance education as a requirement for graduation from public high school.

Effective Date: September 1, 2005

This amendment to the Education Code would require that high school students obtain instruction in personal finance.

HB 900 by Chavez, Zaffirini

Relating to the requirement that workforce development programs provide training in financial literacy.

Effective Date: June 18, 2005

This bill adds Section 302.0027 to the Labor Code, requiring financial literacy training as a part of local workforce activities.

SB 851 by Shapleigh, Woolley

Relating to a financial literacy pilot program in public schools.

Effective Date: June 17, 2005; report on program January 1, 2007

This bill requires a financial literacy pilot program in public schools.

GOVERNMENT

HB 914 by Woolley, Williams

Relating to disclosure of certain business or financial relationships with certain local government officers.

Effective Date: September 1, 2005

This adds Chapter 176 to the Local Government Code. It deals with disclosure of certain relationships with local government officers. There are certain disclosures required by this bill to assure there are no conflicts in contracting. This is relevant to banks because they contract with local government entities for depository agreements. The government officer is the one who makes the disclosure.

HOME EQUITY

Legislation was introduced that would have permitted a “seasoned refi” of a home equity loan, converting it to a traditional first-lien mortgage. IBAT has supported this for a number of sessions. Basically, the concept is that once a home equity loan has been on the books for a year or longer, the borrower should be able to refinance it along with the purchase money or other lien into a single first-lien that is subject to the normal property laws rather than the peculiarities of the home equity section of the Constitution. This would have the salutary effect of making these loans more sellable in the secondary market and lower priced. Unfortunately, this concept is not yet ready for prime time!

HB 637 by Goolsby

Relating to authorizing an extension of credit secured by a residence homestead in which a minor or ward has an ownership interest.

Effective Date: September 1, 2005

From time to time property is inherited by a minor. If the minor has an interest in the homestead, it is currently impossible for the surviving parent to get a home equity loan since the minor cannot sign the document or give consent.

This bill creates a simple and inexpensive methodology for permitting the joinder of a minor or ward on a home equity loan.

- The guardian (if any) can consent to a loan for home repairs, education or medical expenses of the ward (net value doesn't exceed \$100,000).
- If no guardianship on a minor, a parent may consent if the net value of the minor's interest doesn't exceed \$100,000. Proceeds may only be used for improvements, education, medical expenses or paying outstanding balance of the loan.

SJR 7 Carona, Hochberg

Relating to line of credit on reverse mortgage

Reverse mortgages will be available as a line of credit if the constitutional amendment passes. The same limits as are in HELOCs (no credit card, debit card or preprinted solicitation check) are imposed here.

INSURANCE

HB 2941 by Eiland, Brimer

Relating to the compensation of insurance agents.

Effective Date: September 1, 2005

This requires a compensation disclosure for the placement or renewal of insurance. It doesn't apply to employee benefit plans, group or blanket policies, or group annuities. Also, it does not apply to an agent whose sole compensation is commission, salaries, or other remuneration paid by the insurer. Basically, it applies when the agent (or its affiliate) receives compensation directly from the customer.

HB 2965 by Seaman, Brimer

Relating to insurance premium finance agreements.

Effective Date: June 17, 2005

This bill applies to premium finance companies. It provides that the Chapter does not apply to a person who purchases or acquires a premium finance agreement from a licensee if the licensee retains the right to service the agreement. In other words, it could treat these transactions like mortgage servicing. Amendments to the bill additionally limit inducements and sharing of profits and fees with regard to premium finance.

HB 2761 by Taylor, Fraser

Relating to the amount of homeowners insurance required in connection with certain financing arrangements.

Effective Date: May 17, 2005

This amendment to Chapter 549 of the Insurance Code prohibits a lender from requiring that a borrower purchase homeowners insurance that exceeds the replacement value of the dwelling and its contents regardless of the amount of the mortgage. In other words, the value of the land cannot be included. I had always thought that this was the law anyway insofar as insurance policies were concerned!

LIENS AND SECURITY INTERESTS

HB 1186 by Hartnett, Royce West

Relating to testamentary and nontestamentary transfers of property and other benefits.

Effective Date: September 1, 2005 – applies to wills executed after the effective date.

This bill amends the Texas Probate Code dealing with testamentary and non-testamentary transfers of property. It provides that a specific devise passes to the devisee charged with the debt secured by the property. The devisee has no right to exoneration from the testator's estate for payment of the debt. However, a specific devise does not include the debt if the will so provides. This section is not intended to affect the rights of creditors otherwise provided in the Probate Code. In other words, a creditor can elect to have a debt treated as a matured secured claim and look to the property. The personal representative (e.g. executor) will collect the debt from the devisees in that event. If the executor is unable to collect, then the property must be sold with the proceeds used to pay the debt (after expenses of sale are taken out).

Other sections deal with the probate homestead which is set aside for use and benefit of the surviving spouse and minor children along with all other property that is otherwise exempt from execution.

SB 149 by Wentworth, Giddings

Relating to recording of aircraft repair and maintenance liens.

Effective Date: June 17, 2005

This amendment to the Property Code permits a person who repairs foreign aircraft to file their lien with the Secretary of State. Domestic aircraft liens are filed with the FAA.

HB 330 by Berman, Deuell

Relating to exempting health savings accounts from seizure for satisfaction of debts.

Effective Date: May 24, 2005

HSA's are added to the personal property exemptions in state law, including rollover contributions.

HB 81 by Riddle, Janek

Relating to release by the Comptroller of unclaimed property subject to a child support lien.

Effective Date: May 27, 2005 – applies to claims after the effective date.

Unclaimed property under the escheat laws may not go to a creditor or lienholder. However, a child support claimant may collect it!

PRIVACY

HB 210 by Solomons, Shapleigh

Relating to regulation of certain telemarketing calls.

Effective Date: May 27, 2005

Now that there is a federal “no call list,” state law is amended to conform. If you engage in telemarketing, make sure your bank or licensed telemarketer gets this list!

HB 698 by McCall, Averitt

Relating to the disposal of certain business records that contain personal identifying information.

