

DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

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The Department of Financial Protection and Innovation (DFPI) serves as California’s primary regulator of financial service providers and products. DFPI was previously known as the Department of Business Oversight (DBO) until September 25, 2020, when Governor Newsom signed [AB 1864 \(Limón\) \(Chapter 157, Statutes of 2020\)](#), which renamed the Department of Business Oversight to the Department of Financial Protection and Innovation. The bill allowed DFPI to retain all the powers, duties, responsibilities, and functions of DBO. [[26:1 CRLR 213–215](#)]

As part of Governor Brown’s 2012 “Governor’s Reorganization Plan (GRP),” DBO (now DFPI) was formed through the merging of the Department of Corporations (DOC) and the Department of Financial Institutions (DFI). DFPI operates within the Business, Consumer Services and Housing Agency. DFPI’s executive officer, the “Commissioner of Financial Protection and Innovation,” oversees the Department. Both DOC and DFI continue to operate as individual divisions within DFPI and are led by a Senior Deputy Commissioner of Corporations and Financial Institutions.

DFPI, as a whole, seeks to provide services to businesses and protection to consumers involved in financial transactions. The rules promulgated by DFPI are outlined in Division 3, Title 10 of the California Code of Regulations (CCR). Its statutory jurisdiction includes the Corporate Securities Law of 1968 (Corporations Code section 25000, et seq.), which requires the

“qualification” of all securities offered and/or sold in California. “Securities” are defined quite broadly and may include business opportunities in addition to more traditional stocks and bonds. Many securities may be qualified through compliance with the federal securities acts of 1933, 1934, and 1940. If the securities are not under federal qualification, the Commissioner may issue a permit for their sale in California.

The Commissioner also enforces a group of more specific statutes involving other business transactions: the California Financing Law (Financial Code section 22000 et seq.); the California Residential Mortgage Lending Act (Financial Code section 50000 et seq.); the Franchise Investment Law (Corporations Code section 31000 et seq.); the Security Owners Protection Law (Corporations Code section 27000 et seq.); the California Commodity Law of 1990 (Corporations Code section 29500 et seq.); the Escrow Law (Financial Code section 17000 et seq.); the Check Sellers, Bill Payers and Proraters Law (Financial Code section 12000 et seq.); the Securities Depository Law (Financial Code section 30000 et seq.); the Capital Access Company Law (Corporations Code section 28000 et seq.); the California Consumer Financial Protection Law (Financial Code section 90000 et seq.) and Student Loan Servicing Act (Financial Code section 28100 et seq.).

DFPI serves as the state’s primary regulator of financial services, products, and professionals and protects consumers and services in businesses engaged in financial service transactions. At the end of 2019, DBO maintained oversight of 23 financial service industries and licensed and supervised more than 360,000 individuals and businesses, including the licensure of 426 mortgage lenders, the registration of 2,674 broker-dealer firms, and the registration of 3,729 investment adviser firms.

DFPI consists of the following divisions: (1) The Administrative Division, which provides DFPI with administrative support services; (2) The Consumer Services Division, which develops public affairs strategies; (3) The Division of Corporations; (4) The Division of Financial Institutions; (5) The Enforcement Division, which enforces the laws administered by DFPI; (6) The Information Technology Office, which is responsible for technology support services; (7) The Legal Division, which includes all in-house legal counsel; (8) The Legislation Division, which monitors and tracks all bills related to DFPI and provides guidance on legislative issues; and (9) The Policy Division, which formulates institutional policy for DFPI.

The Division of Corporations is subdivided into the following programs: (1) The Broker-Dealer/Investment Adviser Program, which licenses and regulates broker-dealers in the state; (2) The Financial Services Program, which is responsible for licensure of payday and finance lenders; and (3) The Mortgage Lending Program, which is responsible for the licensure of residential mortgage lenders.

Specifically, the Division of Financial Institutions is subdivided into the following programs: (1) The Banking Program, which licenses and regulates trust companies and commercial banks; (2) The Credit Union Program, which licenses and regulates state-chartered credit unions; and (3) The Money Transmitter Program, which licenses and regulates money transmitters and issuers of money instruments such as money orders, travelers' checks, and value cards.

