

SENATE No. 641

The Commonwealth of Massachusetts

PRESENTED BY:

Paul R. Feeney

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to certain loans by the federal home loan bank.

PETITION OF:

NAME:

Paul R. Feeney

DISTRICT/ADDRESS:

Bristol and Norfolk

SENATE No. 641

By Mr. Feeney, a petition (accompanied by bill, Senate, No. 641) of Paul R. Feeney for legislation relative to certain loans by the federal home loan bank. Financial Services.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Third General Court
(2023-2024)**

An Act relative to certain loans by the federal home loan bank.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 19G of Chapter 175 of the General Laws, as appearing in the 2010
2 Official Edition, is hereby amended by striking all references therein to “180A to 180L,
3 inclusive” and replacing such references with “180A to 180L3/4, inclusive”.

4 SECTION 2. Section 19K of Chapter 175 of the General Laws, as appearing in the 2010
5 Official Edition, is hereby amended by striking all references therein to “180A to 180L,
6 inclusive” and replacing such reference with “180A to 180L3/4, inclusive”.

7 SECTION 3. Section 180A of Chapter 175 of the General Laws, as appearing in the 2010
8 Official Edition, is hereby amended by striking all references therein to “180A to 180L1/2,
9 inclusive” and replacing such references with “180A to 180L3/4, inclusive”.

10 SECTION 4. Section 180A of Chapter 175 of the General Laws, as appearing in the 2010
11 Official Edition, is hereby amended by adding the following definition:

12 “Federal Home Loan Bank”, an institution chartered under the "Federal Home Loan Bank
13 Act of 1932," 12 U.S.C. 1421, et seq..

14 SECTION 5. Chapter 175 of the General Laws, as appearing in the 2010 Official Edition,
15 is hereby amended by inserting after section 180 L1/2, the following new section:-

16 Section 180L3/4. (a) Notwithstanding any other provision of sections 180A to 180L3/4,
17 inclusive, no person, for more than ten days shall be stayed, enjoined or prohibited from
18 exercising or enforcing any right or cause of action under any pledge, security, credit, collateral,
19 loan, advances, reimbursement or guarantee agreement or arrangement or any similar agreement,
20 arrangement or other credit enhancement to which a federal home loan bank is a party.

21 (b) Notwithstanding any other provision of sections 180A to 180L3/4, inclusive, no
22 receiver, rehabilitator, liquidator, or any other person shall avoid any transfer of, or any
23 obligation to transfer, money or any other property arising under or in connection with any
24 pledge, security, credit, collateral, loan, advances, reimbursement or guarantee agreement or
25 arrangement or any similar agreement, arrangement or other credit enhancement to which a
26 federal home loan bank, is a party, that is made, incurred or assumed before or after the
27 commencement of a delinquency proceeding under this chapter; provided, however, that a
28 transfer may be avoided under chapter 109A if the transfer was made with actual intent to hinder,
29 delay or defraud the insurer, a receiver appointed for the insurer, or existing or future creditors.

30 (c) A federal home loan bank exercising its rights regarding collateral pledged by an
31 insurer-member shall, within seven days of receiving a redemption request made by the insurer-
32 member, repurchase any of the insurer-member's outstanding capital stock in excess of the
33 amount the insurer-member must hold as a minimum investment. The federal home loan bank

34 shall repurchase the excess outstanding capital stock only to the extent that it determines in good
35 faith that the repurchase is both of the following:

36 (1) Permissible under federal laws and regulations and the federal home loan bank's
37 capital plan;

38 (2) Consistent with the capital stock practices currently applicable to the federal home
39 loan bank's entire membership.

40 (d) (1) Not later than ten days after the date of appointment of a receiver, rehabilitator, or
41 liquidator in a proceeding under section 180A to 180L3/4 involving an insurer-member of a
42 federal home loan bank, the federal home loan bank shall provide to the receiver, rehabilitator, or
43 liquidator a process and timeline for the following:

44 (i) The release of any collateral held by the federal home loan bank that exceeds the
45 amount that is required to support the secured obligations of the insurer-member and that is
46 remaining after any repayment of loans, as determined under the applicable agreements between
47 the federal home loan bank and the insurer-member;

48 (ii) The release of any collateral of the insurer-member remaining in the federal home
49 loan bank's possession following repayment in full of all outstanding secured obligations of the
50 insurer-member;

51 (iii) The payment of fees owed by the insurer-member and the operation, maintenance,
52 closure, or disposition of deposits and other accounts of the insurer-member, as mutually agreed
53 upon by the receiver, rehabilitator, or liquidator and the federal home loan bank;

54 (iv) Any redemption or repurchase of federal home loan bank stock or excess stock of
55 any class that the insurer-member is required to own under agreements between the federal home
56 loan bank and the insurer-member.

57 (2) Upon the request of a receiver, rehabilitator, or liquidator appointed in a proceeding
58 under sections 180A to 180L3/4 involving a federal home loan bank insurer-member, the federal
59 home loan bank shall provide to the receiver, rehabilitator, or liquidator any available options for
60 the insurer-member to renew or restructure a loan. In determining which options are available,
61 the federal home loan bank may consider market conditions, the terms of any loans outstanding
62 to the insurer-member, the applicable policies of the federal home loan bank, and the federal
63 laws and regulations applicable to federal home loan banks.

64 (e) As used in this section, "insurer-member" means a member of the federal home loan
65 bank in question that is an insurer.

66 SECTION 6. Section 20 of Chapter 176G of the General Laws, as appearing in the 2010
67 Official Edition, is hereby amended by striking all references therein to "180A to 180L,
68 inclusive" and replacing such references with "180A to 180L3/4, inclusive".