

House Bill 2781

Sponsored by Representative SMITH G (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act makes changes to laws about home loans and lender collateral. (Flesch Readability Score: 67.7).

Provides that a court may not stay or prohibit a Federal Home Loan Bank from exercising rights to collateral pledged by an insurer-member that is subject to a delinquency proceeding. Requires a receiver to comply with provisions of this Act with respect to claims against the insurer-member.

Requires a Federal Home Loan Bank that exercises a right to collateral to repurchase any outstanding capital stock that exceeds the amount of Federal Home Loan Bank stock that the insurer-member must hold as a minimum investment, subject to certain determinations.

Prohibits a receiver from voiding the transfer of, or obligation to transfer, moneys or property under the terms of a Federal Home Loan Bank security agreement.

Declares an emergency, effective on passage.

A BILL FOR AN ACT

Relating to Federal Home Loan Banks; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS 734.110 to 734.440.

SECTION 2. (1) As used in this section:

(a) **"Collateral" means collateral that meets the requirements for the categories of collateral that are set forth in 12 C.F.R. 1266.7(a), as in effect on the effective date of this 2025 Act, and in which a Federal Home Loan Bank holds a first priority perfected security interest.**

(b) **"Federal Home Loan Bank" has the meaning given that term in 12 U.S.C. 1422, as in effect on the effective date of this 2025 Act.**

(c) **"Insurer-member" means an insurer that is a member of a Federal Home Loan Bank.**

(2) **Notwithstanding requirements for a form of claim against an insurer that are set forth in ORS 734.280 and notwithstanding the priority of preferred claims against an insurer that are specified in ORS 734.290, of special deposit claims against an insurer that are specified in ORS 734.300 or of secured claims against an insurer that are specified in ORS 734.310, in connection with a delinquency proceeding under ORS 734.110 to 734.440:**

(a) **A court may not stay or prohibit a Federal Home Loan Bank from exercising the Federal Home Loan Bank's rights with respect to collateral that an insurer-member has pledged; and**

(b) **A receiver shall comply with the provisions of this section with respect to:**

(A) **The Federal Home Loan Bank's rights in connection with an insurer-member; and**

(B) **Claims against an insurer-member.**

(3) **A Federal Home Loan Bank that exercises a right with respect to collateral pledged**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 by an insurer-member that is subject to a delinquency proceeding shall repurchase any out-
2 standing capital stock that exceeds the amount of the Federal Home Loan Bank's stock that
3 the insurer-member must hold as a minimum investment if the Federal Home Loan Bank
4 determines in good faith that the repurchase is:

5 (a) Permissible under applicable laws, regulations, regulatory obligations and the Federal
6 Home Loan Bank's capital plan; and

7 (b) Consistent with the current capital stock practices the Federal Home Loan Bank ap-
8 plies to the entire membership of the Federal Home Loan Bank.

9 (4) After the appointment of a receiver for an insurer-member, a Federal Home Loan
10 Bank, within 10 business days after a request from the receiver, shall establish a process and
11 timeline for:

12 (a) Releasing collateral that, under the terms of applicable agreements between the
13 Federal Home Loan Bank and the insurer-member, exceeds the amount required to support
14 obligations that remain after repaying loans;

15 (b) Releasing any of the insurer-member's collateral that remains in the Federal Home
16 Loan Bank's possession after payment in full of all of the insurer-member's outstanding ob-
17 ligations;

18 (c) Paying fees the insurer-member owes and operating the insurer-member's deposits
19 and accounts with the Federal Home Loan Bank; and

20 (d) Redeeming or repurchasing Federal Home Loan Bank stock or excess stock of any
21 class that an insurer-member must own.

22 (5) A Federal Home Loan Bank, at a receiver's request, shall provide any available op-
23 portunities that may exist for an insurer-member that is subject to a delinquency proceeding
24 to renew or restructure a loan to defer prepayment fees, with due regard for:

25 (a) Market conditions;

26 (b) The terms of any loans to the insurer-member that are outstanding;

27 (c) Applicable policies of the Federal Home Loan Bank; and

28 (d) The Federal Home Loan Bank's compliance with federal laws and regulations.

29 (6)(a) Notwithstanding ORS 734.350 and except as provided in paragraph (b) of this sub-
30 section, a receiver for an insurer-member, including the Director of the Department of
31 Consumer and Business Services, may not void any transfer of, or obligation to transfer,
32 moneys or property that occurs or arises under or in connection with:

33 (A) A Federal Home Loan Bank security agreement;

34 (B) A pledge, security, collateral or guarantee agreement; or

35 (C) Any other similar arrangement or credit enhancement that relates to a Federal Home
36 Loan Bank security agreement made in the ordinary course of business and in compliance
37 with the applicable Federal Home Loan Bank agreement.

38 (b) A receiver may void a transfer if the transfer was made with an intent to hinder,
39 delay or defraud the insurer-member, the receiver or existing or future creditors.

40 (c) This subsection does not affect a receiver's rights under 12 C.F.R. 1266.4, as in effect
41 on the effective date of this 2025 Act, with respect to advances to an insurer-member that
42 is subject to a delinquency proceeding.

43 **SECTION 3.** Section 2 of this 2025 Act applies to delinquency proceedings that begin on
44 or after the effective date of this 2025 Act.

45 **SECTION 4.** This 2025 Act being necessary for the immediate preservation of the public

1 **peace, health and safety, an emergency is declared to exist, and this 2025 Act takes effect**
2 **on its passage.**

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