

**2006**

**ANNUAL REPORT**

*Operation of*

*Finance Companies Licensed*

*under the*

*California Finance Lenders Law*



*State of California*

*Business, Transportation and Housing Agency*

*Department of Corporations*

**STATE OF CALIFORNIA**  
**ARNOLD SCHWARZENEGGER, Governor**

**BUSINESS, TRANSPORTATION AND HOUSING AGENCY**

**DEPARTMENT OF CORPORATIONS**

**Preston DuFauchard**  
**California Corporations Commissioner**

**FINANCIAL SERVICES DIVISION**

**LOUISA BROUDY, Deputy Commissioner**  
**PATRICIA R. SPEIGHT, Special Administrator**

**California Finance Lenders Law**

**1515 K Street, Suite 200**  
**Sacramento, CA 95814**

**320 West 4th Street, Suite 750**  
**Los Angeles, CA 90013**

**71 Stevenson Street, Suite 2100**  
**San Francisco, CA 94105**

**1350 Front Street, Room 2034**  
**San Diego, CA 92101**

*Los Angeles, California  
July 2, 2007*

*This Report is a composite of annual reports of California's lender and broker licensees for the calendar year ended December 31, 2006 submitted in compliance with Section 22159 of the California Finance Lenders Law.*

*This Report is based on unaudited data presented by licensees and submitted in a format prescribed by the Department of Corporations. While the format of the financial information presented in the Report follows that of conventional financial statements, the reader should be aware that the data contained herein is primarily statistical in nature.*

*Statistical data compilations required of licensees have been modified to provide more meaningful statistics. Comparison of such data with prior years will be left to the reader.*

<b>AS OF</b>	<b>NUMBER OF LICENSEES</b>
DECEMBER 31, 1997	4,404
DECEMBER 31, 1998	4,180
DECEMBER 31, 1999	3,829
DECEMBER 31, 2000	3,789
DECEMBER 31, 2001	3,732
DECEMBER 31, 2002	4,110
DECEMBER 31, 2003	4,608
DECEMBER 31, 2004	5,342
DECEMBER 31, 2005	6,725
DECEMBER 31, 2006	7,577

**STATISTICAL INFORMATION**  
**Average Size of Loans**

CALIFORNIA FINANCE LENDERS					
Calendar Year	Number of Loans Made	Principal Amount of Loans Made	Average Size of Loans Made		
			Consumer Loans	Commercial Loans	All Loans
1997	3,078,334	\$ 79,336,869,590	\$ 11,312	\$ 47,287	\$ 25,773
1998	2,912,288	96,772,880,848	21,510	45,945	33,229
1999	3,032,409	106,276,270,474	21,881	56,110	35,047
2000	3,006,443	87,886,670,201	15,456	48,173	29,233
2001	3,530,073	137,947,617,838	20,699	64,389	39,078
2002	3,522,892	179,873,083,672	27,363	78,928	51,058
2003	5,140,316	278,153,215,784	28,264	96,559	54,112
2004	4,167,772	246,616,649,910	50,861	68,536	59,172
2005	3,653,036	285,178,701,531	88,605	70,803	78,066
2006	3,940,311	315,492,843,743	106,657	63,574	80,068

**INDEX TO EXHIBITS**  
**CALIFORNIA FINANCE LENDERS**

<u>Exhibit</u>	<u>Page</u>
<i>A Balance Sheet .....</i>	<i>5</i>
<i>B Analysis of Loans and Receivables Outstanding .....</i>	<i>6</i>
<i>C Statement of Income and Expenses .....</i>	<i>7</i>
<i>D Analysis of Income Received .....</i>	<i>8</i>
<i>E Loans Made or Refinanced by Size .....</i>	<i>9</i>
<i>F Loans Made or Refinanced by Type of Security .....</i>	<i>10</i>
<i>G Loans Made or Refinanced by Rates Charged .....</i>	<i>12</i>

EXHIBIT A  
CALIFORNIA FINANCE LENDERS  
**BALANCE SHEET**  
AS OF DECEMBER 31, 2006  
(in thousands)

