

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians***JAN LYNN OWEN****Commissioner of Business Oversight****For Immediate Release**

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**DBO: PrimeLending to Pay \$1.6 Million-Plus
to Settle Mortgage Interest Overcharge Case
*Deal Includes Refunds for Hundreds of Borrowers, Penalties***

SACRAMENTO – The Department of Business Oversight (DBO) today announced a [settlement](#) with PrimeLending that requires the mortgage lender to pay more than \$1.6 million to resolve allegations it overcharged hundreds of California borrowers for interest.

“These interest overcharges are one of the most common violations we find in our regulatory examinations of mortgage lenders,” said DBO Commissioner Jan Lynn Owen. “We will continue to aggressively fight this unlawful nickel-and-diming of California consumers. I’m pleased this settlement provides restitution to so many wronged borrowers.”

The settlement includes \$319,524 of refunds already provided by PrimeLending to hundreds of customers based on the firm’s own audit of 20,474 loan files – an audit ordered by the DBO. PrimeLending will pay restitution to additional borrowers based on the results of a new, independent audit required by the settlement.

PrimeLending, a non-bank mortgage lender and servicer, also will pay \$1.3 million in penalties. PrimeLending will pay additional penalties for interest overcharges found by the independent audit.

The enforcement action grew out of two regulatory examinations conducted by the DBO. PrimeLending is licensed and regulated by the DBO under the California Residential Mortgage Lending Act. In 2015, PrimeLending originated 5,498 mortgages in California with a combined principal of \$1.96 billion.

Under California law, lenders cannot start charging interest on mortgage loans prior to the business day that immediately precedes the day the loan proceeds are disbursed. PrimeLending violated that statutory restriction on so-called per diem interest.

After the DBO twice informed PrimeLending about the violations, the firm failed to respond in a timely or satisfactory manner, according to the consent order that contains the settlement terms. PrimeLending started to cooperate fully in 2015, the consent order said, when the DBO informed the company it planned to file an enforcement action to suspend the firm’s license to conduct business in the state.

(MORE)

The DBO licenses and regulates more than 360,000 individuals and entities that provide financial services in California. DBO's regulatory jurisdiction extends over state-chartered banks and credit unions, money transmitters, securities broker-dealers, investment advisers, non-bank installment lenders, payday lenders, mortgage lenders and servicers, escrow companies, franchisors and more.

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