

SECOND REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 2397

98TH GENERAL ASSEMBLY

5964H.02P

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 375, RSMo, by adding thereto one new section relating to federal home loan banks.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 375, RSMo, is amended by adding thereto one new section, to be
2 known as section 375.971, to read as follows:

375.971. 1. As used in this section, the following terms mean:

2 **(1) "Federal home loan bank", a federal home loan bank established under the**
3 **federal Home Loan Bank Act, 12 U.S.C. Section 1421, et seq.;**

4 **(2) "Insurer-member", an insurer who is a member of a federal home loan bank.**

5 **2. Notwithstanding any other provision to the contrary, no federal home loan bank**
6 **shall be stayed or prohibited from exercising its rights regarding collateral pledged by an**
7 **insurer-member.**

8 **3. If a federal home loan bank exercises its rights regarding collateral pledged by**
9 **an insurer-member who is subject to a delinquency proceeding, the federal home loan bank**
10 **shall repurchase any outstanding capital stock that is in excess of that amount of federal**
11 **home loan bank stock that the insurer-member is required to hold as a minimum**
12 **investment, to the extent the federal home loan bank in good faith determines the**
13 **repurchase to be permissible under applicable laws, regulations, regulatory obligations,**
14 **and the federal home loan bank's capital plan, and consistent with the federal home loan**
15 **bank's current capital stock practices applicable to its entire membership.**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 **4. Following the appointment of a receiver for an insurer-member, the federal home**
17 **loan bank shall, within ten business days after a request from the receiver, provide a**
18 **process and establish a timeline for the following:**

19 **(1) The release of collateral that exceeds the amount required to support secured**
20 **obligations remaining after any repayment of loans as determined in accordance with the**
21 **applicable agreements between the federal home loan bank and the insurer-member;**

22 **(2) The release of any of the insurer-member's collateral remaining in the federal**
23 **home loan bank's possession following repayment of all outstanding secured obligations**
24 **of the insurer-member in full;**

25 **(3) The payment of fees owed by the insurer-member and the operation of deposits**
26 **and other accounts of the insurer-member with the federal home loan bank; and**

27 **(4) The possible redemption or repurchase of federal home loan bank stock or**
28 **excess stock of any class that an insurer-member is required to own.**

29 **5. Upon request from a receiver, the federal home loan bank shall provide any**
30 **available options for an insurer-member subject to a delinquency proceeding to renew or**
31 **restructure a loan to defer associated prepayment fees, subject to market conditions, the**
32 **terms of any loans outstanding to the insurer-member, the applicable policies of the federal**
33 **home loan bank, and the federal home loan bank's compliance with federal laws and**
34 **regulations.**

35 **6. Notwithstanding any other provision of law to the contrary, the receiver for an**
36 **insurer-member shall not void any transfer of, or any obligation to transfer, money or any**
37 **other property arising under or in connection with any federal home loan bank security**
38 **agreement, or any pledge, security, collateral, or guarantee agreement, or any other similar**
39 **arrangement or credit enhancement relating to a federal home loan bank security**
40 **agreement made in the ordinary course of business and in compliance with the applicable**
41 **federal home loan bank agreement. However, a transfer may be avoided under this**
42 **subsection if the transfer was made with intent to hinder, delay, or defraud the**
43 **insurer-member, the receiver for the insurer-member, or existing or future creditors. This**
44 **subsection shall not affect a receiver's rights regarding advances to an insurer-member in**
45 **delinquency proceedings under 12 CFR Part 1266.4.**

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