Effective Date: September 1, 2005

This amendment to Chapter 35 of Business and Commerce Code deals with disposal of business records. First it defines what constitutes “personal identifying information.” Then it provides that a business that disposes of a business record that has personal identifying information must modify by shredding, erasing or other means, the personal identifying information to make it unreadable or undecipherable. There’s a penalty for non-compliance. Financial institutions and certain insurance entities are excluded.

HB 1098 by McCall, Zaffirini

Relating to using the Internet to obtain identifying information or another person for a fraudulent purpose.

Effective Date: September 1, 2005

This adds a Chapter 48 to the Business and Commerce Code, creating the Anti-Phishing Act. As noted in other bills, bank customers are particularly targeted by phishing on the Internet. This bill should help attack identity theft through phishing and spoofing.

HB 1379 by Jesse Jones, Deuell

Relating to the admissibility in a civil action of certain information relating to identity theft.

Effective Date: June 18, 2005

This amendment to the Civil Practice and Remedies Code deals with identity theft. A business record is not admissible in a civil action if it is obtained from law enforcement personnel.

SB 122 by Hinojosa, Giddings

Relating to the prevention and punishment of identity theft and to assistance to certain victims of identity theft.

Effective Date: September 1, 2005

This bill relates to prevention and punishment of identity theft and assistance to victims of identity theft. It amends the Code of Criminal Procedures to deal with reports of identity theft and to tighten up the penal laws. More significantly, it creates a new Chapter 48 in the Business and Commerce Code to deal with identity theft and protection.

This provides a civil definition of unauthorized use or possession of personal identifying information and requires businesses to protect and safeguard personal or identifying information. However, the section relating to protection does not apply to a financial institution as defined in GLBA. That duty to protect the information is already required by GLBA and the regs.

Unauthorized use or possession of personal identifying information is a deceptive trade practice. This chapter provides for civil remedies including action by the Attorney General.

The original bill was amended to add a duty to notify a person of a breach of systems security, defined as acquisition of certain computerized data. Notification can be delayed at the request of law enforcement. Several methods are permissible including written and electronic notice. If the cost of notice exceeds \$250,000 or involves over 500,000 persons or the entity doesn't have enough contact information, notice can be by e-mail, web posting or broadcasting by public media. These procedures are similar to those in federal banking guidance. Be sure your IT and compliance officers are familiar with this requirement!

SB 327 by Zaffirini, McCall

Relating to the unauthorized collection and transmission of certain information by computer.

Effective Date: September 1, 2005

This adds a Chapter 48 to the Business & Commerce Code and deals with collection and transmission of certain information by computer. This is another spy ware bill. Again, this should help with identity theft.

SB 1485 by Williams, Wong

Relating to providing that the social security number of a living person is excepted from required disclosure under the public information law and may be redacted.

Effective Date: June 17, 2005

This bill amends the Open Records Act to assure that the social security number of a living person is excepted from open records requirement. However, a government body may redact the social security number from information that is disclosed.

PUBLIC FUNDS

IBAT worked on two cleanup bills to reduce the cost of public funds for community banks. Unfortunately, neither bill was referred to the House Financial Institutions Committee, the normal venue for this type of legislation. Rather, one of them went to the Public Education Committee in the House, where it sat behind the school finance reform bill! Although our bills were very reasonable and will save government a lot of money, this part of our program of work was a real cliffhanger.

HB 573 by Flynn, Duncan

Relating to collateral for deposits of public school funds.

Effective Date: June 18, 2005

This bill amends the Education Code to correct an inadvertent error last session for school deposit collateral. Depositories are still permitted to use reducing principle balance securities as collateral. However, only these securities would need a 110% collateral ratio while others would only need a 100%. This bill was drafted by IBAT.

HB 256 by Hopson, Estes

Relating to investments in certificates of deposit by certain governmental entities.

Effective Date: September 1, 2005

This bill authorizes depositories to use a spread CD program (like CDARs) for public funds. This allows the use of FDIC insurance (through multiple CDs) rather than having to put up collateral. Also, these CDs are permissible investments for governmental entities.

REAL PROPERTY, CONSTRUCTION

HB 525 by Rodriguez, Barrientos

Relating to allowing the creation of homestead preservation districts to increase homeownership and provide affordable housing.

Effective date: September 1, 2005

The bill has a good intended purpose, that is, to preserve homesteads for low-to-moderate income homeowners living in disadvantaged neighborhoods.

The bill would create two entities: the Homestead Land Trust and the Homestead Land Bank, with similar duties and the objective of preserving homesteads that owe more in taxes than their value by acquiring those properties. The Homestead Land Trust acquires such properties. The objective is to encourage low to moderate income property developers.

HB 1140 by Flynn, Averitt

Relating to the specifications and fees for legal papers filed with a county clerk.

Effective Date: September 1, 2005

This amendment to Local Government Code prohibits a county clerk from imposing additional requirements or fees for filing or recording a legal paper.

This amendment was sought by real estate lawyers and the Texas Land Title Association primarily because at least one county (Chambers County) has been requiring different margins for their documents. This creates significant costs for attorneys and lenders that use automated document preparation systems.

HB 1234 by Paxton

Relating to the appointment of substitute trustees in certain foreclosures.

Effective Date: September 1, 2005

This is an amendment to § 51.0075 of the Property Code and deals with substitute trustees and mortgages. It permits the mortgage servicer to authorize an attorney to appoint a substitute trustee or trustees on behalf of the mortgagee.

HB 1236 by Paxton, Harris

Relating to an exemption from the Real Estate License Act for persons who conduct foreclosure sales.

Effective date: May 17, 2005

A real estate newsletter cast some doubt as to whether non-realtors could conduct foreclosure sales! This bill clears up any lingering doubt.

HB 1631 by Hilderbran, Fraser

Relating to amendment of restrictions governing certain residential subdivisions.

