

# 2011 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  
EDMUND G. BROWN JR., Governor

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CORPORATIONS

JAN LYNN OWEN  
CALIFORNIA CORPORATIONS COMMISSIONER

Financial Services Division  
California Finance Lenders Law

Louisa A. Broudy, Deputy Commissioner  
Patricia R. Speight, Special Administrator

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This report is a composite of annual reports of California's lender and broker licensees for the calendar year ended December 31, 2011 submitted in compliance with Sections 22159(a) and 22160 of the California Finance Lenders Law, which state:

*22159. (a) Each finance lender and broker licensee shall file an annual report with the commissioner, on or before the 15th day of March, giving the relevant information that the commissioner reasonably requires concerning the business and operations conducted by the licensee within the state during the preceding calendar year for each licensed place of business. The individual annual reports filed pursuant to this section shall be made available to the public for inspection except, upon request in the annual report to the commissioner, the balance sheet contained in the annual report of a sole proprietor or any other nonpublicly traded persons. "Nonpublicly traded person" for purposes of this section means persons with securities owned by 35 or fewer individuals. The report shall be made under oath and in the form prescribed by the commissioner.*

*22160. The commissioner shall make and file annually with the Department of Corporations as a public record a composite of the annual reports and any comments on the reports that he or she deems to be in the public interest.*

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.

This report and prior years' report can be found on the Department's website at [www.corp.ca.gov](http://www.corp.ca.gov).

## Highlights

- The Department has expanded the "rates charged" category on lending volume between 40 percent Annual Percentage Rate (APR) and 100 percent APR;

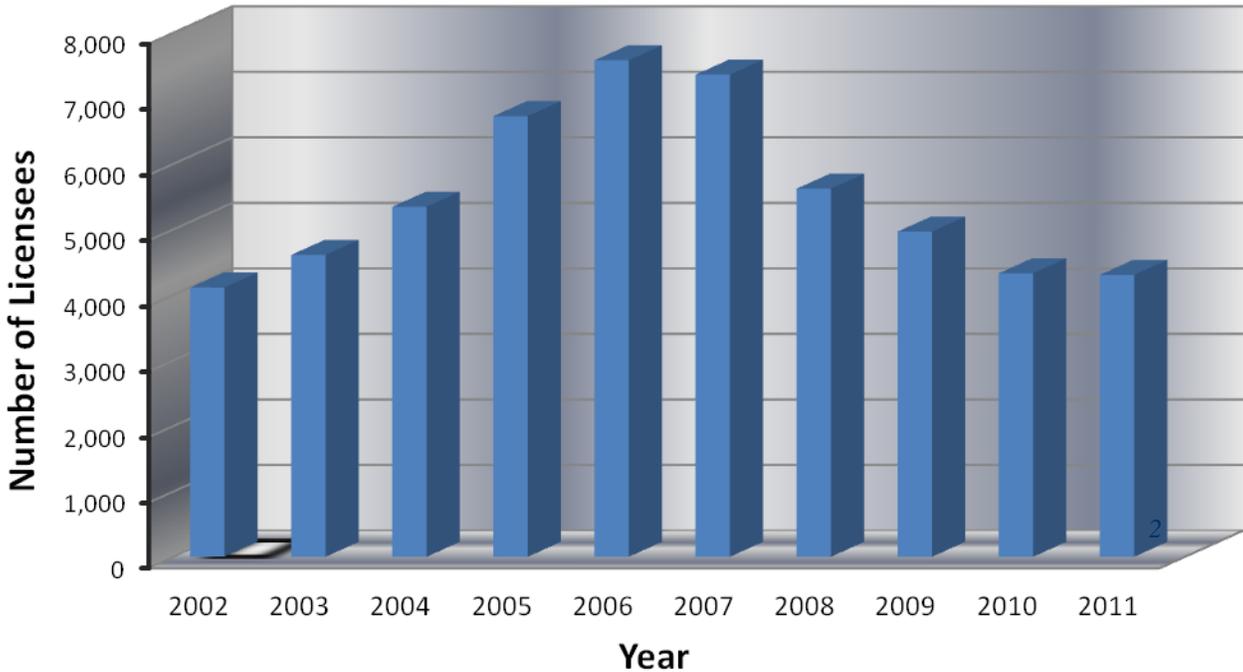
- The Department has added auto title loans to the category of “Type of Security”;
- The number of unsecured consumer loans under \$2,500 has increased by 40 percent from 2010 to 2011, and the total principal amount has increased by 51 percent to \$192 million;
- The number of unsecured consumer loans valued between \$2,500 to \$4,999 increased by 94 percent from 2010 to 2011, and the principal amount has increased by 90 percent over the same period;
- The number of unsecured consumer loans overall increased by 50 percent from 2010 to 2011;
- The total number of consumer and commercial loans, secured and unsecured, has increased by 20 percent from 2010 to 2011, and the principal amount has increased by 21 percent;
- The number of consumer loans of \$2,500 to \$4,999 at APR’s of 100 percent or more has increased 155 percent from 2010 to 2011;

