



**ORDER ISSUED UNDER SECTION 12–a OF THE NEW YORK BANKING LAW**

WHEREAS, pursuant to Section 12–a of the Banking Law, the Superintendent of Financial Services (the “Superintendent”) may issue an order authorizing one or more state-chartered banking institutions to exercise a federally permitted power (as such term is used in Section 12–a), subject to such terms and conditions as the Superintendent shall find necessary and appropriate; and

WHEREAS, Section 14–b of the Banking Law requires that “mortgage investing institutions” (as such term is defined in Section 14–b), including New York State-chartered banks, private bankers, trust companies, savings banks, savings and loan associations and credit unions, pay interest at a minimum rate of two percent per annum on escrow accounts (as such term is defined in Section 14–b of the Banking Law ) in connection with loans secured by mortgages on one to six family residences that are occupied by the owner or on any property owned by a cooperative apartment corporation; and

WHEREAS, Sections 34.4(a)(6) and 34.6 of Title 12 of the Code of Federal Regulations respectively permit national banks and federal savings associations to establish such escrow accounts without restriction as to the payment of interest; and

WHEREAS, Section 701.21(b) of Title 12 of the Code of Federal Regulations permits federal credit unions to establish such escrow accounts without restriction as to the payment of interest; and

WHEREAS, the intent of the Superintendent to issue the order set forth below has been posted upon the bulletin board of the Department of Financial Services and such intent has been published in the weekly bulletin of the Department, which is available on the internet, pursuant to Section 42 of the Banking Law, and at least thirty days have passed since such posting and publication; and

WHEREAS, the Superintendent hereby finds that issuance of such order is consistent with the policy of the State of New York as declared in Section 10 of the Banking Law and thereby protects the public interest, including the interests of depositors, creditors, shareholders, stockholders and consumers, and is necessary to achieve or maintain parity between New York State-chartered:

- banks, private bankers, trust companies and national banks,

- savings banks, savings and loan associations and federal savings associations, and
  - credit unions and federal credit unions,
- with respect to rights, powers, privileges, benefits, activities, loans, investments or transactions; and

NOW, THEREFORE, BE IT ORDERED THAT

Notwithstanding anything in law or regulations to the contrary, pursuant to Section 12-a of the Banking Law:

The minimum rate of interest to be paid by New York State-chartered banks, private bankers, trust companies, savings banks, savings and loan associations and credit unions on escrow accounts (as such term is defined in Section 14-b of the Banking Law) in connection with loans secured by mortgages on one to six family residences that are occupied by the owner or on any property owned by a cooperative apartment corporation shall during any calendar quarter be at least equal to the lesser of two percent or the six-month yield on United States Treasury securities on the last business day of the immediately preceding calendar quarter.



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Maria T. Vullo  
Superintendent of Financial Services

Dated: January 19, 2018