

WHITE PAPER

AN EXECUTIVE SUMMARY FOR COMMUNITY BANKERS

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The 2007 Legislative Session: Dollars and Sense



Independent Bankers Association of Texas
1700 Rio Grande Street, Suite 100
Austin, Texas 78701
www.ibat.org

The Author

Karen Neeley is a graduate of the University of Texas at Austin, receiving her B.A. with high honors and J.D. with honors. She is a member of numerous professional organizations including the State Bar of Texas, American Bar Association, and Texas Association of Bank Counsel, for which she is an advisory director. She is also a member of the American Society of Association Executives and the Texas Society of Association Executives.

Ms. Neeley is a frequent writer and lecturer on banking topics. Her publications include the *Home Equity Handbook*, *Code of Ethics*, *Loan Policies & Procedures Manual*, and *Texas Bank Director Handbook*. She was also a contributor to the *Texas Collections Manual* for the State Bar of Texas and *The Art of Managing Your Support Staff* for the American Bar Association.

As a speaker, she has appeared at the Southwest Graduate School of Banking (SWGSB), Texas Tech University School of Banking, Bank Operations Institute, and numerous other programs.

Ms. Neeley currently works in the financial institutions practice area of the Austin office of Cox Smith Matthews Incorporated. She is licensed to practice law in Federal Court for the Western District of Texas, the Fifth Circuit Court of Appeals and the U.S. Supreme Court. Ms. Neeley has served as General Counsel for the Independent Bankers Association of Texas since 1989. As IBAT's representative, she testifies and provides comments frequently before the state legislature and various state and federal regulatory bodies.

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Table of Contents

	<u>Page</u>
INTRODUCTION	1
BANK OPERATIONS	2
HUMAN RESOURCES	3
INFORMATION SECURITY	3
PUBLIC FUNDS	6
CONSUMER CREDIT	7
HOME EQUITY	9
LIENS AND OTHER SECURITY INTERESTS	10
REGULATION AND SUPERVISION	11
REAL PROPERTY	13
TRUSTS	18
TAXES	18
CONCLUSION	19
APPENDIX A – IBAT BILL TRACKING LIST	20

The 2007 Legislative Session: Dollars and Sense

INTRODUCTION

To the general public, the 80th Regular Session of the Texas Legislature was a wild political sleigh ride, beginning with a contested Speaker's race and ending with a contested Speaker's race. While a lot of energy was expended on politics and jockeying for position, Republican Speaker Tom Craddick of Midland retained his control over the Texas House. In addition, although there appeared to be a diversion of energy from the peoples' business, the Legislature actually enacted more bills than in 2005, continuing an upward trend. Including all bills and constitutional amendments, 6,374 items were introduced. Of these, 1,495 were actually passed. This includes 17 constitutional amendments.

In addition to the political maneuvering, the Legislature faced significant diversions with a crisis looming over the Texas Youth Commission and scandals in abuse of the young people under its jurisdiction. The Texas margin tax, enacted after numerous special sessions, already faced numerous "technical" amendments. And, Governor Perry triggered a political backlash by issuing an Executive Order relating to mandatory vaccination of young girls for HPV, a cancer-causing virus. That Executive Order was overridden by legislative action, with hot debates over privacy and parental rights taking front stage.

Of importance to community bankers, 100% of the IBAT proactive agenda passed. This included important fine-tuning of the home equity section in the constitution to address issues raised by litigation, a bill to prevent industrial loan companies from branching on commercial facilities (like Wal-Mart branching into all of its stores with a bank), a bill clarifying service of process on banks, technical corrections to the margin tax to maintain the apportionment rules, and a correction to local government official conflict statements. The end result: a session that should result in more dollars to the bottom line as a result of the tax bill and more sense in key operational areas. Other significant issues for banking included important legislation regulating tax lien financiers and addressing the explosion of residential mortgage fraud. Each of these items will be reviewed in more detail in this paper.

The following report identifies some of the legislation that IBAT followed this session. We tracked 247 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 80th Regular Session. Here is the link:

<http://www.legis.state.tx.us/>

BANK OPERATIONS

One of the highest priorities for IBAT during this session was enactment of changes to the Finance Code addressing branching in a nondiscriminatory fashion, but in such a way as to address the potential risk of industrial loan companies branching onto the premises of commercial facilities. The Riegle-Neal Interstate Banking Act requires that all branching rules be nondiscriminatory and apply equally. Thus, the bill was very carefully drafted to address federal requirements. However, the major underlying concern is that a commercial entity such as Wal-Mart or Home Depot could charter an industrial loan company (ILC) and then branch in all of their stores.

A variety of other operational issues were also addressed in this Session, including fine-tuning of the UCC and other matters.

HB 944 by Solomons/Fraser

ILC Branching

Effective Date: May 25, 2007

This bill amends various sections of the Finance Code so that it applies to all FDIC-insured banks, including commercial banks, savings banks, and other FDIC-insured entities. It simply prohibits such an entity to have branches on the premises of a commercial affiliate as defined by law. Effectively, this means that an ILC could not branch into the store premises of an affiliated company.

HB 1795 by Veasey

Relating to security technology at ATMs

Effective Date: September 1, 2007

As originally filed, this bill bought into the urban legend that a customer could enter their ATM PIN number in reverse order and send a message to local police alerting them to an emergency. That technology is simply not accessible at this time. As finally passed, the bill amends the Finance Code to require the Finance Commission to enact rules relating to ATM customer security, taking into account emerging technologies. Therefore, as there are changes in technology, the Finance Commission should adopt rules relating to new required security procedures.

SB 1389 by Van de Putte/Hochberg

Processing of consumer rebates

Effective Date: September 1, 2007

A number of bills were introduced relating to processing of consumer rebates. Consumers have grown restive over illusory rebate promises from retailers. One of the bills as introduced would have affected rebates offered by banks, such as refund of ATM service charges. Therefore, IBAT carefully monitored these bills and negotiated for appropriate language to assure that there would be no unintended consequences through this legislation. As finally enacted, the consumer rebate bill truly only impacts the retailer who has offered a rebate at point of sale.

SB 1541 by Fraser/Elkins

Article 3 of the UCC

Effective Date: September 1, 2007

This is a cleanup bill proposed from the State Bar of Texas. It simply changes some non-uniform language in Texas law to match the remotely created draft language enacted by the Federal Reserve as a part of Regulation CC.

Texas was a leader in this area. The problem is that telemarketers create paper drafts at their bank and then send them through the check clearing process. The payor bank has no way of detecting these instruments and innocently pays them. The question is, “who should provide the warranty that these are genuine?” Under the non-uniform provision of Texas law and Regulation CC, that warranty falls on the bank that creates the draft and which is in a better position to know its customer.

HB 2219 by Solomons/Harris

Service of process

Effective Date: September 1, 2007

This bill was an IBAT initiative based on concerns expressed by member banks. In Texas, banks may but need not appoint a registered agent for service of process. This change to the Civil Practice and Remedies Code makes it clear that if a bank does elect to appoint a registered agent, that is the only appropriate person to receive process. The object of this bill is to avoid entrapment through service at remote branches on uninformed officers.

In the event a bank chooses not to have a registered agent, then the president or any branch manager can be served.