The Division of Financial Institutions' regulatory purview extends over domestic and foreign banks, industrial banks, credit unions, money transmitters (Western Union, PayPal, and others), premium finance companies, and trust companies and departments. The Division of Corporations' purview extends over broker-dealers and investment advisers, California Deferred Deposit Originators "payday lenders," California residential mortgage lenders, originators and

servicers, finance lenders, Property Assessed Clean Energy (PACE) program administrators, responsible small-dollar loans (pilot programs), and student loan servicers. DFPI has two primary regulatory responsibilities: protect consumers and protect the health of financial service markets.

On December 30, 2020, Governor Newsom [reappointed](#) Edgar L. Gill as Senior Deputy Commissioner of the Division of Corporations and Financial Institutions at DFPI. Mr. Gill has served in this role since 2015.

On February 2, 2021, Governor Newsom [appointed](#) Suzanne Martindale as the Department's new Senior Deputy Commissioner of Consumer Financial Protection. Ms. Martindale previously served as Senior Policy Counsel and Western States Legislative Manager at Consumer Reports and lectured in student loan law at the University of California, Berkeley School of Law.

HIGHLIGHTS

Department Launches Investigation into and Takes Actions Against Student Loan Debt Relief Companies

On February 3, 2021, DFPI issued a [press release](#) announcing that it had opened an investigation into whether student loan debt-relief companies operating in California are engaging in illegal conduct under the new California Consumer Financial Protection Law (CCFPL), Financial Code section 90000 et seq., and Student Loan Servicing Act (SLSA), Financial Code section 28100 et seq.

Student-loan debt-relief companies advertise services to help federal and private student loan borrowers reduce their monthly payment amounts by applying for forbearance, income-driven repayment plans, or forgiveness on their behalf.

According to the press release, DFPI issued subpoenas to four student loan-debt relief companies, seeking emails and documents relating to their services. The investigation will determine whether these companies engaged in unlawful, unfair, deceptive, or abusive acts or practices as defined under the CCFPL. Furthermore, the investigation will determine whether the companies acted as intermediaries between student-loan borrowers and their lenders or servicers, an action that would require licensure under the SLSA.

On February 3, 2021, DFPI also issued an [Order to Desist and Refrain and Assessment of Administrative Penalty](#) against Optima Advocates, Inc., a student-loan debt relief company that, according to DFPI, took money from struggling student-loan borrowers while falsely claiming the company could get the student-loan debt dismissed. Under the formal action, DFPI found that Optima Advocates guaranteed to consumers that it could get their student loans “dismissed” or “discharged” in exchange for fees ranging from \$2,100 to \$26,510. Because Optima Advocates could not achieve the promised results, DFPI found that it engaged in deceptive practices, a violation of the CCFPL, which prohibits unlawful, unfair, deceptive, or abusive conduct by financial service providers. Under the Order, Optima Advocates is required to pay DFPI a penalty of \$45,000 no later than April 12, 2021. According to DFPI Commissioner Manuel P. Alvarez, the action will “hold[] Optima Advocates accountable for their deceptive practices and will bring relief to those having a hard time repaying their student loans.”

DFPI Initiates Rulemaking Proceeding on Public Banking (PRO 01/20)

On November 20, 2020, DFPI published [notice](#) of its intent to amend sections 10.112, 10.141, 10.151, 10.3000, 10.3100, and 10.3402; amend the title of Subarticle 2, Article 4; and adopt sections 10.131.7, 10.135.1, 10.140.1, 10.140.6, 10.141.1, 10.166.1, and 10.3301.1, Title 10

of the CCR to authorize the establishment of public banks subject to specified conditions, which are set forth in the [proposed language](#). According to the [initial statement of reasons](#), the proposed regulations are DFPI's efforts to implement [AB 857 \(Chiu\) \(Chapter 442, Statutes of 2019\)](#), which establishes a process for a local agency to apply for a public bank charter from DFPI. AB 857 authorizes the Commissioner of Financial Protection and Innovation to promulgate regulations for the purpose of carrying out the Commissioner's duties under the new law.

Under the proposed regulations, a local agency would need to meet the same general requirements and approval criteria as existing law requires of a private sector applicant for a banking license, including obtaining deposit insurance provided by the Federal Deposit Insurance Corporation. Public banks would also be required to obtain a certificate of authorization to transact business as a bank.

The Commissioner intends to issue regulations in phases. This first phase of regulations focuses on general definitions and application requirements. This is intended to allow the Commissioner to provide guidance on those areas which are "most immediately relevant to stakeholders and enable implementation of the Act as timely as possible."

