

Press Coverage | June 3, 2026

Billions at Stake as Supreme Court Mulls Interest on Escrow

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[Joseph M. DeFazio](#)

[Joseph DeFazio](#), a partner in Troutman Pepper Locke's [Consumer Financial Services](#) Practice Group, was quoted in the June 3, 2026, *American Banker* article, "[Billions at Stake as Supreme Court Mulls Interest on Escrow.](#)"

"There are billions of dollars at stake in these decisions," said Joseph DeFazio, a partner at Troutman Pepper Locke. "From a practical standpoint, paying 2% interest on large escrow balances is a real expense across billions of escrow funds that translates into material dollars each year that the banks have to cover themselves."

...

At its core, the question facing the courts is whether forcing national banks to pay a fixed rate of interest meaningfully impairs their ability to manage and price mortgage products in general, DeFazio said.

"The money's got to come from somewhere," said DeFazio, referring to banks paying at least 2% interest. "If state escrow interest mandates are broadly allowed, you have to expect the structure of mortgage pricing to shift so that some of that cost is built into rates and fees. These costs are always passed on to consumers."

...

"You have to consider the situation of the wildfire victims whose homes burned down and insurance paid out hundreds of thousands for rebuilding, if not more, for some of those homes," DeFazio said. "Those funds are in an escrow or restricted account sitting for a long time. At 2%, you're talking \$6,000 a year in interest across many, many, many loans. That's material dollars."

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