<u>ASSETS</u>		% of Total Assets
Cash	\$ 225,269,649	6.13
Investments	887,971,614	24.16
California Finance Lender Loan Receivables	140,735,639	3.83
Other Receivables	1,321,835,610	35.97
Reserves and Withholds by Banks and Finance Companies	3,916,740	0.11
Real and Personal Property (Net)	109,075,667	2.97
Prepaid Expenses and Deferred Charges	12,094,232	0.33
Commissions Receivables	73,581	0.00
Other Assets	974,075,606	26.51
Total Assets	\$ 3,675,048,336	100.00

<u>LIABILITIES AND NET WORTH</u>		% of Total Liabilities and Net Worth
Loans and Notes Payable from Third Parties	\$ 585,921,554	15.94
Loans and Notes Payable from Parent Companies, Affiliates, etc.	676,423,125	18.41
Bonds, Debentures, Notes and Certificates of Indebtedness	548,718,028	14.93
Accounts Payable	235,518,942	6.41
Dealers Reserves and Withholds	1,033,782	0.03
Accrued Taxes Other Than Income Tax	2,408,488	0.07
Reserve for Income Taxes	52,177,157	1.42
Credit Insurance Premiums Due Insurer	(405,230)	(0.01)
Other Liabilities and Accruals	1,235,497,739	33.62
Total Liabilities	3,337,293,585	90.81
Net Worth	337,754,751	9.19
Total Liabilities and Net Worth	\$ 3,675,048,336	100.00

EXHIBIT B  
CALIFORNIA FINANCE LENDERS  
**ANALYSIS OF LOANS AND RECEIVABLES OUTSTANDING**  
AS OF DECEMBER 31, 2006  
(in thousands)

	<u>Aggregate Balance</u>	<u>% of Subtotal</u>
<b><u>CALIFORNIA FINANCE LENDER LOAN RECEIVABLES</u></b>		
Consumer Loans	\$ 68,792,592	48.02
Commercial Loans	<u>74,451,288</u>	<u>51.98</u>
Subtotal	\$ 143,243,880	<u>100.00</u>
Less: Unearned Pre-computed Charges	1,085,689	
Allowance for Bad Debts	<u>1,422,552</u>	
Net California Finance Lender Loan Receivables	<u>\$ 140,735,639</u>	

**OTHER RECEIVABLES**

Sales Contracts	\$ 279,989,219	20.77
Leases (True Leases)	125,535,311	9.31
Factoring	17,098,679	1.27
Other	<u>925,103,105</u>	<u>68.64</u>
Subtotal	\$ 1,347,726,314	<u>100.00</u>
Less: Unearned Pre-computed Charges and Discounts	11,970,139	
Allowance for Bad Debts	<u>13,920,565</u>	
Net Other Receivables	<u>\$ 1,321,835,610</u>	

EXHIBIT C  
CALIFORNIA FINANCE LENDERS  
**STATEMENT OF INCOME AND EXPENSES**  
FOR CALENDAR YEAR 2006  
(in thousands)

		<u>% of Total Income</u>
<b><u>INCOME</u></b>		
Gross Income from California Finance Lender Loans and California Finance Lender Brokered Loans	\$ 12,950,710	2.56
Gross Income from All Other Business and Sources	492,517,228	97.44
Total Gross Income	<u>\$ 505,467,939</u>	<u>100.00</u>
<b><u>EXPENSES</u></b>		
Advertising and Promotion	\$ 3,260,901	0.65
Professional Audit and Accounting Services	1,540,723	0.30
Insurance and Bond Premiums	660,284	0.13
Legal Services and Expenses	1,197,469	0.24
Occupancy Expenses	5,009,226	0.99
Provision for Bad Debt Allowance	10,662,315	2.11
Salaries and Bonuses: Employees	56,884,139	11.25
Salaries and Bonuses: Owners, Partners, Executives	1,153,586	0.23
Depreciation	26,986,760	5.34
License Fees and Taxes	(626,828) *	(0.12)
Telephone and Utilities	1,430,909	0.28
Travel	1,282,614	0.25
Other Expenses	216,749,096	42.88
Total Expenses before Interest and Income Taxes	<u>\$ 326,191,194</u>	<u>64.53</u>
Income before Interest and Income Taxes	\$ 179,276,745	35.47
Less: Interest Paid to Bona Fide Third Parties	85,187,892	16.85
Interest Paid to Parent Company, Affiliates and Others	44,366,866	8.78
Income before Income Taxes	\$ 49,721,986	9.84
Less: Provision for Income Taxes	11,062,307	2.19
Net Income	<u>\$ 38,659,679</u>	<u>7.65</u>

\* = A large company reported a tax credit of \$1.4 billion.