Recommendation: Appoint a registered agent! The forms are already available for you on the Secretary of State’s Web site: www.sos.state.tx.us. Every other mom and pop corporation in the state has a registered agent. It’s a simple way to protect yourself from entrapment.

HUMAN RESOURCES

As usual, a number of bills were introduced that would increase the minimum wage and would require employee time off for participation in children’s school activities. Also as usual, none of these bills were ultimately successful.

SB 311 by Van de Putte/Noriega

Reemployment rights of National Guard

Effective Date: June 16, 2007

This bill is merely a tweaking of the Government Code and provides that a private employer may not terminate the employment of a permanent employee who is a member of state military forces of either this state or any other state because they are ordered to authorized training or duty.

This bill was one of a number of items introduced to address the sacrifices made by our National Guard with regard to the war in the Middle East.

INFORMATION SECURITY

Continuing a trend from several prior sessions, the Legislature expressed a great deal of interest in identity theft and security of customer information. The session was also interesting for a clash of ideas with regard to the sanctity of Social Security Numbers (SSN). On the one hand, certain legislators want to increase the protection of SSNs. On the other, an emergency bill was introduced to address the fact that SSNs are already in public records and requiring redaction of them would essentially bring all

real estate activities in the state to a grinding halt as county clerks attempt to meet the needs of title companies.

HB 887 by Giddings/Ellis

ID theft statute of limitations

Effective Date: September 1, 2007

This bill simply increases the statute of limitations for identity theft including credit card and debit card abuse, false statement to obtain property or credit and fraudulent use or possession of indemnifying information to seven years.

HB 2002 by Giddings/Fraser

Check verification system

Effective Date: September 1, 2007

This addition to the Business and Commerce Code will require financial institutions to submit a report to a new check verification entity established by the Finance Commission, run by the Banking Commissioner. If a customer presents the institution with a copy of a police report relating to identity theft, a sworn statement that they were the victim of the offense and a request that the institution close any compromised account along with their identification information, then the bank must notify the check verification entity of the identity theft.

The check verification system will be accessed then by consumer reporting entities that perform check verification services. The check verification entity will be required to have a reasonable procedure to prevent recommending acceptance or approval of a check that has been the subject of an ID theft report.

The Finance Commission will write rules to set this program up. The Banking Commissioner is authorized to accept gifts to get the system established.

Recommendation: Watch for implementing rules. Be prepared to comply with legitimate requests.

SB 548 by Carona/Hamilton

Theft by check

Effective Date: September 1, 2007

This amendment to the Penal Code changes the requirements for prosecuting a theft by check. It permits the victim to add a collection fee for the cost of delivering the notification required by the Penal Code.

HB 460 by Miller/Hegar

Fraudulent use of person's identifying information

Effective Date: September 1, 2007

This amends the Penal Code section dealing with use of a person's identifying information with the intent to harm or defraud another. It expands "person" to include a deceased natural person. As noted by AARP, there has been a proliferation of appropriation of identity of deceased persons in recent years, causing problems for the surviving relatives. The offense is a felony of different degrees depending on the volume of usage.

HB 649 by McCall/Carona

Fraudulent use of child's ID

Effective Date: September 1, 2007

This bill also amends the Penal Code section relating to ID theft and includes theft of the identifying information of a child younger than 18 years of age.

HB 863 by Cook/Ellis

Privacy policies

Effective Date: September 1, 2007

This bill provides that accountants don't have to have privacy policies, adding them to the exemption for persons already covered by GLBA and other state laws.

HB 2061 by Keffer/Williams

Disclosure of Social Security Number

Effective Date: March 28, 2007

The Texas Attorney General issued an opinion concluding that county and district clerks could not disclose Social Security numbers of living persons when providing records. Thus, abstractors for title plants would have to wait until clerks could redact SSNs out of a tremendous array of records such as divorce proceedings, old probate actions, and other items that were required to have SSNs under prior laws. The clerks faced severe sanctions for violation of duties if they provided records without the redaction. However, they had no funds or staff in order to create two sets of books – one redacted and one the regular record – in order to comply with this letter ruling. The result was complete and total chaos and consternation.

This bill was introduced as an emergency matter and quickly passed to provide that disclosure was permissible and would not constitute official misconduct. The law also provides that on written request from an individual, the clerk shall redact all but the last four digits of the SSN. Because this is only on request, this provision should be manageable.

In addition, the law restores a notice of confidentiality rights for instruments that are filed. Furthermore, an instrument submitted for recording is not required to include an individual's SSN.

Recommendation: Make sure that deeds of trust filed on behalf of the bank include at the top of the first page of the instrument in 12-point boldface type the following notice:

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

PUBLIC FUNDS

HB 892 by Hilderbran/Fraser

Timely deposit of county funds

Effective Date: September 1, 2007

This bill requires that the county treasurer must deposit funds on or before the seventh business day after the date the treasurer receives the funds. This bill was tracked primarily to make sure there were no changes to the county depository law that would adversely affect banks.

HB 1491 by Woolley/Williams

Local government conflict statements

Effective Date: May 25, 2007

This bill was an initiative of IBAT to deal with an ethics statement required by the last legislative session. In that session, an amendment to the Local Government Code required local governmental entities to identify their local government officers and to file conflict statements. Parties that contracted with local government were also required to file conflict statements. The result for banks was a real clash between confidentiality of banking relationships and disclosure of the potential conflicts.

IBAT argued that federal law, including the Bank Bribery Act, created significant brakes on any potential for special treatment of local government officers. Thus, we were able to get an amendment to the Local Government Code that effectively excludes business relationships with banks and local government entities.

Recommendation: The requirement for ethics statement filings is now ended. Amend your procedures to reflect this change.

HB 2411 by Strama/Ogden

School district depositories

Effective Date: June 16, 2007

This amendment to the Education Code expands the conflict of interest limitations to indicate that a bank is not disqualified from bidding, submitting a proposal or becoming a depository if the bank is selected by a majority vote of disinterested trustees.

There are also changes in the request for proposal notices for school districts. The depository contract can be solicited either through competitive bidding or RFPs. These should be solicited not later than 60 days before the current contract expires. If an RFP is used, then the district should mail to each bank located in the district and, if desired, to other banks a notice stating the time and place in which proposals will be received with a uniform proposal blank in the form prescribed by the State Board of Education rules.

The bid must be awarded to the bank that submits the highest bid or highest ranked proposal.

HB 2641 by Solomons/Zaffirini

Selection of county depository

Effective Date: June 16, 2007

This amendment to the Local Government Code changes the process for depository and subdepository contracts for counties. Contracts can be renewed for two years under terms negotiated by

the commissioners court. The contract allows the county rather than the bank to establish new terms for negotiation.

Like the school district selection process described above, the process can be competitive bid or any other method that the county is qualified to use. The timeframe is also 60 days before the date of expiration of the existing contract.

HB 345 by Flynn/Nichols

Pooled collateral

This bill – which did not pass – would have created a new methodology for pledging to secure public funds. In essence, rather than pledging specific securities to one public entity's deposits, a bank could pledge a "pool" of securities to all of their public fund depositors. Additionally, the language allowed for multiple banks to pledge collateral in a combined pool. There also were other significant issues with the bill as introduced, with some of these corrected and some not during the process.

