

2017 DRAFTING REQUEST**Assembly Amendment (AA-AB822)**

For: **Terry Katsma (608) 266-0656** Drafter: **agary**
 By: **Nick** Secondary Drafters:
 Date: **1/31/2018** May Contact:
 Same as LRB: **a1991**

Submit via email: **YES**
 Requester's email: **Rep.Katsma@legis.wisconsin.gov**
 Carbon copy (CC) to: **aaron.gary@legis.wisconsin.gov**
tamara.dodge@legis.wisconsin.gov
Aaron.McKean@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Injunctions against a federal home loan bank during liquidation of an insurance company

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	agary 2/5/2018	kfollett 2/5/2018	dwalker 2/1/2018		
/1			lparisi 2/5/2018	lparisi 2/5/2018	

FE Sent For:

<END>

Gary, Aaron

From: Krueger, Nick
Sent: Wednesday, January 31, 2018 12:52 PM
To: Gary, Aaron
Subject: Amendment drafting request: AB 822

Hi Aaron,

Please write us a P-draft of an amendment for AB 822 (Rep. Katsma's omnibus banking bill) that replaces Section 16 of the bill with this instead:

SECTION 16. 645.05 (3) of the statutes is created to read:

645.05 (3)(a) INJUNCTIONS AGAINST A FEDERAL HOME LOAN BANK. Notwithstanding subs. (1) and (2) and any other provision of this chapter, a federal home loan bank may be stayed, enjoined, or prohibited from exercising or enforcing any right or cause of action regarding collateral pledged under any security agreement, or any pledge, security, collateral, or guarantee agreement, or any other similar arrangement or credit enhancement relating to a federal home loan bank security agreement for a period not to exceed 10 days after the appointment of a receiver for an insurer-member of the federal home loan bank. The liquidation court may extend the stay if the federal home loan bank fails to comply with the provisions of subs (3)(b) and (c) until the federal home loan bank complies with such provisions, provided the extension is made within 10 days following the appointment of the receiver.

(3)(b) Not later than 5 days after notification to the federal home loan bank of the appointment a receiver for an insurer-member, the federal home loan bank shall deliver to the receiver a process and timeline for:

1. The release of collateral held by the federal home loan bank that exceeds the amount that is required to support the outstanding secured loan obligations and that is remaining after any repayment of loans, as determined under the applicable agreements between the federal home loan bank and the insurer-member;
2. The release of any collateral remaining in the federal home loan bank's possession following repayment of all outstanding secured obligations in full;
3. The payment of fees owed by the insurer-member; and
4. The redemption or repurchase of federal home loan bank stock in excess of the minimum amount the insurer-member is required to own.

(3)(c) Upon the request of the receiver and not later than 5 days after notification to the federal home loan bank of the appointment of a receiver for an insurer-member, the federal home loan bank shall provide any available options for such insurer-member to renew or restructure an advance. In determining which options are available, the federal home loan bank may consider market conditions, the terms of the advance outstanding to the insurer-member, the applicable policies of the federal home loan bank and compliance with the Federal Home Loan Bank Act and corresponding regulations.

(3)(d) A federal home loan bank shall, within 7 days of receipt of a repurchase request made by the insurer member, repurchase any outstanding capital stock in excess of the amount of stock the insurer member is required to hold as a minimum investment. The federal home loan bank shall repurchase the excess outstanding capital stock provided the repurchase is both of the following:

- (i) permissible under federal laws and regulations and the federal home loan bank's capital plan; and
- (ii) consistent with the capital stock practices currently applicable to the federal home loan bank's entire membership.

(3)(e) As used in this subsection, “insurer-member” means a member of the federal home loan bank in question that is an insurer.

Thank you!

Nick Krueger

Office of Representative Terry Katsma

Wisconsin State Assembly

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ARG: [signature]

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PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT ,
TO ASSEMBLY BILL 822

- 1 At the locations indicated, amend the bill as follows:
- 2 **1.** Page 9, line 23: delete “NO INJUNCTION” and substitute “INJUNCTIONS”.
- 3 **2.** Page 9, line 23: before “Notwithstanding” insert “(a) In this subsection,
- 4 “insurer-member” means a member of the federal home loan bank in question that
- 5 is an insurer.
- 6 (b)”.
- 7 **3.** Page 9, line 24: delete “no” and substitute “a”.
- 8 **4.** Page 10, line 3: after “agreement” insert “, for a period not to exceed 10 days
- 9 after the appointment of a receiver for an insurer-member of the federal home loan
- 10 bank. If the federal home loan bank fails to comply with the provisions of pars. (c)
- 11 and (d), the court may, within 10 days following the appointment of the receiver,

1 extend the stay until the federal home loan bank complies with the provisions of pars.
2 (c) and (d)".

3 **5.** Page 10, line 3: after that line insert:

4 "(c) Not later than 5 days after notification to the federal home loan bank of the
5 appointment of a receiver for an insurer-member, the federal home loan bank shall
6 deliver to the receiver a process and timeline for all of the following:

7 1. The release of collateral held by the federal home loan bank that exceeds the
8 amount that is required to support the outstanding secured loan obligations and that
9 is remaining after any repayment of loans, as determined under the applicable
10 agreements between the federal home loan bank and the insurer-member.

11 2. The release of any collateral remaining in the federal home loan bank's
12 possession following repayment of all outstanding secured obligations in full.

13 3. The payment of fees owed by the insurer-member.

14 4. The redemption or repurchase of federal home loan bank stock in excess of
15 the minimum amount the insurer-member is required to own.

16 (d) Upon the request of the receiver and not later than 5 days after notification
17 to the federal home loan bank of the appointment of a receiver for an
18 insurer-member, the federal home loan bank shall provide any available options for
19 the insurer-member to renew or restructure an advance. In determining which
20 options are available, the federal home loan bank may consider market conditions,
21 the terms of the advance outstanding to the insurer-member, the applicable policies
22 of the federal home loan bank, and compliance with the Federal Home Loan Bank
23 Act and corresponding regulations.

Gary, Aaron

From: Rep.Katsma
Sent: Monday, February 05, 2018 12:56 PM
To: LRB.Legal
Cc: Williams, Vincent; Gary, Aaron
Subject: RE: Draft review: LRB a1947/P1

Please jacket this amendment draft for introduction by Rep. Katsma in the Assembly.

Please also be advised that Sen. Marklein (Vince is copied on this email) has our permission to request a companion amendment for his companion bill.

Thank you!

Nick Krueger

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From: LRB.Legal
Sent: Thursday, February 01, 2018 11:10 AM
To: Rep.Katsma <Rep.Katsma@legis.wisconsin.gov>
Subject: Draft review: LRB a1947/P1

Following is the PDF version of draft LRB a1947/P1.



Today

in
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PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT ,
TO ASSEMBLY BILL 822

No changes

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1 (e) A federal home loan bank shall, within 7 days of receipt of a repurchase
2 request made by the insurer-member, repurchase any outstanding capital stock in
3 excess of the amount of stock the insurer-member is required to hold as a minimum
4 investment. The federal home loan bank shall repurchase the excess outstanding
5 capital stock if the repurchase is all of the following:

6 1. Permissible under federal laws and regulations and the federal home loan
7 bank's capital plan.

8 2. Consistent with the capital stock practices then applicable to the federal
9 home loan bank's entire membership.”

10

(END)