Effective date: September 1, 2005

This adds Chapter 211 to the Property Code. It deals with amendment and enforcement of restrictions in certain subdivisions. The object is to create a new procedure for amending restrictive covenants so that neighborhoods can be improved. Unanimous consent of all owners is not required. It should have a positive impact on collateral value.

HB 1919 by Ray Allen, Harris

Relating to notice in certain real property transactions concerning public improvement districts.

Effective date: January 1, 2006

This amendment to Chapter 5 of the Property Code requires a notice of obligations related to public improvement districts. It looks a lot like the kind of notice required for MUDs. There is an exception for transfers under court order or foreclosure or to a mortgagee by a mortgagor or successor in interest under a Deed of Trust or a subsequent sale by the bank of ORE. Thus, it will not have an adverse impact on foreclosures or later sales.

HB 2266 by Baxter, Deuell

Relating to the authority of municipalities to enact a requirement that establishes the sales price or limits the eligible buyers for certain housing units or residential lots.

Effective date: September 1, 2005

This amendment to the Local Government Code would prohibit certain municipal requirements regarding establishing a maximum sales price for housing units or residential lots. This should deal with down-zoning problems that occur to builders in Texas.

HB 2491 by Puente, Armbrister

Relating to the transfer of an ad valorem tax lien and to a contract for foreclosure of an ad valorem tax lien.

Effective Date: September 1, 2005

This deals with transfer of an ad valorem tax lien and to a contract for foreclosure of an ad valorem tax lien. The tax lien can be transferred before delinquency only if there is no other lien on the property. It allows the lien holder to redeem. Again, this should help in those situations in which parties are buying up tax liens and wiping out lien holders. A purchaser of a tax lien must serve foreclosure notice on mortgage servicers or holders, giving the lender an opportunity to pay off the amount owed.

HB 3461 by Baxter, Armbrister

Relating to the manner in which a municipality may impose a moratorium on commercial property development.

Effective date: September 1, 2005

This amendment to the Local Government Code deals with the manner in which a municipality may impose a moratorium on commercial property or residential development. It would affect cities like Austin that have imposed restrictions after developers had already started building in compliance with existing rules. The moratorium is limited in time.

SB 335 by Carona, Hartnett

Relating to the Uniform Real Property Electronic Recording Act.

Effective date: September 1, 2005

This adds a new Chapter 15 to the Property Code to create the Uniform Real Property Electronic Recording Act. Actually, there is already a law creating electronic recording of real property documents throughout the State of Texas. This, however, is a uniform act from NCCUSL.

The bill was amended to conform to existing law, Chapter 195 of the Local Government Code.

Fees will be same for paper and electronic filings.

SB 356 by Rodney Ellis, Thompson

Relating to an urban land bank demonstration program in certain municipalities.

Effective date: September 1, 2005. The purpose is to stimulate development of low income housing.

This bill adds a Chapter 379D, Urban Land Bank Demonstration Program in a city with a population of 1.9 million or more. In other words, this is only in a couple of very large cities. It permits the governing body of such a large city to adopt an urban land bank demonstration program to develop affordable housing. This might have some impact (presumably positive) on property values and thus help all parties with real estate interests.

SB 381 by Staples, Geren

Relating to the regulation of real estate appraisers.

Effective date: September 1, 2005

This bill amends the regulation of real estate appraisers. Under FIRREA, banks are required to use regulated appraisers for certain transactions. Thus, it is critical that appraisers use appropriate standards. This bill simply appears to be a cleanup bill. Certified appraisers must use USPAP standards or standards that are no less stringent.

SB 382 by Staples, Geren

Relating to disciplinary proceedings and contested cases involving real estate appraisers and appraiser trainees.

Effective date: September 1, 2005

This bill relates to disciplinary proceedings and contested cases involving real estate appraisers. Banks are required under FIRREA to use regulated appraisers in certain transactions. Thus it is important that their qualifications are maintained at a high standard. This appears to be a clean up bill.

SB 1018 by Staples, Betty Brown

Relating to the extension, reinstatement, or modification of or addition to residential restrictive covenants.

Effective date: September 1, 2005

This amendment to the Property Code provides a mechanism for extending certain residential restrictive covenants that might expire. It also provides a mechanism to deter racial and other restrictions that are unconstitutional or unenforceable. The end effect of the provision should be to increase value of property to the benefit of lien holders and owners.

SB 1273 by Mike Jackson, Geren

Relating to the establishment of the Texas Farm and Ranch Land Conservation Program.

Effective date: September 1, 2005

This amends the Natural Resources Code to create the Texas Farm & Ranch Lands Conservation Program. The purpose is to provide financial incentives for the conservation of natural resources on working farms through the use of purchased or donated agricultural conservation easements. This sounds like a sort of statutory arrangement comparable to that of the Nature Conservancy. Lien holders would need to monitor to determine impact on land value.

SB 1413 by Shapleigh, Wayne Smith

Relating to county brownfield cleanup and economic redevelopment programs.

Effective date: September 1, 2005

This deals with county brownfield cleanup and economic redevelopment programs. Brownfields are properties which can be cleaned up to a certain level and reused. This can be helpful in improving property and protecting collateral value.

SB 1458 by Wentworth, Corte

Relating to the adoption of a uniform commercial building code for use in the state.

Effective date: September 1, 2005; rules to be established January 1, 2006.

This amends the local Government Code and adds the Uniform Commercial Building Code using the International Building Code. This would create greater certainty and less variation across the state with regard to codes for commercial construction.

SB 1587 by Carona, Paxton

Relating to certain foreclosure notice requirements.

Effective date: September 1, 2005

This amendment to the Tax Code would fix a current problem with persons who buy up tax liens, foreclose them, but never notify the lien holder. A transferee of the tax lien would have to notify the holders of all recorded liens as well as the owner of the property before foreclosure of the tax lien. This would provide important protection.

SB 541 by Seliger, Jim Keffer

Relating to posting on the Internet information regarding certain residential property held by an appraisal district.

Effective date: September 1, 2005

Residential photos, floor plans and sketches may not be posted on the Internet by appraisal districts. There is an exception for an aerial photo that depicts five or more separately owned buildings.

