



Monthly Bulletin

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August 2013

Department of Business Oversight Announces Settlement with Mortgage Companies for Interest Overcharges

In August 2013, the California Department of Business Oversight reached settlements with two mortgage companies for illegally overcharging borrowers for interest before the disbursement of their loans and for other violations of the law. The Department reached settlements with Gateway Funding Diversified Mortgage Services, LP (doing business as Arlington Capital Mortgage) and Guidance Residential, LLC.

"The Department of Business Oversight enforces financial laws meant to protect Californians from unfair financial practices like excessive charges," said Commissioner Jan Lynn Owen. "These settlements on behalf of unwary borrowers are an appropriate resolution of the unfortunate practices that occurred at Gateway and Guidance. They should also serve as a warning to other lenders to assure compliance with the law."

As part of the settlements, both Gateway and Guidance have agreed to review all of their loan files to determine which borrowers were overcharged. Under California law, a residential mortgage lender is only permitted to charge borrowers one day of interest prior to disbursing the loan proceeds. A regulatory examination of the companies found that Gateway charged at least 20 California borrowers more than one day of interest and that Guidance had overcharged at least 77 customers.

Under the terms of the settlement, borrowers who were overcharged will have their excess interest refunded to them with 10-percent interest.

Borrowers who obtained a mortgage through Gateway Funding Diversified Mortgage Services, LP, Arlington Capital Mortgage, or Guidance Residential, LLC, are strongly encouraged to check their closing statements to ensure they were charged no more than one day of interest prior to the disbursement date of their loan proceeds. Those borrowers who believe they have been overcharged should provide the Department of Business Oversight a copy of their final closing statement and current contact information. They should send those documents to the Department of Business Oversight, 1515 K Street, Suite 200, Sacramento, CA 95814, Attention: Enforcement Unit.

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Sacramento, CA 95814-4052
(916) 445-2705

One Sansome Street, Suite 600
San Francisco, CA 94104-4428
(415) 972-8565

320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

1350 Front Street, Room 2034
San Diego, CA 92101-3697
(619) 525-4233

1810 13th Street
Sacramento, CA 95811
(916) 322-5966

45 Fremont Street, Suite 1700
San Francisco, CA 94105
(415) 263-8500

300 S. Spring Street, Suite 15513
Los Angeles, CA 90013
(213) 897-2085

7575 Metropolitan Drive, Suite 108
San Diego, CA 92108
(619) 682-7227

Terms of the settlement agreements also require Gateway to pay \$56,000 and Guidance to pay \$77,000 in penalties to the Department and for both to agree to abide by the Department's order to stop violating the law.

[Click here to view the order against Gateway Funding posted on the Department website.](#)

[Click here to view the order against Guidance Residential LLC posted on the Department website.](#)

CFPB Remittance Transfer Rule Becomes Effective October 28, 2013

The Consumer Financial Protection Bureau (CFPB) Remittance Transfer Rule will become effective on October 28, 2013. For more information, [please click here](#).

If a Money Transmitter licensee chooses to amend its currently approved receipts to include language that may be required by Regulation E, the licensee must submit its proposed revised receipt to DBO for approval prior to its first use in California. DBO licensees can use a single receipt for money received for transmission so long as the receipt complies with all of the disclosure requirements set forth in:

1. The California Money Transmission Act (Chapter 6, Division 1.2 of the California Financial Code); and
2. Regulation E (12 C.F.R. § 1005.31), including but not limited to “grouping,” “proximity,” “prominence and size,” and “segregation” requirements set forth in 12 CFR § 1005.31(c); including the “date available” regarding when funds will be available in the foreign country; and a statement about the rights of the sender regarding the resolution of errors and cancellation. (12 CFR § 1005.31(b)(2)(ii),(iv)).

[Here is a link to 12 C.F.R. § 1005.31.](#)

For more information about the California receipt requirements, [please visit the Department FAQ page on Money Transmitters](#).

Commercial Bank Activity

Acquisition of Control

OCB Bancorp, requests DBO's approval to acquire control of Ojai Community Bank
Filed: 8/13/13

Merger

BBCN Bank, Los Angeles, California, requests DFI's approval to merge with The Foster Bank, Chicago, Illinois

Approved: 7/26/13

Effected: 8/13/13

Grandpoint Bank, Los Angeles, requests DBO's approval to merge with Regents Bank, N.A., La Jolla

Approved: 8/8/13

Wilshire State Bank, Los Angeles, requests DBO's approval to merge with BankAsiana, Palisades Park, New Jersey

Filed: 7/13/13

Purchase of Partial Business Unit

Cathay Bank, Los Angeles, California request DBO's approval to acquire the Las Vegas, Nevada branch office of Nevada National Bank, Las Vegas, Nevada

Effected: 6/17/13

Opus Bank, Irvine, requests DFI's approval to acquire four branch offices of California Bank & Trust, San Diego

Approved: 6/13/13

Effected: 8/16/13

Change of Name

Chinatrust Bank (U.S.A.) to change its name to CTBC Bank Corp. U.S.A.

Effected: 8/6/13

Credit Union Activity

Merger

Clearpath Federal Credit Union, Glendale, requests DBO's approval to merge with Lithuanian Credit Union, Los Angeles

Approved: 8/1/13

Effected: 8/1/13

Credit Union of Southern California, Brea, requests DBO's approval to merge with Firestone Financial Services Credit Union, Anaheim

Filed: 12/28/12

Approved: 8/1/13

Effected: 8/1/13

Variance

One credit union received approval from DFI for a request for variance to sections of the California Code of Regulations during July 2013.

Premium Finance Company Activity**New Premium Finance Company**

Alliance Premium Finance, Inc.
5315 Laurel Canyon Boulevard, Valley Village, Los Angeles County
Approved: 8/12/13
Opened: 8/15/13

Trust Company Activity**Acquisition of Control**

Crowell/SPFHC Trust and Andrew E. Crowell, Trustee, requests DBO's approval to acquire control of San Pasqual Fiduciary Trust Company
Filed: 7/24/13
Approved: 8/2/13

Foreign (Other Nation) Bank Activity**Change of Name**

Chinatrust Commercial Bank, Ltd., to change its name to CTBC Bank Co., Ltd.
Effected: 6/26/13

Money Transmitter Activity

New Money Transmitter Application for License

Skrill USA, Inc.
License Issued: 8/26/13

JAN LYNN OWEN
Commissioner of Business Oversight

Bulletin for Month ended August 2013, issued pursuant to Financial Code section 376



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