IBAT has pledged to work in good faith with all of the interested parties to refine and streamline the public funds statutes – including the collateral pool pledging option – over the interim.

CONSUMER CREDIT

There were a number of bills introduced this session dealing with credit card marketing practices as well as other matters relating to credit cards. There is no doubt that the public generally is angry about the proliferation of credit cards being promoted to students. In addition, there are concerns about billing error practices. Only two bills actually passed in this arena.

Unlike prior sessions, IBAT did not have any proposed changes to the usury laws or the fees and charges permissible on consumer loans. Our primary efforts bore fruit in the last session. There were, however, other laws tinkering with the consumer credit area.

HB 85 by Branch/Van de Putte

Credit card marketing activities

Effective Date: September 1, 2007

There were several bills introduced to deal with marketing of credit cards to students. This one provides that credit cards cannot be marketed on campus except at times and places designated by the institution. In addition, credit card issuers shall develop financial education material in consultation with the institution and make it available as part of the marketing activities.

A campus credit card marketing company may not include a gift or other incentive in exchange for the completion of a credit card application at the time the issuer provides the application to an individual unless they also provide the financial education material.

Finally, institutions must also adopt policies regarding credit card and debt education and counseling as part of new student orientation. There is a civil penalty of \$2,500 for each violation of this addition to the Business and Commerce Code.

HB 3093 by Charlie Howard

Verification of customer's zip code in credit card transaction

Effective Date: June 16, 2007

This amendment to the Business and Commerce Code provides that a business may require a customer who purchases a good or service using a credit card to provide their zip code in order to verify the customer's ID. The business may then electronically verify with the credit card issuer that the zip code matches any zip code that the issuer has on file for that card. The business cannot retain that zip code in any form after the transaction is completed.

This change is intended to deal with theft of credit cards and should help to reduce losses. According to experts in the area, issuers should be able to manage this new requirement.

HB 1344 by Villareal/Van de Putte

Refund anticipation loans

Effective Date: September 1, 2007

This bill adds a Chapter 351 to the Finance Code to regulate tax refund anticipation loans. It also requires registration of facilitators of such loans. These are persons who accept for delivery an application for a refund anticipation loan, deliver a check in payment of the proceeds or in any other manner act to allow the making of a refund anticipation loan.

The only persons who can act as facilitators are those engaged in the business of preparing tax returns, persons primarily involved in financial services or tax preparation, IRS e-file providers and persons registered with the Consumer Credit Commissioner as a facilitator. The restriction does not apply to banks, thrifts, savings associations or credit unions, or an affiliate of a servicer. In other words, tax return preparers who handle tax refund loans must register with the OCCC. Banks, however, can still continue to make tax refund anticipation loans.

Facilitators who are required to be registered are also required to make certain disclosures, including a fee schedule and written statement that the loan is a loan and not the actual refund, along with other information. Again, this disclosure requirement does not appear to apply to banks, since they are not subject to the registration requirements.

SB 382 by Carona/Taylor

Credit insurance refunds

Effective Date: September 1, 2007

This amendment to the Insurance Code is intended to deal with refund of unearned premiums when loans are paid off early, terminating a debt that is subject to a credit insurance product. The bill is intended to address concerns raised by recent litigation against credit insurers.

It should have no impact on banks since the Finance Code already requires a refund of unearned premium. This bill requires the lender to notify the insurer no later than 60 days after payoff of a debt of the name, address and payoff date. Again, this is already a common practice and essentially required by Finance Code refund requirements.

HOME EQUITY

HJR 72 by Solomons/Carona

Home equity constitutional amendment

Effective if passed by the public

Recent litigation created an even murkier situation for home equity loans in Texas than was already present under our complicated law. IBAT led the way by drafting legislation that was supported by all of the other trade associations to address issues raised by the *ACORN* suit against the Finance Commission, *In Re: Box*, and *In Re: Marketic*. Unfortunately, our carefully crafted language did not survive intact. However, the most significant issues were addressed in the final bill approved by the Texas Legislature. Here are the key provisions:

Ag Use Value. The bill clarifies that, if property is not listed as ag value property on the date of closing, then it is available for a home equity lien. This reverses the conclusion in *In Re: Marketic*.

Oral Loan Applications. The law and the notice were inconsistent as to whether the 12-day cooling off period was triggered by a written application or any application, including an oral one. The *ACORN* case indicated that oral applications were not permissible. However, federal law permits oral applications in this scenario, and this is not an uncommon practice among larger institutions. The law and the notice are clarified to reflect that applications do not have to be in writing. However, a copy of the application must be provided before closing. Although Chairman Solomons was willing to authorize oral loan applications, he was concerned that at some point in the process the consumer should have a hard copy of the application they have submitted. This also ties back in to the issue of fraudulent loan applications addressed by other legislation introduced by Solomons dealing with residential mortgage fraud. Thus, if the lender has not provided the customer with a written copy of their application earlier in the process, a copy must be provided with the settlement statement one day before closing.

Emergency Closing. This issue was raised by Hurricane Rita rather than pending litigation. The one-year period between home equity closings can be waived if the owner of the property on oath requests an earlier closing due to a declared state of emergency that affects his homestead. Although often this will not be useful since the property may be damaged and not satisfy the 80% loan to value ratio requirement, in certain circumstances this may allow distressed homeowners the ability to tap into their equity at a time of great need.

Blanks in Instruments. The amendment makes it clear that the blanks referred to in this part of the constitution are only those relating to substantive terms. There are many instruments in a home equity closing that have blanks that will never be filled in. For example, the HUD 1-A has numerous provisions, only some of which may be used in a settlement statement. This section deals with a matter raised by the *ACORN* litigation.

Copies at Closing. Under strained interpretations in the *ACORN* litigation, theoretically at closing a borrower might be entitled to receive a copy of everything he signed in the underwriting file, including their driver's license since it, too, is signed. Under the proposed amendment, the owner will only receive a copy of the final loan application and all executed documents signed by the owner at closing. It is important to note that unsigned copies will not satisfy this requirement. Rather, the lender must make a copy of every executed document that the owner signed during closing.

HELOC Distribution. The *ACORN* case disputed the method of distributing HELOC proceeds. The constitution prohibits the use of credit cards, debit cards, preprinted solicitation checks and similar devices. Unfortunately, no one really knows what a preprinted solicitation check is. Therefore, the constitution is revised to provide that distribution cannot be by a “preprinted check” that is not solicited by the borrower. Also, the phrase “or similar device” is moved to follow credit and debit cards rather than preprinted checks. Basically, this means that HELOCs could be distributed using checks that are provided at closing or which are provided subsequently upon request of the borrower.

HB 3630 by Van Arsdale/Hegar
Appraisal for ad valorem purposes
Effective Date: January 1, 2008

This amendment to the Property Tax Code primarily deals with appraisal for ag use valuation. However, an amendment was added to make it clear that once a property is subject to a home equity loan, the property may not be designated for agricultural use. This part of the law is effective on or after January 1, 2008.

This amendment is a “belt and suspenders” approach to resolving the *In Re: Marketic* issue. It is prospective while we believe the constitutional fix is simply a clarification and therefore retroactive.