According to the notice, the purpose of this rulemaking is to provide necessary detail and specificity to implement the Act efficiently; to achieve the stated legislative intent to authorize the lending of public credit by public banks; and authorize public ownership of public banks for the purpose of achieving cost savings, strengthening local economies, supporting community economic development, and addressing infrastructure and housing needs for localities. The regulations are intended to "provide clarity, certainty, and transparency for public bank applicants and the communities they serve."

The public comment period for the proposed regulations ended on January 21, 2021. In response to the comments received to the originally proposed rules, on March 5, 2021, DFPI issued a [notice](#) of [modifications](#) to the proposed regulations for a 15 day comment period. The modifications expand the factors upon which the Commissioner will determine whether a financial product or service is offered by a local financial institution within the jurisdiction of the public bank and clarifies that a local financial institution shall not be considered to have a physical presence within the jurisdiction of a public bank unless the financial institution has at least one branch office within such jurisdiction.

The comment period on the modifications to the proposed text ended on March 26, 2021. At this writing, the Department has not taken further action on the proposed regulations.

DFPI Seeks Public Comments on California Consumer Financial Protection Law Rulemaking (PRO 01-21)

On February 4, 2021, the Commissioner published an [Invitation for Comments on Proposed Rulemaking](#) as the Department works to implement the CCFPL. Enacted through [AB 1864 \(Limón\) \(Chapter 157, Statutes of 2020\)](#), the CCFPL makes it unlawful for “covered persons” or “service providers” to (1) engage, have engaged, or propose to engage in any unlawful, unfair, deceptive, or abusive act or practice with respect to consumer financial products or services; (2) offer or provide to a consumer any financial product or service, not in conformity with any consumer financial law or otherwise commit any act or omission in violation of a consumer financial law; and (3) fail or refuse to permit the department access to or copying of records, establish or maintain records, or make reports or provide information to the department. The CCFPL also authorizes DFPI to establish rules relating to covered persons, service providers, and consumer financial products or services.

The Commissioner listed the following topics and questions as potential issues for stakeholders to comment on but also stated that stakeholders were not limited to providing comments on only these areas:

1. Definitions, specifically whether more definitions are needed or whether existing definitions are unclear;
2. Exemptions, specifically whether DFPI should issue regulations to clarify the scope of exemptions under CCFPL;
3. Registration requirements, specifically which industries should be a priority for registration and what rules DFPI should establish to facilitate oversight of these industries;
4. Complaint handling, specifically procedures to ensure that businesses provide a timely and thorough response to complaints and inquiries;
5. Unlawful, unfair, deceptive, and abusive acts and practices relating to consumer financial products or services;
6. Unlawful, unfair, deceptive, and abusive acts and practices in the commercial financing market or in the offering and the provision of financial products or services to small business recipients, nonprofits, and family farms;
7. Data collection and reporting for commercial financing;
8. Disclosures, specifically whether DFPI should prescribe rules to ensure that the features of a consumer financial product are fully and accurately disclosed to consumers to allow them to understand the costs, benefits, and risks associated with the product or service; and
9. Clarifying the applicability of California credit cost provisions.

The comment period ended on March 8, 2021. The Commissioner received [comments](#) from over 20 organizations, including the [American Fair Credit Council](#), the [California Creditors Bar Association](#), [California Financial Service Providers](#), the [California Low-Income Consumer Coalition](#), the [Consumer Federation of California](#), and the [National Consumer Law Center](#). The comments addressed a variety of the issues suggested by the Commissioner, in addition to new ones. The topics primarily addressed by stakeholders were: registration requirements, complaint handling, definitions, exemptions, and disclosures.

At this writing, no further action has been taken by DFPI or the Commissioner.

DFPI Signs Memoranda of Understanding with Five Earned Wage Access Companies

On January 27, 2021, DFPI [announced](#) that it had signed memoranda of understanding (MOUs) with five earned wage companies—[Even Responsible Finance, Inc.](#), [Activehours, Inc.](#), [Bridge IT, Inc.](#), [Payactiv, Inc.](#), and [Branch Messenger Inc.](#), in what the Department believes to be the first agreements of their kind between the fintechs (which give consumers advances on earnings before paydays) and a state regulator. The MOUs allow the earned wage companies to continue operating in California in advance of possible registration under the California Consumer Financial Protection Law. Among other things, the companies agreed to deliver quarterly reports on several metrics intended to provide DFPI with a better understanding of the products and services being offered and the risk and benefits to California consumers. Reporting is set to begin in April 2021.