EXHIBIT D  
CALIFORNIA FINANCE LENDERS  
**ANALYSIS OF INCOME RECEIVED**  
FOR CALENDAR YEAR 2006  
(in thousands)

<u>CFL LOANS AND CFL BROKERED LOANS</u>	Loans Under \$2,500	Loans \$2,500 and Over	Total
<b><u>CONSUMER LOANS</u></b>			
Charges Earned on Loans	\$ 31,328	\$ 5,068,950	\$ 5,100,278
Collection from Charged Off Accounts	1,058	25,109	26,167
Income from Credit Insurance	12	82	93
Other Insurance Commissions	41	3,303	3,345
Administrative Fees	1,447	321,297	322,744
Commissions from Loan Brokering	207	417,605	417,812
Other Income	14,023	602,868	616,891
Income from Consumer Loans	<u>\$ 48,115</u>	<u>\$ 6,439,215</u>	<u>\$ 6,487,330</u>
<b><u>COMMERCIAL LOANS</u></b>			
Charges Earned on Loans			\$ 5,800,978
Collection from Charged Off Accounts			81,734
Income from Credit Insurance			9
Other Insurance Commissions			609
Commissions from Loan Brokering			46,157
Other Income			533,893
Income from Commercial Loans			<u>\$ 6,463,380</u>
Total Income from All Loans			<u>\$ 12,950,710</u>
<hr style="border-top: 1px dashed black;"/>			
<b><u>ALL OTHER BUSINESS AND SOURCES</u></b>			
Charges Earned on Loans			\$ 100,386,270
Other Interest or Return on Investments			50,013,660
Collection from Charged Off Accounts			200,497
Income from Credit Insurance			533
Other Insurance Commissions			32,099
Other Income Relating to Loans			341,884,170
Total Income from All Other Business and Sources			<u>\$ 492,517,228</u>

EXHIBIT E  
CALIFORNIA FINANCE LENDERS  
**LOANS MADE OR REFINANCED BY SIZE**  
FOR CALENDAR YEAR 2006

Size of Loan	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<b><u>CONSUMER LOANS</u></b>				
\$ 499 or less	41,735	2.77	\$ 16,418	0.01
500 to 1,999	84,295	5.59	115,578	0.07
2,000 to 2,499	14,725	0.98	31,616	0.02
2,500 to 4,999	162,982	10.80	524,408	0.33
5,000 to 9,999	282,017	18.69	1,879,305	1.17
10,000 or more	<u>922,766</u>	<u>61.17</u>	<u>158,327,267</u>	<u>98.40</u>
Total Consumer Loans Made	<u>1,508,520</u>	<u>100.00</u>	<u>\$ 160,894,593</u>	<u>100.00</u>
<b><u>COMMERCIAL LOANS</u></b>				
\$5,000 or more	<u>2,431,791</u>	<u>100.00</u>	<u>\$ 154,598,250</u>	<u>100.00</u>
Total Commercial Loans Made	<u>2,431,791</u>	<u>100.00</u>	<u>\$ 154,598,250</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>3,940,311</u>		<u>\$ 315,492,844</u>	