LIENS AND OTHER SECURITY INTERESTS

In every session there are non-lenders who want to improve their collection position by obtaining a lien position. In addition, there are always bills tweaking existing requirements. This session was no exception. Fortunately, bills that would have created special liens for employee leasing companies and others were defeated.

HB 481 by Jackson/Carona
Transfer of used motor vehicle
Effective Date: January 1, 2008

These amendments to the Transportation Code create an electronic system for transferring used titles. The effective date is delayed to allow time to get the system set up and running.

HB 1460 by Haggerty/Harris
Manufactured Housing
Effective Date: January 1, 2008

This omnibus bill amends various laws affecting manufactured housing, including the Occupations Code, the Property Code, and the Tax Code. The bill as originally drafted would have amended the Finance Code chapter on manufactured housing finance.

As finalized, the bill affects retailer contracts and disclosures with consumers, including the right of rescission. This is already covered by Truth in Lending for banks.

Certain amendments to the Occupations Code make it clear that the perfection of a lien on a manufactured home in inventory can only be perfected by filing the form with the Manufactured Housing Division of the Texas Housing and Community Development Agency. The bill also deals with tax liens and their perfection as well as warranties.

Amendments to the Tax Code reflect that a consumer may obtain a homestead exemption on the manufactured home, whether it is treated as real property or personal property. Like other liens, tax liens are filed with the Texas Department of Housing and Community Affairs.

HB 2566 by Madden/Carona

Lien filings by inmates

Effective Date: September 1, 2007

This bill deals with financing statements and other liens such as abstracts of judgment that are attempted to be filed by inmates from secure correctional facilities. A mechanism is created to rebut the effectiveness of such filings through a sworn and notarized statement signed by the obligor, debtor or owner of property designated as collateral. This bill is one more piece of the changes to Texas law intended to deal with harassing liens filed by various parties.

HB 2931 by Tracy King/Zaffirini

Damage to a fence

Effective Date: September 1, 2007

Representative King has filed this in numerous sessions. Basically, a person who owns real property that is enclosed by a fence will have a lien against a motor vehicle of a person who damages their fence. The amount of the lien is the lesser of the fair market value of the motor vehicle or the actual cost of the damages to repair the fence, recapture livestock and have the vehicle towed. The lien only attaches to a motor vehicle that causes damages to a fence.

This problem results primarily from drug dealers and illegal aliens fleeing from law enforcement and crashing into the fencing of ranchers in the border area. It is not common in other parts of the state. However, it continues to be a thorn in the side of these beleaguered landowners. It is doubtful that this lien will adversely affect consensual liens held by banks, given the likely source of problems.

SB 1540 by Fraser/Bailey

Article 9 amendments

Effective Date: June 16, 2007

These amendments were proposed by the State Bar of Texas UCC Committee to clear up the confusion over effectiveness of filing statements in the gap period between the effective date of Revised Article 9 and the end of the year. To avoid lapse, financing statements must be filed not later than five years from the original filing date – not from June 30, 2006. In addition, the amendments create a safe harbor for UCC filings on individuals such as sole proprietors. In order to be effective, the financing statement must have the correct name of the debtor. If the debtor is an individual, then the financing statement is accurate if it uses the individual's driver's license or identification certificate name.

Recommendation: Be sure your UCC filing procedures include obtaining the name of the debtor from a driver's license or ID certificate to make sure that the safe harbor is obtained.

REGULATION AND SUPERVISION

As always, the banking regulators have several bills to clean up issues with regard to their regulatory authority, to modernize terminology, or to address issues that have arisen since the last legislative session. These bills are authorized by the Finance Commission before they are filed.

HB 1962 by Orr/Fraser

Application of Business Organizations Code to Banks

Effective Date: September 1, 2007

The primary function of this bill is to find every usage of the Texas Business Corporation Act in the Finance Code relating to banking regulation and replace it with the current Business Organizations Code. In addition, the provisions relating to limited liability banks are tweaked to make them more parallel to the requirements for limited liability corporations. When the LBA chapter was enacted with the assistance of IBAT in the early 1990s, there was no authorization for banks to function as an LLC. Since that time, through the efforts of IBAT, ICBA and others, the FDIC has loosened its position with regard to the LLC form of ownership.

HB 2007 by Solomons/Fraser

Modernization of regulation of banking

Effective Date: September 1, 2007

This bill proposed by the Department of Banking makes several changes to the Finance Code. First, it creates a financial literacy program in the Department of Banking. The Department has already been involved in this area. This amendment strengthens that particular function.

Section 34.004 is added to the Finance Code to permit a state bank to hold a non-working mineral or royalty interest as ORE without having to divest under the ORE rules. However, the interest cannot be subject to operating expenses, must be reasonably valued on the books for not more than a nominal amount with the aggregate earnings separately disclosed and the bank cannot make new investments without approval of the Commissioner. This particular section deals with the peculiarly Texas problem of foreclosing on mineral interests and then being unable to sell them when an oil and gas run plays out.

Recommendation: There will be a letter application to both the Department and FDIC in order to continue holding royalty interests. If you have them, simply apply!

The decades-old provision for state banks to have “certified” surplus is changed to simply unimpaired capital. This means that the lending limit is now effectively increased since it is 25% of the bank’s unimpaired capital and surplus rather than 25% of capital and certified surplus. This also means that state bank boards of directors will no longer need to pass resolutions certifying the amount of their surplus.

Recommendation: Effective 9/1/07, increased lending limit is available. Adjust loan policy accordingly.

The Finance Code is amended to permit a state bank to pledge its assets to secure deposits of any state agency, political subdivision or instrumentality; the United States or an agency or instrumentality of the U.S.; any federally recognized Indian tribe; or another entity to the same extent and subject to the same limitations as authorized for any other depository institution. Previously the law was not this expansive. Also, state savings banks have broader provisions for securing deposits and can do so for any entity that serves a public purpose according to rules adopted by the Finance Commission.

Recommendation: Amend public fund collateral procedures for expanded authority.

A new provision is added to Chapter 37 permitting temporary branches. This is intended to deal with the kind of emergency situation that occurred as a result of Hurricanes Katrina and Rita.

HB 1716 by Solomons/Van de Putte

Registered financial services company authority to act as mortgage broker

Effective Date: September 1, 2007

This amendment to Chapter 156 of the Finance Code exempts registered financial services companies from the registration requirements of the Mortgage Broker Act. The exemption is tightly drawn with the registered financial services company required to be a depository institution that meets certain additional criteria.

HB 2754 by Anchia/Fraser

Banking regulation

Effective Date: September 1, 2007

These amendments to the Finance Code revise the process for obtaining a new banking charter. Additional requirements will be placed on persons who are protesting a charter to provide details of their objections in a timely fashion, properly verified and detailed. A hearing will not be compelled on opposition. These changes are intended to deal with frivolous opposition to new charters.

Section 32.401 of the Finance Code is amended to permit a state bank to purchase assets from another financial institution or other seller. The prior approval of the Banking Commissioner is required if the purchase price exceeds three times the bank's unimpaired capital and surplus. This expands the authority which previously only permitted purchase of assets of another financial institution. Similarly, Section 34.405 permits a state bank to sell some of its assets to another institution or other buyer.

Rules regarding merger and conversions are simplified with changes to be implemented by rules.