### Historical Data

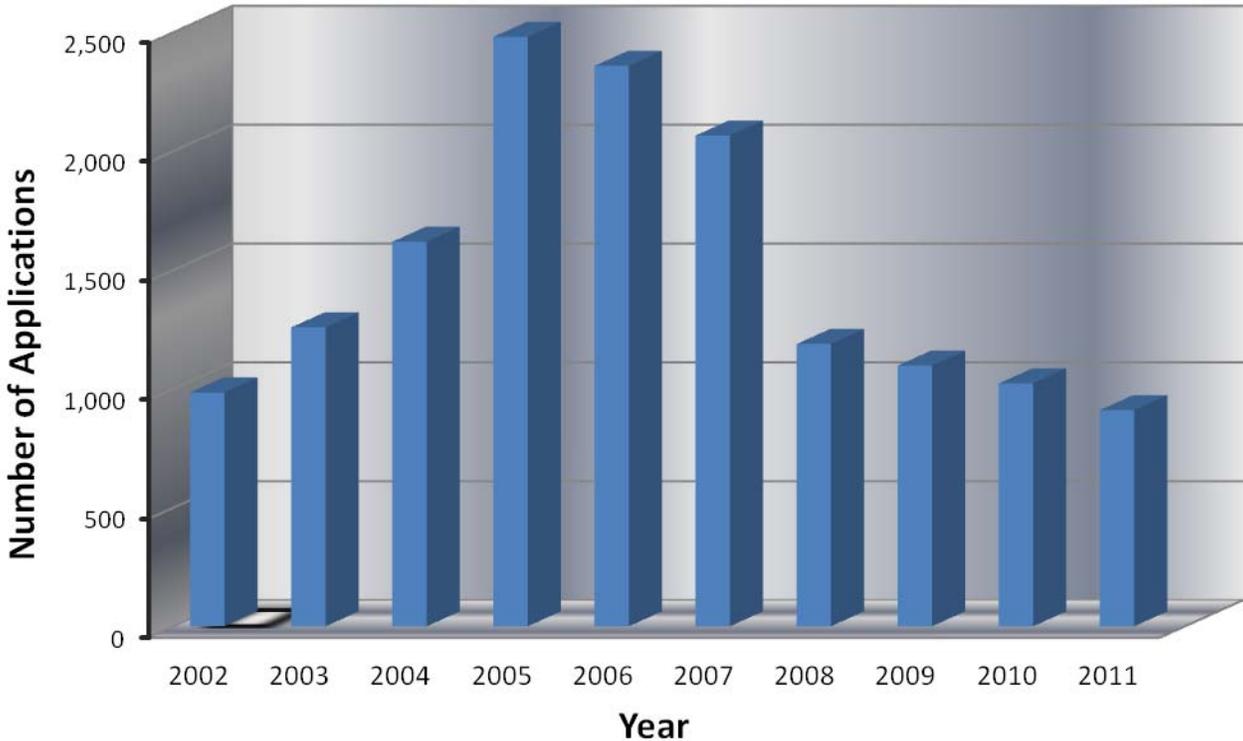
The table below shows the number of licensed California Finance Lenders (including branches) at the end of each calendar year, and the number of license applications received each year for the last 10 years.

Year	Number of Licensees	Number of Applications
2011	4,302	910
2010	4,327	1,022
2009	4,964	1,097
2008	5,618	1,188
2007	7,358	2,065
2006	7,577	2,358
2005	6,725	2,480
2004	5,342	1,618
2003	4,608	1,258
2002	4,110	984

