

**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**

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**Department of Business Oversight Finds  
Interest Overcharges, Orders Refunds and Penalties**

SACRAMENTO (August 28, 2013) – The California Department of Business Oversight has reached a settlement with Guidance Residential, LLC, after discovering that they overcharged customers interest before the disbursement of their loan.

Terms of the settlement agreement require Guidance Residential, LLC, to pay \$77,000 in penalties to the Department and agree to abide by the Department's order to stop violating the law.

“The Department of Business Oversight enforces laws meant to protect Californians from unfair business practices like charging excessive interest,” said Commissioner Jan Lynn Owen. “This settlement is an appropriate way to cure past violations and protect Californians from future violations. It should also serve as a warning to other lenders to assure compliance with the law.”

A residential mortgage lender under California law is only permitted to charge customers one day of interest prior to the disbursement of their loans proceeds. The Department discovered through a regulatory examination that Guidance Residential had overcharged at least 77 customers for more days of interest than permitted under California law. Enforcement actions quickly ensued, and Guidance Residential cooperated with the Department by reviewing all their loan files for interest overcharges, making refunds to overcharged customers plus 10 percent interest, and revamping their compliance procedures to prevent further violations.

Customers of Guidance Residential, LLC, 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 to the Department of Business Oversight, 1515 K Street, Suite 200, Sacramento, CA 95814, Attention: Enforcement Unit.

The order against Guidance Residential, LLC may be viewed at the Department website at [http://www.dbo.ca.gov/ENF/pdf/2013/Guidance\\_Residential%20LLC-settle.pdf](http://www.dbo.ca.gov/ENF/pdf/2013/Guidance_Residential%20LLC-settle.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](http://www.dbo.ca.gov) or at the Department's toll-free Consumer Services Office at 1-866-275-2677.*

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