MAJOR PUBLICATIONS

The following reports and publications were published by DFPI during this reporting period:

- [*Annual Report to the California State Legislature and Department of Finance: Broker-Dealer/Investment Adviser Program*](#), Department of Financial Protection and Innovation, January 10, 2021 (Pursuant to the Budget Act of 2014, 2021 Annual Report on the Broker-Dealer/Investment Adviser Program; includes information on the number and positions authorized (89) and filled (82), the number (741) and share (22.63%) of licensees examined, outcomes of examinations (19 violations found), and estimated staffing levels needed to meet statutorily-required examination cycles (estimated 5 additional examiners will be needed)).
- [*Commissioner's Report on the Offer or Sale of Securities by Permit*](#), Department of Financial Protection and Innovation, December 2020 (Pursuant to Corporations Code section 25113, 2019 yearly summary of securities qualified by permit; lists the general categories of investments for which permits were approved—agriculture, banking, church debt, church extension funds, cooperatives, country clubs, educational services, financing, food and drink, hard money lenders, manufacturing, mobile home parks, mutual water companies, pharmaceuticals, real estate investment trusts, retail, and sports and recreation; provides information on the experience and net worth requirements imposed on issuers or sponsors; provides the total amount of money sought to be raised per category; and explains that in 2019, DFPI had 19 enforcement actions against permit holders in violation of Corporations Code section 25401).

RULEMAKING

The following is a status update on recent rulemaking proceedings that the DFPI has initiated:

- ***PRO 01/20 – Public Bank Regulations:*** On November 20, 2020, DFPI [noticed](#) its intent to amend sections 10.112, 10.141, 10.151, 10.3000, 10.3100, and 10.3402 of; amend the title of Subarticle 2, Article 4 of; and adopt sections 10.131.7, 10.135.1, 10.140.1, 10.140.6, 10.141.1, 10.166.1, and 10.3301.1 of Title 10 of the CCR to implement [AB 857 \(Chiu\) \(Chapter 442, Statutes of 2019\)](#), which authorized the establishment of public banks. In response to the comments received to the originally proposed rules, on March 5, 2021, DFPI issued [notice of modifications](#) to the proposed regulations. The comment period on the modifications to the proposed text ended on March 26, 2021 (see HIGHLIGHTS). At this writing, the Department has not taken further action on the proposed regulations.

- ***PRO 01/21 – CCFPL:*** On February 4, 2021, DFPI published an [Invitation for Comments on Proposed Rulemaking](#) under CCFPL. According to the Invitation for Comments, the Commissioner sought input from stakeholders in developing regulations to implement the CCFPL. The comment period ended on March 8, 2021 (see HIGHLIGHTS). At this writing, no further action has been taken.

- ***PRO 01/18 – Commercial Financing Disclosures (SB 1235):*** On April 7, 2021, DFPI issued a [notice](#) of modification to proposed regulations and [revised regulation text](#) of its proposed regulations under Division 9.5 of the Financial Code to add a series of new sections to Title 10, Chapter 3 of the CCR to implement [SB 1235 \(Glazer\) \(Chapter 1011, Statutes of 2018\)](#), which established a number of disclosures commercial financiers (“providers”) are required to

present to recipients at the time of an offer of commercial financing. The Department originally published [notice](#) of rulemaking action on September 11, 2020, and held a [public hearing](#) on November 9, 2020. [[26:1 CRLR 221–222](#)] The modifications make several non-substantive changes and clarifications to the original proposed regulations. Comments on the modifications to the proposed regulation text are due on April 26, 2021.

- ***PRO 02/17 – NMLS Transition for California Financing Law Applicants and Licensees, and Requirements for PACE Program Administrators:*** On November 18, 2020, DFPI issued a [notice](#) of third [modifications](#) to proposed regulations to adopt and amend various regulations under the California Financing Law to implement [AB 1284 \(Dababneh\) \(Chapter 475, Statutes of 2017\)](#), which requires a program administrator that administers the PACE program on behalf of a public agency to be licensed by the Commissioner under the California Financing Law. The regulatory changes also propose transitioning all licensees under the California Financing Law onto the Nationwide Multistate Licensing System and Registry (NMLS), the national licensing database for providers of financial services and products. The comment period for the third modifications ended on December 3, 2020. On December 29, 2020, DFPI issued a [notice](#) of fourth [modifications](#) to the proposed regulations. The comment period for the fourth modifications ended on January 13, 2021. The Department originally published [notice](#) of rulemaking action on October 25, 2019. [[25:2 CRLR 192](#)] This was followed by a [notice of modifications](#) to the proposed text on May 27, 2020 and a [notice of second modifications](#) on September 2, 2020. [[26:1 CRLR 221](#)] At this writing, no further action has been taken.