Similar changes are made to the trust company sections of the Finance Code.

REAL PROPERTY

As always, numerous bills were filed that impact the real property area. Some of the ones of interest are described below.

HB 716 by Solomons/Averitt

Mortgage fraud

Effective Date: September 1, 2007

This bill was part of a major effort by the Texas Mortgage Bankers Association to deal with mortgage fraud in Texas. According to FinCEN, mortgage fraud is one of the fastest growing crimes. This bill faced tough sledding with concerns expressed by the title industry. They feared that mere mistakes could subject them to penalties for mortgage fraud. Thus, extensive rewrites were made of the bill to assure that it focused on major problems.

Chapter 343 of the Finance Code is amended to require lenders to provide applicants for a home loan a written notice at closing that is spelled out in the statute. "Home loan" means a loan to one or more individuals for personal, family or household purpose that is secured in whole or part by a manufactured home used or to be used as the borrower's principal residence or

by real property improved by a dwelling designed for occupancy by four or fewer families and used or to be used as the borrower's principal residence. This includes purchase money, home improvements and home equity (but not reverse mortgage or HELOC) and does not include vacation homes or rent property.

“Warning: Intentionally or knowingly making a materially false or misleading written statement to obtain property or credit, including a mortgage loan, is a violation of Section 32.32, Texas Penal Code, and, depending on the amount of the loan or value of the property, is punishable by imprisonment for a term of 2 years to 99 years and a fine not to exceed \$10,000.

“I/we, the undersigned home loan applicant(s), represent that I/we have received, read, and understand this notice of penalties for making a materially false or misleading written statement to obtain a home loan.

“I/we represent that all statements and representations contained in my/our written home loan application, including statements or representations regarding my/our identity, employment, annual income, and intent to occupy the residential real property secured by the home loan, are true and correct as of the date of loan closing.”

Failure to provide this notice does not affect the validity of a lien, however.

There is a new provision for reporting fraudulent mortgage activities to the Attorney General and then from the Attorney General to the Residential Mortgage Fraud Task Force. This task force will have additional duties for addressing fraud.

The Penal Code is amended to make it clear that criminal fraud includes mortgage loan fraud. Prosecutors can call on various state agencies for assistance in prosecuting this crime. The offense statute of limitations is increased to seven years.

Recommendation: Amend real estate closing procedures to include the new notice.

HB 732 by Krusee/Ogden

Electronic signatures

Effective Date: September 1, 2007

This change to the Property Code makes it clear that electronic signatures can be used on real property documents. Presumably, the Uniform Electronic Transactions Act authorized this. However, this bill was viewed as necessary to clean up any objections by county clerks.

HB 1038 by Ritter/Fraser

Operation of Texas Residential Construction Commission

Effective Date: September 1, 2007

This bill was the Legislature's response to public outcry about the lack of meaningful oversight of builders through the Texas Residential Construction Commission. It creates some additional fine tuning of the Commission. However, more importantly for lenders, it requires some additional disclosures in Mechanic's Lien Contracts.

First, a home improvement contract must include the contractor's Residential Construction Commission registration number if the contractor is required to register with the Commission, and the Commission's address and phone number. This information must be in at least 10 point type and should be conspicuously printed or typed. The existing "important notice" to home buyer is still required to be included. The Commission's address is:

Texas Residential Construction Commission
311 East 14th Street
P.O. Box 13144
Austin, Texas 78711
877-651-TRCC (8722)

In addition, there is a new disclosure for contracts subject to the residential construction registration process. This disclosure must be in at least 10 point bold type or the computer equivalent and reads as follows:

STATE LAW REQUIRES THAT A PERSON HOLD A CERTIFICATE OF REGISTRATION FROM THE TEXAS RESIDENTIAL CONSTRUCTION COMMISSION IF THE PERSON CONTRACTS TO CONSTRUCT A NEW HOME OR IF THE PERSON CONTRACTS TO CONSTRUCT A MATERIAL IMPROVEMENT TO AN EXISTING HOME OR CERTAIN IMPROVEMENTS TO THE INTERIOR OF AN EXISTING HOME AND THE TOTAL COST OF THE IMPROVEMENT IS \$10,000 OR MORE (INCLUDING LABOR AND MATERIALS).

YOU MAY CONTACT THE COMMISSION AT 877-651-TRCC (8722) TO FIND OUT WHETHER THE BUILDER HAS A VALID CERTIFICATE OF REGISTRATION. THE COMMISSION HAS INFORMATION AVAILABLE ON THE HISTORY OF BUILDERS, INCLUDING SUSPENSIONS, REVOCATIONS, COMPLAINTS, AND RESOLUTION OF COMPLAINTS.

THIS CONTRACT IS SUBJECT TO CHAPTER 426, PROPERTY CODE. THE PROVISIONS OF THAT CHAPTER GOVERN THE PROCESS THAT MUST BE FOLLOWED IN THE EVENT A DISPUTE ARISES OUT OF AN ALLEGED CONSTRUCTION DEFECT. IF YOU HAVE A COMPLAINT CONCERNING A CONSTRUCTION DEFECT YOU MAY CONTACT THE COMMISSION AT THE TOLL-FREE TELEPHONE NUMBER TO LEARN HOW TO PROCEED UNDER THE STATE-SPONSORED INSPECTION AND DISPUTE RESOLUTION PROCESS.

The most important thing about these two new disclosures is that if they are not in the contracts as required, then the contract cannot be enforced by the builder and is not valid. If the builder does not have a lien, then there is no lien for the lender either since the lender's position is derived from that of the builder. Also, since the registration number is required on the mechanic's lien contract, any attempt to use a "straw contractor" to satisfy the Texas requirements of a third party contractor on improvements for a homestead is in trouble now. The contractor for constructing a home or renovating in the amount of \$10,000 or more must be registered, and it is not likely that a "brother in law" builder will be willing to do so.

The bill also changes some of the exemptions and requirements for who must register as a contractor. The requirement for home improvements is dropped from \$20,000 to only \$10,000. However, homeowners are still exempt from registration provided that they live in the home for at least a year after the construction.

These changes go into effect September 1, 2007 as noted above. Title companies around the state have been notifying various parties of this requirement since failure to comply results in an invalid lien. It is critical that documents are in compliance, so IBAT has contacted some of the major form providers to confirm that appropriate action is being taken.

Another solution to the problem of these disclosures and potential lien validity is to simply make the homeowner a home equity loan and then allow the homeowner to use the proceeds as desired for construction or otherwise.

HB 1637 by Menendez/Lucio

Texas First-Time Homebuyer Program

Effective Date: September 1, 2007

This amendment to Chapter 2306 of the Government Code creates a Texas First-Time Homebuyer Program to be administered by the Texas Department of Housing and Community Affairs. It provides certain down payment assistance for eligible homebuyers. Hopefully this program could afford some good opportunities for banks to reach out to underserved populations.

HB 2138 by Paxton/Wentworth

Regulation of property tax lenders

Effective Date: September 1, 2007

This bill adds Chapter 351 to the Finance Code and creates a new regulatory scheme for property tax lenders. These are the entities that find delinquent property taxes and offer to refinance them for owners. Under the Property Tax Code, the interest rate can be up to 18% plus reasonable fees.