SB 461 by Madla, Ray Allen

Relating to the confidentiality of and access to certain personal information in instruments recorded with a county clerk.

Effective Date: May 13, 2005

This bill fixes a problem in the Property Code from last session. Real property documents that are recorded must include a notice to natural persons that they may strike their SSN or drivers license number. The clerks couldn't record a document that did not include that notice – even though the SSN and drivers license numbers were not in the document. That recording prohibition is now fixed.

TAXES

As noted at the beginning of this White Paper, this session was supposed to be the one that reformed the way in which public schools are financed in the state of Texas. Unfortunately, the House and the Senate could not come to a consensus. The House focused on increased sales taxes, increased sin taxes, and an alternative business tax using payroll as the starting point. The Senate began with a gross receipts tax, which would have significantly increased taxes for all businesses, including banks.

One of our primary efforts at IBAT was to assure that whatever was done with regard to business taxes, the so-called Delaware loophole for bank holding companies was not eliminated. As we have explained to leadership, banks are willing to pay their fair share of taxes. However, they don't want to pay taxes on the same income or capital twice! We are proud to say that none of the legislation would have adversely affected the holding company structure for banks. However, other Delaware loopholes were definitely targeted.

Ultimately, no tax bill was successful. We expect to see special sessions dealing with this issue separately.

SB 760 by Armbrister, Straus

Relating to the classification of open-space land into categories for purposes of appraising the land for ad valorem tax purposes.

Effective date: January 1, 2006

This amendment to the Tax Code deals with categories of ag use land. The chief appraiser shall determine the categories into which land in the appraisal district is classified.

USURY

HB 955 by Solomons, Averitt

Relating to interest rates, usury, consumer protections, commercial and consumer lending, licensing of mortgage brokers, savings bank charters, and the regulation of lenders.

Effective Date: September 1, 2005

This bill is an omnibus one resulting from an interim study. Some of the key points include:

- Usury penalties were reformed. The penalty on commercial transactions is capped at three times the excess interest. In addition, a notice of a usury counterclaim is required not only in cases where excess interest is contracted or charged, but also where there is receipt. The counterclaim is abated for 60 days to give the lender time to correct the alleged violation. A correction eliminates liability.
- The “Alamo Lumber” case is fixed. This means that lenders can now require obligors to guarantee, assume or pay another person’s existing or future obligation as a condition of the loan.
- Certain commercial fees are clarified as not constituting interest including prepayment premiums and make whole premiums.
- Assuming that a constitutional amendment passes, real estate secured loans of \$7 million or more and loans not primarily secured by real estate of \$500,000 or more are exempt from the usury laws. In addition, the “qualified commercial loan” threshold is reduced to \$1 million on real estate secured loans and \$100,000 on loans not primarily secured by real estate.
- Fees may be charged on consumer installment loans without the limitations of chapter 342 except on real estate secured second lien transactions. Those are still limited by chapter 342. Third party fees are not interest.
- Additional regulatory tools for OCC and S&L Commissioners. The penalties authorized for the Office of Consumer Credit Commissioner are revised to reflect the fact that larger institutions are now significant. Thus, penalties are tied to size rather than limited to a flat dollar amount. However, no multiple penalties are permitted under chapter 349. This doesn’t prevent private lawsuits, however. The Savings & Loan Department becomes the Department of Savings & Mortgage Lending. A limited savings bank charter is authorized. The qualified thrift lender test is dropped to 50 percent. Savings banks get the same “super parity” as banks and mutual savings bank holding companies are authorized to facilitate credit union conversions. Mortgage broker requirements are tightened. However, these do not apply to banks or savings banks or their subsidiaries.
- Rational consumer protections, aimed at non-regulated creditors primarily. This means that a new chapter 308 is added regarding false and misleading advertising. However, compliance with Regulation Z is deemed compliance with chapter 308. There is no double liability. Furthermore, compliance with the federal Fair Trade Practices Act is imposed on otherwise unregulated consumer lenders. This should level the playing field.

The bill started with rather onerous consumer protections. However, IBAT was instrumental in pulling together a broad-based coalition of affected parties ranging from traditional lenders to auto dealers and others to explain that the consumer protection sections were simply over the top. We are happy to say that the end result of our collaborative efforts was some modest but appropriate additional consumer protections. For banks, however, these consumer protections do not go beyond laws that banks must already satisfy. Therefore, while consumers will have additional protections from nontraditional lenders, we believe that the changes will not mean any significant change in procedures for our community bank members.

The changes that we are most excited about are those that permit banks to make consumer loans under chapter 342 and charge reasonable fees as permitted in chapter 303. Those fees that are passed through as third-party fees are excluded from interest calculation. This should provide new sources of revenue or at least cost recovery for community banks.

A separate bill which would create a category of commercial loan that is simply outside the usury laws was merged into House Bill 955. In order for it to be effective, SJR 21 by Averitt must also pass. This part would exclude real estate secured loans of \$7 million or more from the usury ceiling and other commercial loans at \$500,000 or more that are not primarily secured by real estate would be taken outside the usury ceilings of state law. Coupled with this, the qualified commercial loan thresholds would be dropped to \$1 million on real estate secured loans and \$100,000 on loans not secured primarily by real estate. The qualified commercial loans would still be subject to the usury ceilings. However, they can have additional compensation such as equity kickers. Both changes are positive ones for businesses as well as lenders as they improve the flexibility of lenders and make credit more available.

HB 3428 by Elkins

Relating to financial institution accounts, pledges or accounts and garnishments.

Effective Date: September 1, 2005

In addition to garnishment, this bill deals with pledges of financial institution accounts. This takes care of an old usury problem with regard to what constitutes “true” principle. It would permit a borrower to use the proceeds of the loan to buy a CD and pledge it without worrying about the usury laws as to the true principle. In addition, the borrower could use the proceeds for deposits into accounts or open other accounts. This facilitates the use of compensating balances.

SJR 21 by Averitt

Relating to authorizing the legislature to define rates of interest for commercial loans

This is the constitutional amendment that implements the exemption of certain large commercial transactions from the usury laws.

