

RESCINDED

OCC Bulletin 2025-50 | December 23, 2025

Preemption Determination on State Interest-on-Escrow Laws: Notice of Proposed Rulemaking

Replaced - See OCC 2026-21

To

Chief Executive Officers of All National Banks, Federal Savings Associations, and Federal Branches and Agencies; Department and Division Heads; All Examining Personnel; and Other Interested Parties

Summary

The Office of the Comptroller of the Currency (OCC) is proposing to issue a preemption determination concluding that federal law preempts state laws that eliminate OCC-regulated banks' flexibility to decide whether and to what extent to (1) pay interest or other compensation on funds placed in real estate escrow accounts; or (2) assess fees in connection with such accounts. Comments on all aspects of the proposal are due 30 days after it is published in the *Federal Register*.

Note for Community Banks

The proposed rule would apply to all community banks.¹

Highlights

This proposed preemption determination would

- conclude that (1) the National Bank Act preempts New York's Gen. Oblig. Law section 5-601, the state's interest-on-escrow law; (2) 11 other states have laws with substantively equivalent terms; and (3) these substantively equivalent state laws are also preempted.
- complement the OCC's notice of proposed rulemaking to codify national banks' longstanding escrow accounts power, which the agency is concurrently issuing.

Further Information

Please contact Karen McSweeney, Special Counsel; Graham Bannon, Counsel; Priscilla Benner, Counsel; or Harry Naftalowicz, Attorney, Chief Counsel's Office, at (202) 649-5490.

Adam J. Cohen

Senior Deputy Comptroller and Chief Counsel

Related Link

- [Preemption Determination on State Interest-on-Escrow Laws: Notice of Proposed Rulemaking](#) (PDF)

¹ "Banks" refers collectively to national banks, federal savings associations, covered savings associations, and federal branches and agencies of foreign banking organizations. OCC News Release 2025-89 (September 18, 2025) identifies "community banks" as institutions with up to \$30 billion in assets.

Topic(s): ■ LAWS & REGULATIONS

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