The Texas Savings and Mortgage Loan Commissioner had asserted that these lenders were subject to regulation as first lien lenders. Many had registered with the Commission. However, this Chapter will make this species of lender subject to regulation by the Consumer Credit Commissioner.

Under this new Chapter, property tax lenders will need to be licensed and comply with the regulations promulgated by the Finance Commission in this area. A bond will be required for each license. Certain provisions of the high-cost loan chapter 343 of the Finance Code will not apply to these lenders. However, I believe they are subject to the requirements of the Home Ownership and Equity Protection Act.

SB 1520 by Wentworth/Paxton

Finance lien protections

Effective Date: September 1, 2007

This is the companion bill to the licensing one on property tax lenders. It provides additional protections for consumers and additional regulation for the lenders. Here are some of the pertinent points:

The lender must give notice to the property owner that if they are 65 or disabled, they may be eligible for a tax deferral rather than having to pay delinquent taxes.

Tax lien financiers may also finance taxes that are not delinquent if the property is not already subject to a recorded mortgage lien or a tax lien transfer has been authorized by the property owner and they have executed an authorization.

The Finance Commission will prescribe disclosure statements to be provided to the property owner before the execution of a tax lien transfer and will adopt rules relating to the reasonableness of closing costs, fees and other charges. This will provide really significant protections. Currently, reportedly some tax lien companies have imposed significant fees, which should be reined in by these new rules.

For existing mortgage lenders, the important provisions in this bill deal with notices provided by the tax lien financier to existing lienholders as well as the release of lien that is now required when the taxes are paid off. A notice of tax lien transfer must be sent by certified mail to any mortgage servicer and each holder of a recorded first lien encumbering the property. In addition, before foreclosure, a tax lien company must send notices to pre-existing first lienholders. All of these should provide some additional protections to lenders.

HB 2207 by Gallego/Watson

Conveyance of residential property under contract for deed

Effective Date: January 1, 2008

This bill amends Chapter 5 of the Property Code. When residential real property is conveyed and it is subject to existing liens, the seller must provide a statutory notice to the buyer advising them of the existence of those liens. A violation of this section does not invalidate a conveyance. More significantly, it does not apply to a transfer under court order or foreclosure sale, by a trustee in bankruptcy, to a mortgagee by a mortgagor or successor in interest of a deed of trust, by a mortgagee or beneficiary under a deed of trust who has received the property under a foreclosure sale, by a fiduciary, between co-owners, between spouses, to or from a governmental entity, where a purchaser obtains title insurance or to a person who has conveyed property four or more times in the preceding twelve months.

HB 2738 by Solomons/Harris

Foreclosure clean-up

Effective Date: June 16, 2007

This bill amends the Property Code to clarify certain rules relating to foreclosures of real property. Among other things, it clarifies that a trustee is not acting as a fiduciary for either the mortgagor or the mortgagee. The purchase price of the sale is payable immediately and must be disbursed as provided by law. In the event the courthouse is closed because of inclement weather, natural disaster, or other act of God, a notice may be posted or filed up to 48 hours after it reopens for business.

SB 512 by Harris/Solomons

Attachment of judgment lien to homestead

Effective Date: September 1, 2007

This amendment to the Property Code makes it clear that an abstract of judgment does not create a lien against homestead. In addition, it provides a mechanism for release of a lien on homestead property.

In the past, liens would be abstracted against homestead with the hope that the property would sell at some point in the future and the proceeds would be impressed with the lien. However, under

Texas law even the proceeds are exempt so that the owner can buy a new home. This bill creates a mechanism for cleaning up titles.

SB 580 by Hegar/Zerwas

Electronic filing

Effective Date: May 14, 2007

This amendment to the Local Government Code relates to the manner of recording electronic documents with county clerks. The clerk notes on the first page of the instrument the recording information including date and time. This is another bill to assure that electronic filing of real property records can be effective in the future as the systems are established.

TRUSTS

HB 564 by Hartnett/Wentworth

Administration and operation of trusts

Effective Date: September 1, 2007

This bill amends the provisions in the Finance Code relating to trust companies as well as sections of the Trust Code in the Property Code. Of interest for banks is a new section in the Property Code which creates an authorization for a “certification of trust.” This authority has been in the Finance Code for bank accounts for a decade. Having this now in the Property Code as well should make it easier to get a certificate of trust to document accounts.

The bill also amends TUTMA to make it clear that this can be used to receive payments from a benefit plan.

The Property Code is also amended with regard to the section establishing payment mechanisms for minors who do not have a guardianship and do not have a trust but are entitled to receive money as a result of litigation. The court can set up a payment to a financial institution on behalf of the beneficiary. The result is a special kind of statutory trust.

TAXES

HB 3928 by Keffer/Ogden

Technical correction to margin tax

Effective Date: January 1, 2008

Numerous glitches emerged from careful perusal of the margin tax bill passed in the final special session of 2006. One of these was a change that affected apportionment for banks, particularly as it related to securities. IBAT devoted much blood, sweat and tears to this issue, which ultimately was resolved favorably. For details, see the Ryan & Co. report on the IBAT web site (members only area) at http://www.ibat.org/documents/07_tax_code_changes.pdf.

CONCLUSION

The legislature has gone home. However, the 80th Session is not over for us. It is time to make sure that a favorable vote is obtained on HJR 72, home equity amendments. Stand by to help assure the success of our home equity efforts! Meanwhile, IBAT supports the clean up of home equity lending by providing vigorous amicus curiae briefing on the appealed *ACORN* case.

Be sure to circulate this White Paper as appropriate to assure that the recommendations in it are shared with the right staff. We hope that these help you to stay in compliance with changes to state law.

APPENDIX A – IBAT BILL TRACKING LIST

BILL	AUTHOR	EFFECTIVE DATE	SUBJECT
BANK OPERATIONS			
HB 29	Berman		Money transmission outside of U.S.
HB 320	West, B/Carona	9/1/07	Electronic use of driver's license information
HB 341	Leibowitz		Location of branches of certain financial institutions
HB 478	Vo		Date of payment for retail utility services
HB 648	McCall		Debt collectors
HB 706	Thompson		Equal access to places of public accommodation
HB 939	Naishtat		Low-income accounts
HB 944	Solomons/Fraser	5/25/07	Location of certain financial institution branches
HB 1479	Castro		Regulation of retail rebates
HB 1537	Dutton		Check rejection
HB 1795	Veasey/Shapleigh	9/1/07	Security technology at unmanned teller machines
HB 1929	Flynn/Estes		Comptroller's electronic cards transfer system
HB 2003	Giddings		Identity theft
HB 2069	Hochberg		Processing of consumer rebates
HB 2219	Solomons/Harris	9/1/07	Service of process on financial institutions
HB 2522	Parker		Electronic use of driver's license information
HB 2671	Swinford/Hegar		Limited agricultural cooperatives
HB 3219	Elkins		UCC provisions re: negotiable instruments
HB 3733	Crownover		Medicaid health savings account pilot program
HB 3785	Turner		Consumer rebates
HB 3966	Martinez Fischer		Security measures at certain businesses
SB 104	West, Royce		Fee for money transmission outside U.S.
SB 268	Patrick, Dan		Fee for money transmission outside U.S.
SB 607	Ellis, R/Chavez		Banking development districts
SB 1251	Averitt/Haggerty		Electronic use of driver's license information
SB 1252	Averitt/Chisum		Fingerprint verification of customer's age
SB 1316	Janek		Prepaid funeral benefits trust
SB 1322	Carona		Merchant's acceptance of a credit or debit card
SB 1354	Carona/West, B		Electronic use of driver's license information
SB 1389	Van de Putte/Hochberg	9/1/07	Processing of consumer rebates
SB 1541	Fraser/Elkins	9/1/07	Uniform Commercial Code
SB 1748	Nichols		Collateralization of certain public funds
SB 1845	Duncan		Public funds
CONSUMER CREDIT			
HB 85	Branch/Van de Putte	9/1/07	Marketing credit cards to students
HB 248	Alonzo		Use of a credit score
HB 285	Herrero		Debt owed by active duty military personnel
HB 464	Flores		Cash advance under deferred presentment
HB 1046	Flores		Prohibition on participating in the lending of credit
HB 1058	Parker		Liability for fraudulent credit card checks
HB 1236	Elkins		Surcharge for use of a credit card for certain purposes
HB 1246	Taylor		Refund requirements regarding credit insurance
HB 1344	Villarreal/Van de Putte	9/1/07	Refund anticipation loans
HB 1555	Pickett		Correction of credit card error

