CSBS Supports Ninth Circuit Decision Upholding State Interest-on-Escrow Laws

PRESS RELEASES

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Washington, D.C. – Once again, the courts have rejected the broad preemption standard advocated by the OCC and national banks. By denying rehearing *en banc*, the Ninth Circuit left intact its October 2025 opinion in *Kivett et al. v. Flagstar Bank FSB*, reaffirming the appropriately high bar for preemption established by the U.S. Supreme Court in *Cantero*.

The OCC has ignored that standard and Congress's clear direction, instead proposing a much lower threshold to preempt state laws it deems "inefficient," "inflexible," or "unusual."

State interest-on-escrow laws do not prevent or significantly interfere with national bank powers and have long protected homeowners. The OCC should immediately withdraw its unlawful proposals.

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The Conference of State Bank Supervisors (CSBS) is the national organization of financial regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico, and U.S. Virgin Islands. State regulators supervise 79% of all U.S. banks and a variety of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance, and debt industries.

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