

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**

August 12, 2013

Contact:

Mark Leyes (916) 322-7180

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

SACRAMENTO (August 12, 2013) – The California Department of Business Oversight has reached a settlement with Gateway Funding Diversified Mortgage Services, LP, doing business as Arlington Capital Mortgage, for illegally overcharging borrowers for interest before the disbursement of their loans and for other violations of the law.

"The Department of Business Oversight enforces financial laws meant to protect Californians from unfair financial practices like excessive charges," said Commissioner Jan Lynn Owen. "This settlement on behalf of unwary borrowers is an appropriate resolution of the unfortunate practices that occurred at Gateway."

As part of the settlement, Gateway has agreed to review all of its loan files to determine which borrowers it 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 company found Gateway charged at least 20 California borrowers more than one day of interest. 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 or Arlington Capital Mortgage 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.

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

The order against Gateway Funding may be viewed at the Department website at <http://www.dbo.ca.gov/Actions/CRMLA/4130675.pdf>.

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 at the Department's toll-free Consumer Services Office at 1-866-275-2677.

###