HB 1783	Howard, Donna		Marketing of credit cards to students
HB 1809	Herrero		Debt owed by certain military servicemembers
HB 1867	Chavez		Regulation of deferred presentment
HB 2048	Farias		Extension of credit to military personnel and dependents
HB 2134	Chisum		Regulation of certain consumer lenders
HB 2334	Flynn		Regulation of credit reporting bureaus
HB 2534	Solomons		Transfer of motor vehicle retail installment contract
HB 2590	McCall		Motor vehicle retail installment transactions
HB 2679	Solomons		Loan and sales finance transactions
HB 3093	Howard, Charlie	6/16/07	Verification of credit card customer's zip code
SB 382	Carona/Taylor	9/1/07	Refund requirements regarding credit insurance
SB 855	Shapleigh/Corte		Extension of credit to military personnel and dependents
SB 856	Shapleigh		Prohibition on participating in the lending of credit
SB 857	Shapleigh		Restrictions on acting as or on behalf of a lender
SB 858	Shapleigh		Consumer loan fees and charges
SB 879	Shapleigh		Refund anticipation loans.
SB 988	Carona		Regulation of certain consumer lenders
SB 1804	Hinojosa		Debt owed by active duty military personnel
SB 1905	Van de Putte		Refund anticipation loans
SB 1939	Van de Putte		Marketing credit cards to students
GENERAL LENDING			
SB 2047	West, Royce		Student loan lenders
SB 2049	Zaffirini		Student loan lenders
GOVERNMENT			
HB 393	Menendez		Reporting of gifts to public officials
HB 647	McCall/Duncan		Political contributions
HB 1041	Naishtat		Payment of certain loans with political contributions
HB 1085	Smith, Todd		Political contributions and expenditures
HB 1328	Smith, Todd		Political contributions and expenditures
HB 2491	Berman/Harris		Political expenditures to finance a political committee
HB 3381	Rodriguez		Employees of registered lobbyists
HB 3908	Anchia		Registered lobbyists
HB 3925	Howard, Donna		Political contributions and expenditures
SB 421	Shapleigh		Political advertising
SB 423	Shapleigh		Political contributions and expenditures
SB 1192	Patrick, Dan		Lobbying expenditures
SB 1199	Patrick, Dan		Lobbying expenditures
SB 1784	Duncan		Registered lobbyists
HOME EQUITY			
HB 3630	Van Arsdale/Hegar	1/1/08	Appraisal for ad valorem purposes
HJR 72	Solomons/Carona	11/06/07 Election	Home equity cleanup constitutional amendment
SJR 54	Carona		Home equity line of credit
INSURANCE			
HB 2960	Smithee/Fraser		Texas Windstorm Insurance Association
SB 533	Ellis, R		Use of credit scoring in personal insurance
LIENS AND SECURITY INTERESTS			
HB 481	Jackson, Jim/Carona	1/1/08	Transfer of a used motor vehicle
HB 744	Dutton		Notice of discharge of a lien on a motor vehicle
HB 1350	King, Tracy		Notice and lien resulting from damage to a fence
HB 1460	Haggerty/Harris	1/1/08	Manufactured housing
HB 2133	Darby		Entitlement to lien on certain assets
HB 2271	Bailey		Secured transactions law

HB 2566	Madden/Carona	9/1/07	Inmate access to property
HB 2908	Gattis		Impoundment of a motor vehicle
HB 2931	King, Tracy/Zaffirini	9/1/07	Notice and lien resulting from damage to a fence
SB 227	Harris		Perfection of a child support lien on a motor vehicle
SB 231	Harris/Thompson		Child support enforcement
SB 429	Harris		Child support enforcement
SB 1103	Watson		Entitlement to lien on certain assets
SB 1320	Harris		Manufactured housing
SB 1540	Fraser/Bailey	6/16/07	Secured transactions law

MISCELLANEOUS

HB 676	Davis, Yvonne		Debt collection activities
HB 1417	Elkins		Foreclosure on limited partner's partnership interest
HB 1733	Goolsby/Carona		Homestead exemption
HB 1962	Orr/Fraser	9/1/07	Regulation of banking
HB 2007	Solomons/Fraser	9/1/07	Modernization of the regulation of banking
HB 2397	McCall		Debt collection
HB 2560	Zedler/Wentworth		Posting of school district check registers
HB 2754	Anchia/Fraser	9/1/07	Regulation of state banks and trust companies
HB 3072	Creighton		School district financial information on the Web
HB 3091	Frost		Dispute resolution
HB 3578	Rose/Wentworth		Employer ombudsman program
HB 3885	Gattis		Binding arbitration
HB 3913	Raymond		Unconscionable contract provisions
HJR 75	Goolsby		Homestead protection from forced sale
SB 942	Carona		Dispute resolution
SB 1305	Wentworth/Hartnett		Service of process
SB 1307	Wentworth		Residential mortgage fraud
SB 1545	Fraser		Regulation of state banks and state trust companies
SB 1546	Fraser		Business Organizations Code
SB 1759	Uresti		Covenants not to compete

PERSONNEL/LABOR LAW

HB 38	Solomons		License applications
HB 220	King, Phil		Concealed handgun liability
HB 511	Farabee		Concealed handgun liability
HB 752	Dutton		Employee's right to time off for child's school activities
HB 753	Dutton		Employee's right to time off for child's school activities
HB 754	Dutton		Wages and jury duty
HB 936	Burnam		Minimum wage.
HB 2059	Miles		Time off from work for victims of certain crimes
HB 2153	McClendon		Employee's right to time off for child's school activities
HB 2298	Leibowitz		Prohibiting discrimination for work-related injuries
HB 2517	Davis, Yvonne		Damages for sexual harassment
HB 2537	Macias		Liability for hiring convicted criminal
HB 3763	Chavez		Health insurance for employees of state contractors
SB 311	Van de Putte/Noriega	6/16/07	National Guard reemployment rights
SB 641	West, Royce		Time off from work to address family violence situations
SB 980	West, Royce		Minimum wage
SB 981	West, Royce		Employee voting
SB 996	Watson		Employment leave