BILLS WE OPPOSED

There are always a number of bills that we either attempt to modify or oppose outright. Please review the attached chart for an idea of the breadth of legislation that we monitored or amended during the session. In addition, there were several bills that presented significant concerns during the session which IBAT, working with others, was able to stop.

Sarbanes-Oxley Bill – HB 2482. The Texas Board of Certified Public Accountants did an interim study as to whether or not Texas needed a Sarbanes-Oxley type law to regulate financial statements and accounting relationships. Part of that would result in nonpublic companies being subject to the same sorts of limitations as are found in Sarbanes-Oxley for large publicly traded entities. IBAT was strongly opposed to this for the banking industry. We believe that federal law such as the FDIC Improvement Act and the regulations implementing it adequately regulate financial statements of banks. We were strongly opposed to additional state requirements.

Servicemembers Civil Relief – HB 1853. Rep. Herrero filed this bill which would have allowed guardsmen and reservists who are activated to avoid paying their debts for the entire period of their activation plus six months. IBAT and other lenders were strongly opposed to this bill for many reasons. The federal Servicemembers Civil Relief Act already provides for reduced interest rate, protection from default judgments and repossessions, and protections for other parties. This was all beefed up very recently in response to the war in Afghanistan. The change proposed by Rep. Herrero would have made it virtually impossible for a returning civilian soldier to ever manage their debt with so much deferred payments hanging over their heads. Also, banks, as highly regulated entities, would simply have to write off all of that debt. We offered to work with the sponsor to come up with legislation to provide some appropriate protections along the lines of federal law. However, ultimately this bill simply did not make it to the floor of the House.

CONCLUSION

The 79th Legislative Session was a challenging one. Banking had a number of critical successes. We now look forward to special sessions where we will need to take appropriate steps to assure that revised tax systems are fair and uniform. That task can only be accomplished with the help of our members through grassroots communications when necessary and your continued PAC support. Together, community banks are a mighty force.

APPENDIX A – IBAT BILL TRACKING LIST

BILL	AUTHOR	EFFECTIVE DATE	SUBJECT
BANK OPERATIONS			
HB 45	Grusendorf		Notaries public
HB 46	Grusendorf		Maintenance of notary public records
HB 255	Martinez		Reduction in value of gift cards
HB 607	Giddings	6/1/2005	Blank check forms
HB 628	Giddings	9/1/2005	Consumer filing of debt report
HB 694	Leibowitz		Electronic terminal limits
HB 729	Nixon	5/17/2005	Court order to turn over property
HB 953	Chavez		Telephone call centers
HB 1130	Cook, Byron		Social security privacy
HB 1343	Gattis		Value of a gift certificate
HB 1430	McCall		Unauthorized computer software
HB 1691	Keel		Value of a gift card
HB 1795	Crownover		Health savings accounts
HB 1854	Giddings		Deby collectors
HB 1855	Giddings	9/1/2005	Electronic check records
HB 2218	McCall	9/1/2005	Money service businesses
HB 2223	Giddings	9/1/2005	Notation on a forged check
HB 2232	McCall		Bank deposit and collections
HB 2345	Luna		Currency transmission fees
HB 2450	Naishtat		Low income account programs
HB 2842	Chisum		Criminal penalties for false information
HB 2867	Gattis		Electronic signatures
HB 2899	Giddings		Reporting of a stolen check
HB 3319	Brown, Betty		Currency transmission fee
HB 3369	Solis		Currency transmission
HB 3428	Elkins	9/1/2005	Financial institution accounts
SB 192	Gallegos		Fees charge on a gift certificate
SB 219	Carona		Notaries public
SB 220	Carona	9/1/2005	Maintenance of notary public records
SB 446	Carona	9/1/2005	Reduction in value of gift cards
SB 754	Ellis, Rodney		Social security privacy
SB 958	Duncan		Unauthorized computer software
SB 1219	Ellis, Rodney		Deby collectors
SB 1221	Ellis, Rodney		Blank check forms
SB 1223	Ellis, Rodney		Notation on a forged check
SB 1501	West, Royce		Currency transmission fees

SB 1538	Barrientos		Savings incentives for low-income workers
SB 1563	Estes	9/1/2005	Bank deposit and collections uniform law
CONSUMER CREDIT			
HB 42	Eissler		Payment on credit card account
HB 398	Villarreal		Tax refund anticipation loans
HB 846	Flynn		Deferred presentment transactions
HB 1088	Thompson	9/1/2005	Automobile club membership with a loan
HB 1089	Burnam		Revolving credit account
HB 1193	Madden		Loan secured by property
HB 1387	Thompson		Refinancing of an existing loan
HB 1441	Bohac		Medical treatment and debt
HB 1490	Flynn		Credit reporting bureaus
HB 1547	Pickett	9/1/2005	Loan contracts
HB 1582	Chavez	6/18/2005	Mortgage lending practices in counties
HB 1833	Chisum	9/1/2005	Consumer contracts solicited by mail
HB 1853	Herrero		Military personnel debt
HB 1883	Van Arsdale		Housing development moratorium
HB 2013	Giddings		Credit to victim of identity theft
HB 2126	Coleman		Deferred presentment transaction
HB 2274	Cook, Byron		Guaranteed Student Loan Corporation sunset
HB 2438	Haggerty	6/18/2005	Regulation of manufactured homes
HB 2591	Frost		Habitability of used manufactured homes
HB 3052	Hopson		Retail installment transactions
HB 3139	Hughes		Rebates by finance companies
HB 3212	Coleman		Credit to victim of identity theft
HB 3352	Dunnam		Deferred presentment transaction
SB 72	Shapleigh		Deferred presentment transaction
SB 99	Ellis, Rodney	9/1/2005	Credit to victim of identity theft
SB 178	Brimer		Rebates by finance companies
SB 290	West, Royce		Home loans
SB 420	Carona		Guaranteed Student Loan Corporation
SB 617	Shapleigh		Lending practices and home loans
SB 618	Shapleigh		Disclosure of home loans
SB 625	Shapleigh		Enforcement of consumer lending laws
SB 1008	Harris		Automobile club membership
SB 1030	Zaffirini		Tax refund anticipation loans
SB 1057	Lucio		Manufactured homes
SB 1112	Eltife	9/1/2005	Debt management services
SB 1143	Carona		Loan secured by property
SB 1197	Hinojosa		Habitability of used manufactured homes
SB 1285	Armbrister		Regulation of manufactured homes
SB 1479	Shapleigh	9/1/2005	Deferred presentment transactions of military
SB 1736	Shapleigh		Debt interest rates of National Guard