- ***PRO 09/17 – Credit Union Law:*** On February 24, 2021, DFPI issued [notice](#) of [modifications](#) to its proposed regulations to repeal section 30.101.5 and amend sections 30.200, 30.300, and 30.803, Title 10 of the CCR pertaining to its implementation of the Credit Union Law.

The modifications include clarifications on definitions as well as other non-substantive changes. DFPI originally published [notice](#) of its intent to amend the regulations on June 26, 2020, to reflect changes to the Financial Code and federal regulations, streamline the process for out-of-state credit unions that apply to operate in California and allow credit unions a greater choice of permissible investments. According to the [Initial Statement of Reasons](#), the regulations would allow credit unions to better understand where to find amendments to state and federal law; update the regulations to reflect how information can be sent to the Department and how the Department can obtain required information; and allow credit unions greater flexibility in their choice of investments while still ensuring that they are making safe and sound decisions. The original public comment period ended on August 10, 2020, and the comment period for the modifications ended on March 11, 2021. The Department received [comments](#) from four individuals and entities. At this writing, no further action has been taken.

- ***PRO 02/20 – Debt Collection Regulation: License Application and Requirements:*** On April 8, 2021, DFPI published [notice](#) of its intent to adopt new regulations under the Debt Collection Licensing Act, commencing with section 1850, Title 10 of the CCR. The proposed rulemaking would adopt the license application forms, requirements to obtain a license as a debt collector, and other requirements related to licensure. According to the [Initial Statement of Reasons](#), the regulations would provide guidance for the recently-enacted Debt Collection Licensing Act. The comment period ends on June 8, 2021.

- ***PRO 13/13 – Escrow Regulation: Recordkeeping Updates & Annual Audit Report:*** On January 1, 2021, DFPI published [notice](#) of its intent to add sections 1711.1 and 1741.7 to, and amend sections 1732.2, 1737.3, and 1741.5 of, Title 10 of the CCR relating to escrow law to clarify the meaning of “personal property” and “prohibited compensation”; clarify how to

maintain books and preserve records; and clarify that the annual report must consist of audited financial statements and the results of an agreed-upon procedures engagement, an agreement between an escrow company and a certified public accountant on audit procedures. According to the [Initial Statement of Reasons](#), the regulations would achieve the benefit of ensuring that the engagements between licensees and CPAs do not place CPAs in a position of having to violate their professional standards. The comment period ended on February 19, 2021. The Department received [comments](#) from seven organizations. After the comment period ended, DFPI published [notice](#) of public hearing scheduled for March 1, 2021. The Department held its public [hearing](#) on March 1, 2021. At this writing, no further action has been taken.

- ***PRO 07/17 – Money Transmission Act – Agent of Payee Exemption:*** On April 15, 2021, DFPI published [notice](#) of second [modifications](#) to its proposed regulations to adopt sections 80.126.10, 80.126.20, 80.126.30, 80.128, 80.128.10, and 80.130 of Title 10 of the CCR to implement the California Money Transmission Act. The modifications would make non-substantive changes and add definitions to the original proposed regulations. The Department originally published [notice](#) of rulemaking action on February 19, 2020. [[25:2 CRLR 189–190](#)] The comment period for the second modification ends on May 3, 2021.

