

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 2397**  
**98TH GENERAL ASSEMBLY**

5964H.02C

D. ADAM CRUMBLISS, Chief Clerk

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**AN ACT**

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

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*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.**

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:**

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.

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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