C O R P O R A T E & S E C U R I T I E S			
HB 1154	Elkins		Limited liability companies and partnerships
HB 1319	Giddings		Business entities and associations
HB 1507	Solomons		Regulation of corporations
SB 586	Fraser		Business entities and associations
SB 746	Fraser		Regulation of corporations
SB 1702	Averitt		Limited liability companies and partnerships
C R I M I N A L			
HB 1323	Swinford	9/1/2005	Offense of credit card abuse
HB 1690	Keel	9/1/2005	Element of common nuisance
SB 611	Nelson	6/17/2005	Use of documents and criminal offense
F I N A N C I A L L I T E R A C Y			
HB 492	Woolley	9/1/2005	Personal finance education in high school
HB 900	Chavez	6/18/2005	Training in financial literacy
SB 851	Shapleigh	6/17/2005	Literacy programs in schools
G O V E R N M E N T			
HB 72	Naishtat		Electioneering communications
HB 73	Naishtat		Political contributions
HB 914	Woolley	9/1/2005	Local government officers relationships
HB 971	Talton		Documents filed with county clerk
HB 1087	Flynn		Regulation of credit unions
HB 1348	Eiland		Political contributions
HB 1508	Denny		Expenditures by lobbyists
HB 1664	Harper-Brown		Itemized contributions
HB 1800	Denny		Ethics Commission reports
HB 1942	Swinford		lobbyist expenditures
HB 1953	Dutton		Ethics Commission expenditures
HB 2202	Hughes		Lobbyist conflicts of interest
HB 2282	Denny		Lobby registration reports
HB 3055	Riddle		Financial regulatory agencies
SB 209	Barrientos		Prohibiting lobbying on the Capitol grounds
SB 649	Hinojosa		Political contributions
SB 1009	Harris		Expenditures by lobbyists
SB 1010	Harris		Lobbyists conflicts of interest
SB 1011	Harris		Lobbyist expenditures
SB 1160	Harris		Lobby registration report
SB 1161	Harris		Ethics Commission reports
SB 1277	Harris		Administration of a political committee
H O M E E Q U I T Y			
HB 637	Goolsby	9/1/2005	Credit secured in a residence homestead
HJR 21	Hochberg		Line-of-credit and reverse mortgages
HJR 45	Flynn		Cash advances and home equity loans
HJR 52	Flynn		Home equity line of credit

SJR 7	Carona	PASSED	Line-of-credit and reverse mortgages
INSURANCE			
HB 1638	Eiland		Compensable injury and insurance
HB 2761	Taylor	5/17/2005	Homeowners insurance
HB 2941	Eiland	9/1/2005	Compensation of insurance agents
HB 2947	Eiland		Compensation of insurance agents
HB 2965	Seaman	6/17/2005	Insurance premium finance agreements
HB 3039	Olivo		Employee life insurance
HB 3139	Hughes		Rebates by finance companies
HB 3373	Taylor		Insurance fraud
HB 3408	Rose		Health plan benefits
SB 5	Staples		Workers compensation system
SB 178	Brimer		Rebates by finance companies
SB 687	Carona		Title insurance
SB 1355	West, Royce		Employee health insurance and state contracts
LIENS AND SECURITY INTERESTS			
HB 81	Riddle	5/27/2005	Comptroller and child support lien
HB 280	Hope		Impoundment of license plates
HB 330	Berman	5/24/2005	Health savings accounts
HB 629	Solomons		Materialman's lien
HB 718	Quintanilla		Impoundment of a motor vehicle
HB 882	Seaman		Abandoned watercraft
HB 999	Hughes		Child support duration of a lien
HB 1125	Uresti		Judgment liens durations
HB 1186	Hartnett	9/1/2005	Transfers of property
HB 1754	Casteel		Child support lien on a motor vehicle
HB 2289	King, Tracy		Damage to a fence
HB 2491	Puente		Ad valorem tax lien
HB 3287	Swinford		Livestock feeding
HB 3429	Elkins		Wage liens
SB 149	Wentworth	5/17/2005	Recording of aircraft repair
SB 453	Armbrister		Abandoned watercraft
SB 464	Ellis, Rodney		Judgment liens durations
SB 1152	Harris		Child support lien on a motor vehicle
SB 1159	Harris		Repossess motor vehicles
SB 1332	Nelson		Impoundment and forfeiture of motor vehicles
SB 1462	Seliger		Payment for livestock feeding and care charges
SB 1505	Armbrister		Ad valorem tax lien
MISCELLANEOUS			
HB 163	Berman		Credit or debit card abuse
HB 500	Brown, Betty		Credit card abuse
HB 581	Reyna		Offense of stealing a check
HB 727	Villarreal		Economic development institutions