LEGISLATION

- **[AB 283 \(Chen\)](#)**, as introduced on January 21, 2021, would amend section 25100 of the Corporations Code to exempt equity-related securities or credits issued by a cooperative corporation (or co-op) as patronage distributions from securities qualifications requirements. Specifically, the bill would exempt from qualification requirements under the Corporate Securities Law of 1968 shares, memberships, or credits to a member’s capital as all, or part of, any patronage

distributions. According to the author, this bill would alleviate some of the burden placed on cooperative corporations that currently have to report disbursements made to co-op members. [*A. B&F*]

- [AB 511 \(Muratsuchi\)](#), as introduced February 9, 2021, would amend sections 25102, 25501, and 25503 of the Corporations Code to establish a new exemption from the qualification provisions for an offer or sale of any security for which the issuer is a California or foreign corporation that is not a “blind pool” company, as defined by the Commissioner; is not issuing fractional undivided interests in oil or gas rights or other similar mineral rights; is not an investment company subject to the federal Investment Company Act of 1940; and is not subject to certain reporting requirements of the Securities Exchange Act of 1934. The bill would require, among other criteria, that the offer or sale be conducted in accordance with certain requirements of federal law, except as provided. [*A. B&F*]

- [AB 948 \(Holden\)](#), as amended on April 14, 2021, and as it applies to DFPI, would add section 22348 to the Financial Code to require each licensed finance lender to deliver to the borrower a notice stating that every buyer of real property is entitled to an unbiased appraisal of the property and that an appraisal is required to be objective and not influenced by improper or illegal considerations. The bill would require the notice to include information regarding reporting biased appraisals to the financial institution or mortgage broker that hired the appraiser or the Bureau of Real Estate Appraisers. [*A. B&P*]

- [AB 1136 \(Luz Rivas\)](#), as introduced on February 18, 2021, would amend section 22690 of the Financial Code to authorize the Commissioner to, after appropriate notice and opportunity for a hearing, order a PACE solicitor, PACE solicitor agent, or both to pay ancillary relief, including damages and restitution, to a person injured by the conduct or practice of that

solicitor or solicitor agent. According to its author, the bill would act as “an accountability measure that closes a loophole in PACE law by authorizing DFPI to order PACE solicitors and PACE solicitor agents to pay ancillary relief to victims they have harmed by misleading homeowners about the program and signing them up for loans they did not agree to.” *[A. B&F]*

- [AB 1172 \(O'Donnell\)](#), as amended on April 8, 2021, would amend section 17210 of, and add section 17406.0.1 to the Financial Code to require the Commissioner to exempt an escrow agent licensee from the provisions of Topic 842 of the Financial Accounting Standards Update, relating to lease accounting requirements, if the licensee submits to the Commissioner audited financial statements covering the current and immediately preceding calendar or fiscal years. This bill would provide that a licensee is exempt only until an independent accountant, third-party contractor, or the Commissioner conducts an audit of the licensee and deems the licensee's financial records are not materially designated as qualified. According to the author, this bill would achieve greater compliance and transparency throughout the independent escrow industry while also furnishing essential relief to any licensee potentially adversely affected by the new lease accounting standard. *[A. B&F]*

- [SB 476 \(Min\)](#), as amended on March 10, 2021, would amend section 22684 of, and add section 22690.6 to, the Financial Code to prohibit a program administrator from executing an assessment contract, commencing work under a home improvement contract that is financed by that assessment contract, or executing the home improvement contract unless the property that will be subject to the assessment contract has undergone an energy audit by an energy auditor that includes certain information in a written report provided to the property owner as a printed paper copy. The bill would also prohibit a program administrator from disbursing funds to a PACE solicitor or PACE solicitor agent pursuant to an assessment contract unless certain criteria are met,

including that, for assessment contracts financing improvements that require permitting or inspections under state or local law, the program administrator has obtained copies of all required permits and final inspection documentation. According to the author, this bill would impose much-needed safeguards to PACE financing. *[S. B&FI]*

LITIGATION

- *Bureau of Consumer Financial Protection v. Nationstar Mortgage LLC, Case No. 1:20-cv-3550 (D.D.C. Dec. 8, 2020).* On December 7, 2020, DFPI joined in an \$88 million multi-state [settlement](#) with Nationstar Mortgage LLC to resolve allegations that Nationstar violated state and federal law on foreclosures, loan modifications, and servicing. Consumer remediation and penalties were imposed on Nationstar for multiple residential mortgage origination and servicing-related violations, including impermissible mortgage origination fees and charges; missed tax payments from borrower escrow accounts; failure to terminate private mortgage insurance when conditions were met; mishandling of loan modification and servicing transfers; and wrongful foreclosures. Under the settlement, over 54,000 California borrowers have received or will be eligible for nearly \$19 million in restitution. Commissioner Alvarez [stated](#) that the Department joined regulators across the country “in sending a strong message that [DFPI] will not tolerate excessive fees or other harmful practices in the mortgage industry.”