NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

TEMPORARY ORDER PURSUANT TO BANKING LAW § 6-m
AND FINANCIAL SERVICES LAW § 302(a)

WHEREAS, Banking Law ("BL") § 6-m(1)(c) defines the term "subprime home loan" ("SHL") for the purpose of regulating such loans under New York law; and

WHEREAS, BL § 6-m(1)(b) defines "fully indexed rate," as a calculation involving the annual percentage rate ("APR") of a loan; and

WHEREAS, the Federal Housing Administration ("FHA") recently revised its policies concerning Mortgage Insurance Premium ("MIP") so that after June 3, 2013, in certain cases, MIP is required to be paid over the life of the loan (the "Mortgagee Letter 2013-04"); and

WHEREAS, the Mortgagee Letter 2013-04 effectively increases the MIP used in calculating APR, and thus increases APR on subject loans; and

WHEREAS, this increased APR is causing many potential home loans to exceed the threshold rate set by BL § 6-m(1)(c) in defining SHLs and, consequently subjecting those loans to SHL regulations and restrictions; and

WHEREAS, the increasing number of home loans considered SHLs has, since June 3, 2013, severely limited the ability of New York homeowners to obtain mortgage financing; and

WHEREAS, this disruption in the New York mortgage market is harmful to the public interest and the state's economy;

WHEREAS, it is expected that this disruption will self-correct over time as applicable lagging mortgage rate indices align with actual market rates, but that limited intervention is warranted now to foster market stability;

NOW, THEREFORE, pursuant to BL§ 6-m(1)(c)(ii) and Financial Services Law § 302(a) it is hereby **ORDERED** that for sixty days (60) from the date of this order the MIP change effectuated by Mortgagee Letter 2013-04 should not be used to calculate APR and fully indexed rates; and

IT IS FURTHER ORDERED THAT this Order applies to all loans previously affected by the Mortgagee Letter 2103-04.

Dated: July 3, 2013   So Ordered: _____
New York, New York   Benjamin M. Lawsky
                                            Superintendent