

NOTICE TO APPLICANTS

Subsidiary Notice Filings

A state bank that intends to establish one or more subsidiaries pursuant to Texas Finance Code §34.103 shall submit a letter notice (Notice) to the banking commissioner at least 31 days before the proposed establishment of a subsidiary. The Notice should include the information listed below depending upon the proposed activities to be conducted at the subsidiary.

The bank may acquire or establish a subsidiary or perform new activities in an existing subsidiary beginning on the 31st day after the date the banking commissioner receives the bank's letter unless the banking commissioner specifies an earlier or later date. The banking commissioner may extend the 30-day period on a determination that the bank's letter raises issues that require additional information or additional time for analysis. If the period is extended, the bank may acquire or establish a subsidiary, or may perform new activities in an existing subsidiary, only on prior written approval of the banking commissioner.

Other Real Estate Subsidiary

A subsidiary to hold, manage, and sell other real estate (ORE) or other assets acquired through foreclosure or similar means. The subsidiary may also hold loans transferred to the subsidiary in contemplation of foreclosure.

The following information should be included in the Notice to establish an ORE Subsidiary:

1. Name of proposed subsidiary;
2. Address where the activities of the subsidiary will be performed;
3. Purpose of the subsidiary and a detailed synopsis of the activities to be conducted at the subsidiary including the type of property to be held;
4. An attestation that the proposed activities of the subsidiary are permissible for Texas state banks;
5. Entity type of the subsidiary;
6. Percent ownership by the bank and indication if the subsidiary will be held directly or indirectly;
 - a. If subsidiary is to be held indirectly please elaborate on the organizational structure;
7. Name and bank title of initial officers of the subsidiary;
8. A description and frequency of any fees to the holding company or bank; and
9. Name, amount, and description of initial loan/property to be transferred to the subsidiary.

Please include the following along with the Notice:

- A draft or executed formation documents of the subsidiary; and,
- A non-refundable check made payable to the Texas Department of Banking for the applicable filing fee prescribed in Title 7 of the Texas Administrative Code §15.2.

Insurance Subsidiary

A subsidiary established to provide insurance services.

The following information should be included in the Notice to establish an Insurance Subsidiary:

1. Name of proposed subsidiary;
2. Address where the activities of the subsidiary will be performed;
3. Purpose of the subsidiary and a detailed synopsis of the activities to be conducted at the subsidiary;
 - a. Including the type of insurance products and services to be offered;
4. An indication of whether the subsidiary will acquire an operating agency or book of business or commence business as a start-up;
 - a. If an existing company or book of business is to be purchased, provide a copy of the contract;
5. An attestation that the proposed activities of the subsidiary are permissible for Texas state banks;
6. Entity type of the subsidiary;
7. Percent ownership by the bank and indication if the subsidiary will be held directly or indirectly;
 - a. If subsidiary is to be held indirectly please elaborate on the organizational structure;
8. Pro forma balance sheet and income statements that show, at acquisition, the bank, the subsidiary, and the consolidated bank financial statement, including consolidating and adjusting entries. Provide the same information one year from acquisition;
9. A copy of the application submitted to the Texas Department of Insurance and any approval documents as applicable;
10. Copies of any contracts to either purchase the stock of an existing insurance agency or to purchase tangible or intangible assets of an existing insurance agency;
11. Name and bank title of initial officers of the subsidiary; and
12. A description and frequency of any fees to the holding company and/or bank.

Please be sure to have the bank's attorney review the bank's Certificate of Formation and make a determination whether any changes are needed in light of the proposed new activities.

Please include the following along with the Notice:

- A draft or executed formation documents of the subsidiary; and,
- A non-refundable check made payable to the Texas Department of Banking for the applicable filing fee prescribed in Title 7 of the Texas Administrative Code §15.2.

All Other Subsidiary Notices

Sufficient detail is necessary regarding the following items to expeditiously and effectively evaluate the proposed subsidiary and its activities.

The following information should be included in the Notice to establish the subsidiary:

1. Name of proposed subsidiary;
2. Address where the activities of the subsidiary will be performed;
3. Purpose of the subsidiary and a detailed synopsis of the activities to be conducted at the subsidiary;
4. An attestation that the proposed activities of the subsidiary are permissible for Texas state banks;
5. Entity type of the subsidiary;
6. Percent ownership by the bank and indication if the subsidiary will be held directly or indirectly;
 - a. If subsidiary is to be held indirectly please elaborate on the organizational structure;
7. Pro forma balance sheet and income statements that show, at acquisition, the bank, the subsidiary, and the consolidated bank financial statement, including consolidating and adjusting entries. Provide the same information one year from acquisition;
8. Name and bank title of initial officers of the subsidiary;
9. A description and frequency of any fees to the holding company and/or bank; and
10. Any other information in support of the Notice filing.

Please be sure to have the bank's attorney review the bank's Certificate of Formation and make a determination whether any changes are needed in light of the proposed new activities.

Please include the following along with the Notice:

- A draft or executed formation documents of the subsidiary; and,
- A non-refundable check made payable to the Texas Department of Banking for the applicable filing fee prescribed in Title 7 of the Texas Administrative Code §15.2.