HB 746	Bonnen	Presumption for theft by check
HB 763	Chavez	Literacy curriculum in Texas-Mexico region
HB 1004	Hegar	Debt curriculum in high schools
HB 1710	Alonzo	Credit score and lenders
HB 1778	King, Phil	Use of documents and criminal offense
HB 1796	Geran	Consumer reporting agencies
HB 2015	Chavez	Business prize promotions
HB 2086	Hochberg	Abatement of nuisances
HB 2152	Brown, Fred	Regulation of auctioneers
HB 2232	McCall	Bank deposit and collections
HB 2349	Raymond	Mortgage bankers
HB 2452	Bailey	Documents of title
HB 2583	Turner	Higher education financial transactions
HB 2985	Thompson	Contractual agreements
HB 3066	Raymond	Contract provisions
HJR 62	Chavez	Business sweepstakes
SB 498	Shapleigh	Literacy program for consumers
SB 505	West, Royce	Secretary of state arbitration services
SB 513	Deuell	Credit card abuse
SB 539	Seliger	Offense of credit card abuse
SB 817	West, Royce	Higher education financial transactions
SB 847	Janek	Court order to turn over property
SB 956	Seliger	Cattle rangers
SB 987	Carona	Residential mortgage documents
SB 1084	Ellis, Rodney	Authority of AG
SB 1531	Averitt	Contractors provide health insurance
SB 1563	Estes	Bank deposit and collections uniform law
SB 1593	Carona	Documents of title uniform law
SB 1735	Shapleigh	Benefits for Texas National Guard
PERSONNEL/LABOR LAW		
HB 88	Rodriguez	Law enforcement records
HB 131	Thompson	At-home infant care unemployment
HB 299	McClendon	Time off from work and employee's child
HB 379	Riddle	Credit score for consumers
HB 426	Dutton	Employee time off for school activity
HB 430	Dutton	Time off from work for child
HB 746	Bonnen	Presumption for theft by check
HB 861	Farabee	Health benefit plan tax credit
HB 896	Farabee	Carrying of a concealed handgun
HB 1515	Villarreal	Discrimination based on sexual orientation
HB 1666	Hopson	Health benefit plans
HB 1750	Pena	Crime victims time off from work
HB 2122	Naishtat	Unlawful employment practices

HB 2144	Berman		Veteran's employment practices
HB 2736	Guillen		Minimum wage
HB 2782	Rodriguez		Termination of employment
HB 3433	Thompson		Minimum wage
SB 41	Zaffirini		Time off from work and employee's child
SB 74	Shapleigh		Discrimination in employment compensation
SB 508	Wentworth		Ombudsman's office
SB 1094	Van de Putte		Veteran's employment practices
SB 1478	Shapleigh		Labor and insurance laws
SB 1661	Van de Putte		Employees and independent contractors

P R I V A C Y

HB 95	Alonzo		Information for driver's license
HB 96	Alonzo		Identification for a driver's license
HB 136	Alonzo		I.D. information for a driver's license
HB 178	Denny		License or I.D. cards for an election
HB 210	Solomons	5/27/2005	Regulation of telemarketing calls
HB 698	McCall	9/1/2005	Personal identifying information
HB 1032	Giddings		Assistance to victims
HB 1098	McCall	9/1/2005	Using Internet for a fraudulent purpose
HB 1130	Cook, Byron		Social security privacy
HB 1321	Giddings		Victims of identity theft
HB 1351	Pena		Computer software installation
HB 1379	Jones, Jesse	6/18/2005	Identity theft
HB 1430	McCall		Unauthorized computer software
HB 1527	Rodriguez		Data systems and ID information
HB 1682	McCall		Computer security
HB 1806	Campbell		Social security and business transactions
HB 1833	Chisum		Consumer contracts solicited by mail
HB 1854	Giddings		Deby collectors
HB 1952	Goodman		Public information law
HB 2191	Wong		Disclosure of Social security number
HB 2571	Eiland		Consumer's personal information
HB 3030	Strama		Consumer reporting agency
HB 3278	Isett		Management of governmental records
SB 71	Shapleigh		Consumer's financial information
SB 76	Shapleigh		Disclosure of financial information
SB 77	Shapleigh		Information required for a driver's license
SB 89	Averitt		Personal identification certificate
SB 100	Ellis, Rodney		Security freeze on a consumer file
SB 122	Hinojosa	9/1/2005	Identity theft
SB 326	Zaffirini		Using Internet for a fraudulent purpose
SB 327	Zaffirini	9/1/2005	Transmission of information by computer
SB 341	Van de Putte		I.D. information for a driver's license

SB 674	West, Royce		Customers' social security numbers
SB 754	Ellis, Rodney		Social security privacy
SB 958	Duncan		Unauthorized computer software
SB 1182	West, Royce		Possession of a person's ID
SB 1219	Ellis, Rodney		Deby collectors
SB 1222	Ellis, Rodney		Customers who issue a check
SB 1485	Williams	6/17/2005	Disclosure of Social security number
PUBLIC FUNDS			
HB 256	Hopson	9/1/2005	CDs and governmental entities
HB 573	Flynn	6/18/2005	Collateral for deposits of school funds
SB 1693	Duncan		Collateral for deposits of school funds
REAL PROPERTY, CONSTRUCTION			
HB 89	Rodriguez		Closing of real estate transactions
HB 356	Callegari		State-funded water-related programs
HB 399	Villarreal		Sales of property report of price
HB 491	Orr		Uniform Residential Mortgage Act
HB 525	Rodriguez	9/1/2005	Homestead preservation districts
HB 662	Eissler		Texas Residential Construction Commission
HB 751	Thompson		Urban land bank demonstration program
HB 822	Dawson		Mortgage lenders
HB 927	Dutton		Foreclosure on liens
HB 1000	Farabee		Registration of a manufactured home
HB 1002	Flores		Irrigation districts
HB 1042	Chavez		Real estate seller-financers
HB 1056	Goodman		City notice for substandard buildings
HB 1140	Flynn	9/1/2005	Legal papers filed with a county clerk
HB 1146	Chisum		Payment and construction contracts
HB 1187	Hartnett		Real Property Electronic Recording Act
HB 1217	Eiland		Provision in construction contracts
HB 1234	Paxton	9/1/2005	Trustees and foreclosures
HB 1236	Paxton	5/17/2005	Foreclosure sales
HB 1237	Paxton		Residential construction
HB 1261	Farabee		Mechanic's lien on property
HB 1368	Allen, Ray		Instruments recorded with county clerk
HB 1582	Chavez		Mortgage lending practices in counties
HB 1631	Hilderbran	9/1/2005	Residential subdivisions
HB 1844	Kuempel		Loans secured by real property
HB 1868	Casteel		Public sale of real property
HB 1875	Farrar		Sales price of real property
HB 1919	Allen, Ray	1/1/2006	Public improvement districts
HB 1949	Corte		Uniform commercial building codes
HB 2006	Castro		Sale price of real property
HB 2040	Keffer, Jim		Photographs of appraised property

