

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

May 21, 2014

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**California Sanctions Utah-Based Mortgage Lender with
\$130,000 in Borrower Refunds and Penalties**

SACRAMENTO (May 21, 2014) – The California Department of Business Oversight resolved an action brought against Utah-based City First Mortgage Services, LLC, also doing business as City 1st Mortgage and City 1st Mortgage Services, for charging customers excessive interest before the disbursement of their loans. City 1st agreed to refund at least 226 California borrowers a minimum of \$22,680.83 and consented to an ongoing independent audit to identify any additional refunds owed to borrowers for the period of August 2010 through April 2015.

“As our state’s housing market recovery gains momentum, homeowners can rest assured that I hold mortgage lenders fully accountable,” said Commissioner Jan Lynn Owen. “Restitution will be coming to overcharged homeowners.”

Under California law a residential mortgage lender is only permitted to charge customers one day of interest prior to the disbursement of their loans proceeds. A regulatory examination by the Department disclosed a high number of interest violations. City 1st was directed to complete an extensive audit, which revealed systemic problems in its interest calculation policies and procedures.

To resolve the Department’s enforcement action, City 1st agreed to engage an independent auditor to ensure the complete and timely payment of refunds with 10 percent interest to hundreds of overcharged California customers, pay penalties to the Department totaling \$110,000, revise its policies and procedures, and abide by the Department’s order to discontinue violations of California law.

Customers of City 1st are strongly encouraged to check their closing statements to ensure that they were charged no more than one day of interest prior to the disbursement date of their loan proceeds. Those who believe that they have been overcharged should provide the Department of Business Oversight a copy of their final closing statement and current contact information. These documents should be mailed to the Department of Business Oversight, 1515 K Street, Suite 200, Sacramento, CA 95814, Attention: Enforcement Division.

The order against City 1st Mortgage may be viewed at the Department website at:

<http://www.dbo.ca.gov/enf/list/c/cityfirst.asp>.

On July 1, 2013, the Department of Corporations and the Department of Financial Institutions merged to become the Department of Business Oversight. California consumers should contact the Department of Business Oversight to check on the licensing and standing of the companies, investments or other financial services they are considering at www.dbo.ca.gov or call the Department's Consumer Services Office toll-free at 1-866-275-2677.

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