

SB 102 STAFF MEASURE SUMMARY**Carrier:** Sen. McLane**Senate Committee On Finance and Revenue**

Action Date: 03/05/25**Action:** Do pass.**Vote:** 5-0-0-0**Yeas:** 5 - McLane, Meek, Patterson, Starr, Taylor**Fiscal:** Has minimal fiscal impact**Revenue:** No revenue impact**Prepared By:** Jonathan Hart, Economist**Meeting Dates:** 2/3, 3/5

WHAT THE MEASURE DOES:

Provides that court may not stay or prohibit a federal home loan bank from exercising its rights to collateral pledged by an insurer-member that is subject to a delinquency proceeding. Requires federal home loan bank that exercises such right to repurchase outstanding capital stock that exceeds amount insurer-member must hold as a minimum investment if specified conditions are met. Prohibits a receiver for an insurer-member, including the Department of Consumer and Business Services, from voiding any transfer of moneys or property under the terms of a federal home loan bank security agreement. Declares an emergency, effective on passage

ISSUES DISCUSSED:

- Federal law treatment of banks and state law treatment of insurance companies
- Federal Home Loan Banks support of affordable housing

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Federal Home Loan Bank (FHLBank) system is a government-sponsored enterprise supporting mortgage and related community investment. The FHLBank system is composed of 11 regional banks. According to the Federal Housing Finance Agency, each FHLBank is owned by its members, which include thrift institutions, commercial banks, credit unions, insurance companies, and certified community development financial institutions. Oregon is in the district served by FHLB Des Moines which at the end of 2023 had 1,257 members, 72 of which were insurance companies. Each member must maintain a minimum investment in FHLBank stock. Each FHLBank determines the minimum investment required for membership; the sum of all stock investments must be sufficient for the FHLBank to meet its own capital requirements. FHLBanks provide members with funding for mortgages and asset-liability management, liquidity for a member's short-term needs, and additional funds for housing finance and community development.