HB 2084	Chisum		Ownership of groundwater
HB 2106	Davis, Yvonne		Customer protection and financial institutions
HB 2215	Bailey		Property owners' association
HB 2220	Paxton		Ad valorem tax liens
HB 2266	Baxter	9/1/2005	Sales prices for residential lots
HB 2305	Casteel		Wildlife management
HB 2491	Puente	9/1/2005	Ad valorem tax lien
HB 2535	Hartnett		Redemption after foreclosure
HB 2536	Coleman		Land bank demonstration programs
HB 2611	Guillen		Reappraisal in tick areas
HB 2629	Hill		Tax liens and liability
HB 2714	Menendez		Dept. of Housing functions
HB 2761	Taylor		Homeowners insurance
HB 3035	Burnam		Mortgage fraud task force
HB 3037	Harper-Brown		Sale of residential real estate
HB 3065	Raymond		Sale of real property
HB 3071	Goodman		Collection of ad valorem taxes
HB 3461	Baxter	9/1/2005	Commercial property development moratorium
HB 3474	Chavez		Disclosure of home mortgage purchases
SB 243	Wentworth		Conveyance of purchase price of property
SB 290	West, Royce		Home loans
SB 335	Carona	9/1/2005	Real Property Electronic Recording Act
SB 356	Ellis, Rodney	9/1/2005	Urban land bank program
SB 362	Carona		Condominium foreclosure sales
SB 374	Jackson, Mike		State-funded water-related programs
SB 381	Staples	9/1/2005	Regulation of real estate appraisers
SB 382	Staples	9/1/2005	Real estate appraisers
SB 461	Madla	5/13/2005	Instruments recorded with county clerk
SB 541	Seliger	9/1/2005	Appraisal district web site information
SB 617	Shapleigh		Lending practices and home loans
SB 618	Shapleigh		Disclosure of home loans
SB 644	Wentworth		Public sale of real property
SB 684	Lucio		Regulation of land development
SB 1018	Staples	9/1/2005	Residential restrictive covenants
SB 1031	Ellis, Rodney		Consumer lending patterns
SB 1056	Lucio		Real property owner's interest
SB 1141	Carona		Mortgage brokers
SB 1154	Harris		Trustees and foreclosures
SB 1156	Harris		Foreclosure sales
SB 1162	Harris		Public improvement districts
SB 1234	Fraser		Residential subdivisions
SB 1273	Jackson, Mike	9/1/2005	Farm and Ranch Conservation
SB 1338	Madla		Community development block grant program fund
SB 1357	West, Royce		Disclosure of home mortgage purchases

SB 1390	Duncan		Residential construction
SB 1406	Armbrister		Commercial property development moratorium
SB 1413	Shapleigh	9/1/2005	County brownfield cleanup
SB 1444	Averitt		Payment and construction contracts
SB 1458	Wentworth	9/1/2005	Uniform commercial building codes
SB 1505	Armbrister		Ad valorem tax lien
SB 1587	Carona	9/1/2005	Requirements of foreclosure notices
SB 1631	Carona		Right of redemption after foreclosure
SB 1637	Lucio		Housing assistance
SB 1722	Gallegos		Land bank demonstration programs
SB 1768	Harris		Judgment lien to homestead property
TAXES			
HB 1	Pitts		General Appropriations Bill
HB 3	Keffer, Jim		Property tax relief
HB 28	Eissler		State taxes
HB 33	Eissler		Deceptive business practices
HB 90	Rodriguez		State taxes and financing through taxes
HB 112	Wong		Health living for employees
HB 117	Davis, Yvonne		Franchise tax
HB 118	Davis, Yvonne		Repeal of certain tax exemptions
HB 119	Davis, Yvonne		Repeal of sales tax exemptions and refunds
HB 155	Davis, Yvonne		Sunset review and property taxes
HB 176	Mowery		Minimum franchise tax
HB 394	Homer		Franchise tax incentives for recycling
HB 756	Burnam		Income tax on \$1 million
HB 784	Bohac		Ad valorem tax relief
HB 861	Farabee		Health benefit plan tax credit
HB 879	Madden		Tax receivables by a local government
HB 1005	Miller		Repeal of the franchise tax
HB 1006	Isett		Ad valorem tax rates
HB 1401	Dunnam		Franchise tax
HB 1666	Hopson		Health benefit plans
HB 2006	Castro		Sale price of real property
HB 2220	Paxton		Ad valorem tax liens
HB 2234	Keffer, Jim		Comptroller and taxes
HB 2629	Hill		Tax liens and liability
HB 3071	Goodman		Collection of ad valorem taxes
HJR 15	Rodriguez		State income tax
HJR 50	Pitts		Property tax for public education
SB 1	Ogden		General Appropriations Bill
SB 73	Shapleigh		Texas estate tax
SB 169	Shapleigh		Group benefit plans sales taxes
SB 447	Janek		Tax receiveables by a local government

SB 760	Armbrister	1/1/2006	Open-land categories
T O R T			
HB 205	Goodman		Collaborative law procedures
T R U S T S			
HB 1190	Hartnett		Relating to trusts
HB 2011	Nixon		Creation of a living trust
HB 2561	Eiland		Rules against trusts
HJR 75	Eiland		Perpetual trusts
SB 1157	Harris		Relating to trusts
U S U R Y			
HB 955	Solomons	9/1/2005	Regulation of lenders
HB 1049	Flynn		Rate ceilings on commercial loans
HB 3428	Elkins	9/1/2005	Financial institution accounts
HJR 43	Flynn		Interest rate for commercial loans
SB 807	Averitt		Rate ceilings on commercial loans
SJR 21	Averitt		Interest rate for commercial loans