

Summary of Banking Regulations Applicable to State Chartered Credit Unions (Title 3 of the New York Code of Rules and Regulations [NYCRR])

3 NYCRR 4 – the maximum interest rate on loans is 16%. The regulation defines interest rate and lists exceptions/exclusions in calculating interest rate for certain loans including mortgages. **NOTE THAT DFS OPINED THAT STATE CHARTERED CREDIT UNIONS ARE ONLY SUBJECT TO THE 25% CRIMINAL USURY RATE**

3 NYCRR 9 – Requires the offering of basic banking accounts and sets forth the criteria of a basic banking accounts (i.e. minimum opening deposit = \$25; minimum balance requirement = \$.01; maximum periodic cycle charges = \$3.00)

3 NYCRR 10 – requires interest of mortgage escrow accounts. Rate set periodically and is currently 2%

3 NYCRR 15 – notice requirements for joint and convenience accounts

3 NYCRR 38 – sets forth mortgage loan advertising requirements as well as application and commitment disclosures and procedures

3 NYCRR 41 – defines high cost home loan and sets forth restrictions and limitations on the making of these loans

3 NYCRR 43 – defines subprime home loan

3 NYCRR 73 – authorizes credit unions to issue credit cards. Must be offered in accordance with banking Law 108(5) which sets forth credit card agreement terms and Personal Property Law Section 413 which governs retail credit instalment agreements

3 NYCRR 79 – authorizes the making of reverse mortgage loans and sets forth the rules governing the offering of such loans

3 NYCRR 80 – sets forth rules governing investments in junior lien mortgages

3 NYCRR 96 – addresses the making of loans. The total amount of unsecured loans to one member is limited to 15% of net worth provided that the credit union may make an unsecured loan to a member of at least \$5,000. States that the total amount of loans secured by other than shares that may be made to one member is limited to 25% of net worth or \$15,000 whichever is greater. The maximum dollar amount in loans made to one member is \$1 Million unless a higher amount is approved by the DFS

3 NYCRR 97 – Sets forth rules governing CUSOs in the areas of permitted activities, corporate structure, examinations and investment policies.