EXHIBIT F  
CALIFORNIA FINANCE LENDERS  
**LOANS MADE OR REFINANCED BY TYPE OF SECURITY**  
FOR CALENDAR YEAR 2006

Type of Security	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<b><u>CONSUMER LOANS</u></b>				
<b><u>LOANS UNDER \$2,500</u></b>				
Unsecured	123,498	87.74	\$ 114,862	70.20
Personal Property	4,159	2.95	13,554	8.28
Automobiles & Other Motor Vehicles	4,572	3.25	20,230	12.36
Wage Assignments	80	0.06	53	0.03
Other Security	8,446	6.00	14,914	9.12
Total Loans Made	<u>140,755</u>	<u>100.00</u>	<u>\$ 163,613</u>	<u>100.00</u>
<b><u>LOANS OF \$2,500 TO \$4,999</u></b>				
Unsecured	117,545	72.12	\$ 359,114	68.48
Personal Property	22,921	14.06	84,794	16.17
Automobiles & Other Motor Vehicles	15,512	9.52	54,770	10.44
Wage Assignments	33	0.02	81	0.02
Other Security	6,971	4.28	25,650	4.89
Total Loans Made	<u>162,982</u>	<u>100.00</u>	<u>\$ 524,408</u>	<u>100.00</u>
<b><u>LOANS OF \$5,000 TO \$9,999</u></b>				
Unsecured	228,037	80.86	\$ 1,505,047	80.09
Personal Property	14,476	5.13	93,299	4.96
Automobiles & Other Motor Vehicles	35,474	12.58	258,186	13.74
Wage Assignments	8	0.00	48	0.00
Real Property	3,583	1.27	19,360	1.03
Other Security	439	0.16	3,366	0.18
Total Loans Made	<u>282,017</u>	<u>100.00</u>	<u>\$ 1,879,305</u>	<u>100.00</u>
<b><u>LOANS OF \$10,000 AND MORE</u></b>				
Unsecured	48,074	5.21	\$ 721,835	0.46
Personal Property	5,306	0.58	271,469	0.17
Automobiles & Other Motor Vehicles	303,275	32.87	7,448,283	4.70
Wage Assignments	392	0.04	90,252	0.06
Real Property	558,302	60.50	148,963,489	94.09
Other Security	7,417	0.80	831,938	0.53
Total Loans Made	<u>922,766</u>	<u>100.00</u>	<u>\$ 158,327,267</u>	<u>100.00</u>
Total Consumer Loans Made	<u>1,508,520</u>		<u>\$ 160,894,593</u>	

EXHIBIT F  
(Continuation)  
CALIFORNIA FINANCE LENDERS  
**LOANS MADE OR REFINANCED BY TYPE OF SECURITY**  
FOR CALENDAR YEAR 2006

Type of Security	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<b><u>COMMERCIAL LOANS</u></b>				
Unsecured	117,630	4.84	\$ 5,531,861	3.58
Personal Property	1,543	0.06	1,518,924	0.98
Automobiles & Other Motor Vehicles	1,419,659	58.38	36,115,768	23.36
Business Equipment	72,377	2.98	6,887,915	4.46
Real Property	211,970	8.72	80,502,226	52.07
Other Security	608,612	25.03	24,041,557	15.55
Total Commercial Loans Made	<u>2,431,791</u>	<u>100.00</u>	<u>\$ 154,598,250</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>3,940,311</u>		<u>\$ 315,492,844</u>	