PRIVACY

HB 59	Isett		Privacy of personal information and governmental records
HB 87	Branch		Privacy

HB 460	Miller/Hegar	9/1/07	Identity Theft
HB 649	McCall/Carona	9/1/07	Fraudulent use of child's identifying information
HB 863	Cook, Byron/Ellis, R	9/1/07	Privacy and social security numbers
HB 885	Giddings		Sale of consumer information by a financial institution
HB 887	Giddings/Ellis, R	9/1/07	Statute of limitations for credit or debit card abuse
HB 901	Zedler		Objections to mailed solicitations
HB 1060	Parker/Harris	9/1/07	Electronic use of driver's license information
HB 1262	Martinez		Liability for breach of security of computerized data
HB 1452	Bohac		Right to free credit report
HB 1581	Thompson		Consumer reporting agency security freeze
HB 1604	Zedler		Personal identification
HB 2002	Giddings/Fraser	9/1/07	Identity theft notification
HB 2061	Keffer/Williams	3/28/07	Disclosure of social security number
HB 3222	Elkins		Duty of a business to safeguard customer information
HB 3959	Castro		Consumer reporting agency security freeze
SB 222	Ellis, R/Thompson	6/16/07	Consumer reporting agency security freeze
SB 223	Ellis, R		Personal information security
SB 224	Ellis, R		Sale of consumer information by a financial institution
SB 367	Williams		Statute of limitations for identity theft
SB 548	Carona/Hamilton	9/1/07	Theft by check
SB 1005	Janek		Confidentiality of social security numbers
SB 1730	Carona		Application of Texas no-call list to mobile phones
PUBLIC FUNDS			
HB 345	Flynn		Collateralization of certain public funds
HB 892	Hilderbran/Fraser	9/1/07	Timely deposit of county funds
HB 1491	Woolley/Williams	5/25/07	Disclosure of relationships with local government officers
HB 2411	Strama/Ogden	6/16/07	School district depositories
HB 2641	Solomons/Zaffirini	6/16/07	Depositories for certain county funds
HB 2709	Isett		Deposit of certain public funds
HB 2741	Quintanilla		Depositories for certain county funds
HB 3004	Christian		Investment and deposit of public funds
HB 3282	Branch		Issuance of public securities
REAL PROPERTY, CONSTRUCTION			
HB 133	Villarreal		Disclosure and use of sales price information
HB 153	Phillips		Disclosure by an appraisal district
HB 222	Solomons		Property owner's associations
HB 295	Farrar		Regulation of residential home builders
HB 576	Smith, Wayne/Ellis, R	6/16/07	Special district construction projects
HB 692	Paxton		Loans secured by real property
HB 716	Solomons/Averitt	9/1/07	Residential mortgage fraud
HB 732	Krusee/Ogden	9/1/07	Signatures in certain documents
HB 749	Dutton		Foreclosure of certain liens on real property
HB 1039	Ritter		Inspection of residential construction
HB 1057	Parker		Disclosure of prepayment penalty for a home loan
HB 1171	Bailey		Property owners' associations
HB 1221	Zerwas		Recorded documents filed with a county clerk
HB 1530	Flores/Eltife	9/1/07	Regulation of sale and inspection of real estate
HB 1552	Villarreal		Mandatory sales price disclosure in real property sales
HB 1637	Menendez/Lucio	9/1/07	Texas First-Time Homebuyer Program
HB 1686	McClendon		Regulation of homebuilders
HB 1716	Solomons/Van de Putte	9/1/07	Mortgage brokers
HB 2137	Paxton/Wentworth		Ad valorem tax lien transfers

HB 2138	Paxton/Wentworth	9/1/07	Regulation of property tax lenders
HB 2204	Harper-Brown		Residential mortgage fraud
HB 2207	Gallego/Watson	1/1/08	Conveyance of residential property encumbered by a lien
HB 2274	Rodriguez		Counseling for high-risk loans
HB 2354	Thompson		Refinance of home loan
HB 2436	Howard, Charlie		Informing home buyer re: exemption from ad valorem taxation
HB 2478	Menendez		Requiring notice of potential annexation of property
HB 2738	Solomons/Harris	6/16/07	Real property liens
HB 2996	Villarreal		Disclosure of sales price information for tax purposes
HB 3151	Harper-Brown		Mortgage fraud task force
HB 3387	Orr		Transfer of ad valorem tax liens
HB 3673	Davis, John		Property owners' associations
HB 3674	Davis, John/Jackson, Mike	9/1/07	Property owners' associations
HB 3681	Anderson		Liability of lenders and appraisers
HB 3762	Chavez		Regulation of mortgage brokers
HB 3820	Villarreal		Disclosure of sales price of real property sales
HB 3821	Villarreal		Disclosure of sales price of real property sales
HB 3842	Hilderbran		Manufactured home lienholders
SB 215	Fraser		Texas Residential Construction Commission.
SB 270	Wentworth		Mandatory sales price disclosure in real property sales
SB 512	Harris/Solomons	9/1/07	Attachment of a judgment lien to homestead property
SB 580	Hegar/Zerwas	5/14/07	Recording documents filed with a county clerk
SB 645	Ellis, R/Chavez		Study of residential foreclosure in certain counties
SB 935	Van de Putte		Mortgage brokers
SB 979	West, Royce/Solomons		Property owners' associations
SB 987	Lucio/Rodriguez		Counseling for high-risk loans
SB 1308	Wentworth		Liability of lenders and appraisers
SB 1476	Carona		Transfer of ad valorem tax liens
SB 1520	Wentworth/Paxton	9/1/07	Transfer of ad valorem tax liens
SB 1782	West, Royce		Arbitration proceedings
SB 1892	Janek		Regulation of property tax lenders
T A X E S			
HB 156	Pickett		Determination of revenue for franchise tax purposes
HB 476	Vo		Limiting the increase in appraised value of real property
HB 871	Smithee		Total revenue exemption for the franchise tax
HB 1207	Keffer/Ogden	6/16/07	Franchise tax revision
HB 1284	Creighton		Total revenue exemption for the franchise tax
HB 1384	Taylor		Franchise tax rates
HB 1542	Isett		Franchise tax rates
HB 2533	Strama		Franchise tax
HB 2777	Heflin		Tax credit for providing employee health benefits
HB 2788	Burnam		Tax on income exceeding \$100,000
HB 2841	Villarreal		Franchise tax
HB 2948	Hill		Franchise tax
HB 2985	Creighton		Franchise tax
HB 3287	Ritter		Franchise tax credit
HB 3463	Paxton		Franchise tax
HB 3928	Keffer/Ogden	1/1/08	Technical changes to the revised franchise tax
HB 3936	Kolkhorst		Application of the franchise tax to banking corporations

HJR 44	Branch		Franchise tax
SB 146	West, Royce		Creation of higher education enhancement districts
SB 472	Brimer		Tax on transfer of certain tangible personal property
SJR 9	West, Royce		Ad valorem taxes
TRUSTS			
HB 564	Hartnett/Wentworth	9/1/07	Administration of trusts