EXHIBIT G  
CALIFORNIA FINANCE LENDERS  
**LOANS MADE OR REFINANCED BY RATES CHARGED**  
FOR CALENDAR YEAR 2006

Rates Charged	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<b><u>CONSUMER LOANS</u></b>				
<b><u>LOANS UNDER \$2,500</u></b>				
Step Rate:				
2 1/2 - 2 - 1 1/2 - 1% per month	2,642	1.88	\$ 9,640	5.89
Alternate Rate:				
1.6% per month	10,032	7.13	3,185	1.95
Federal Reserve Bank Rate plus 10%	2	0.00	1	0.00
Other Rates:				
Up to 14.999 APR	38,172	27.12	29,056	17.76
15.000 to 19.999 APR	59,432	42.22	75,972	46.43
20.000 to 24.999 APR	12,203	8.67	19,575	11.96
25.000 to 29.999 APR	5,226	3.71	7,572	4.63
30.000 to 34.999 APR	12,378	8.79	12,602	7.70
35.000 to 39.999 APR	372	0.26	343	0.21
40.000 to 99.999 APR	180	0.13	172	0.10
100.000 or More APR	2	0.00	4	0.00
Variable Rates Based on Index	114	0.08	5,491	3.36
Total Loans Made	<u>140,755</u>	<u>100.00</u>	<u>\$ 163,613</u>	<u>100.00</u>
<b><u>LOANS OF \$2,500 TO \$4,999</u></b>				
Up to 14.999 APR	5,902	3.62	\$ 21,162	4.04
15.000 to 19.999 APR	16,346	10.03	62,246	11.87
20.000 to 24.999 APR	20,028	12.29	70,271	13.40
25.000 to 29.999 APR	45,311	27.80	160,899	30.68
30.000 to 34.999 APR	12,309	7.55	42,854	8.17
35.000 to 39.999 APR	254	0.16	770	0.15
40.000 to 99.999 APR	62,291	38.22	164,303	31.33
100.000 or More APR	42	0.03	115	0.02
Variable Rates Based on Index	499	0.31	1,787	0.34
Total Loans Made	<u>162,982</u>	<u>100.00</u>	<u>\$ 524,408</u>	<u>100.00</u>
<b><u>LOANS OF \$5,000 TO \$9,999</u></b>				
Up to 14.999 APR	15,096	5.35	\$ 114,280	6.08
15.000 to 19.999 APR	20,997	7.45	147,893	7.87
20.000 to 24.999 APR	32,833	11.64	224,859	11.97
25.000 to 29.999 APR	112,996	40.07	757,260	40.29
30.000 to 34.999 APR	67,970	24.10	470,023	25.01
35.000 to 39.999 APR	7	0.00	42	0.00
40.000 to 99.999 APR	28,974	10.27	148,899	7.92
100.000 or More APR	15	0.01	79	0.00
Variable Rates Based on Index	3,129	1.11	15,971	0.85
Total Loans Made	<u>282,017</u>	<u>100.00</u>	<u>\$ 1,879,305</u>	<u>100.00</u>
<b><u>LOANS OF \$10,000 AND MORE</u></b>				
Up to 14.999 APR	692,946	75.09	\$ 109,617,718	69.23
15.000 to 19.999 APR	32,327	3.50	726,257	0.46
20.000 to 24.999 APR	12,463	1.35	186,736	0.12
25.000 to 29.999 APR	14,374	1.56	186,571	0.12
30.000 to 34.999 APR	19,166	2.08	259,363	0.16
35.000 to 39.999 APR	5,554	0.60	249,446	0.16
40.000 to 99.999 APR	1,435	0.16	185,327	0.12
100.000 or More APR	2,610	0.28	853,106	0.54
Variable Rates Based on Index	141,891	15.38	46,062,743	29.09
Total Loans Made	<u>922,766</u>	<u>100.00</u>	<u>\$ 158,327,267</u>	<u>100.00</u>
Total Consumer Loans Made	<u>1,508,520</u>	<u>12</u>	<u>\$ 160,894,593</u>	

EXHIBIT G  
(Continuation)  
CALIFORNIA FINANCE LENDERS  
**LOANS MADE OR REFINANCED BY RATES CHARGED**  
FOR CALENDAR YEAR 2006

<u>Rates Charged</u>	<u>Number of Loans</u>	<u>% of Total Number</u>	<u>Principal Amount (in thousands)</u>	<u>% of Total Amount</u>
<b><u>COMMERCIAL LOANS</u></b>				
Up to 14.999 APR	632,609	26.01	\$ 46,486,896	30.07
15.000 to 19.999 APR	17,975	0.74	831,854	0.54
20.000 to 24.999 APR	18,468	0.76	308,995	0.20
25.000 to 29.999 APR	6,599	0.27	174,488	0.11
30.000 to 34.999 APR	895	0.04	59,038	0.04
35.000 to 39.999 APR	1,024	0.04	59,602	0.04
40.000 to 99.999 APR	49,541	2.04	161,771	0.10
100.000 or More APR	149	0.01	50,674	0.03
Variable Rates Based on Index	<u>1,704,531</u>	<u>70.09</u>	<u>106,464,932</u>	<u>68.87</u>
Total Commercial Loans Made	<u>2,431,791</u>	<u>100.00</u>	<u>\$ 154,598,250</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>3,940,311</u>		<u>\$ 315,492,844</u>	