### Number of Licensees for the Last 10 Years



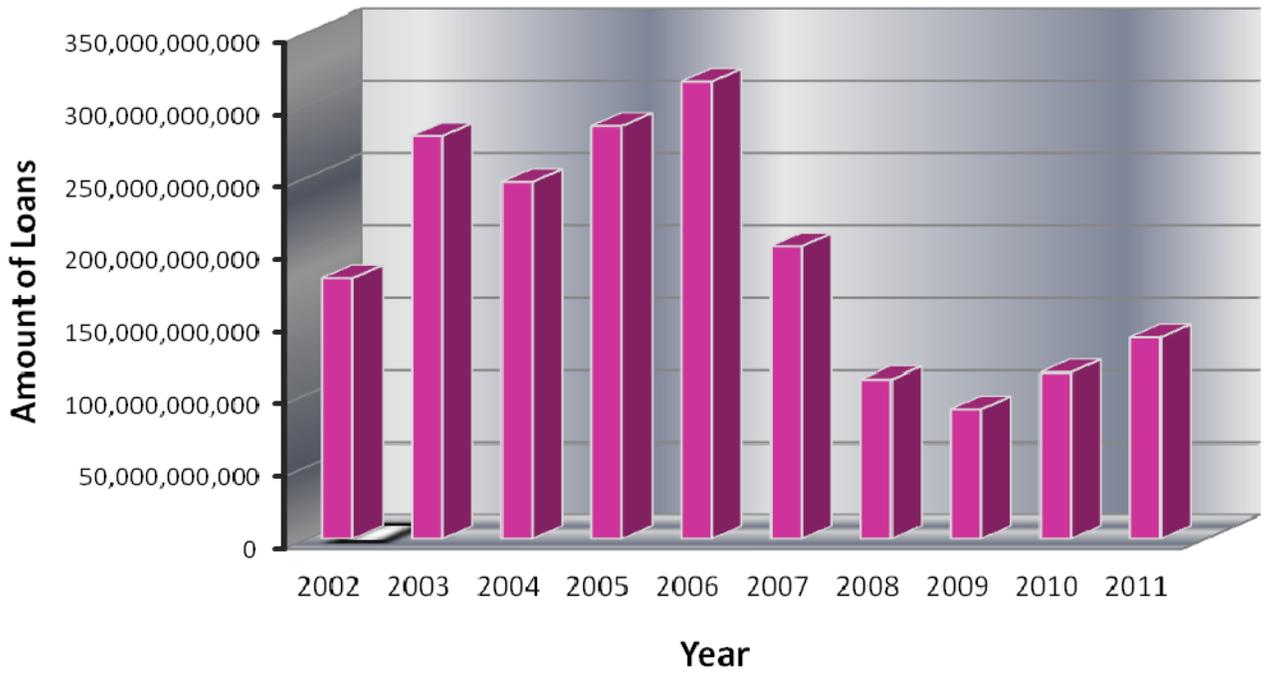
### Number of Applications Received



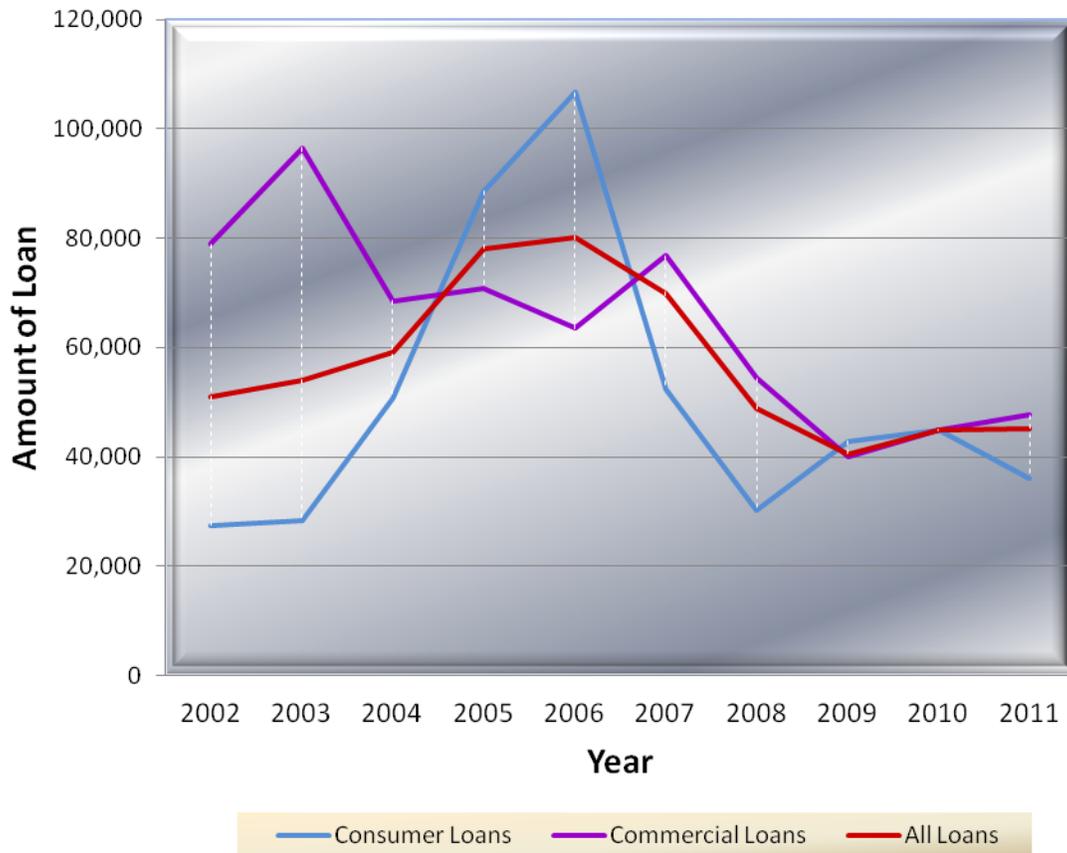
## Analysis of Loans Made Under the CFLL License for the Last 10 Years

<b>CALIFORNIA FINANCE LENDERS</b>					
Calendar Year	Number of Loans Made	Principal Amount of Loans Made	Average Size of Loans Made		
			Consumer Loans	Commercial Loans	All Loans
2011	3,076,347	139,166,897,599	36,097	47,604	45,238
2010	2,560,497	114,778,811,783	44,920	44,805	44,827
2009	2,207,881	89,287,544,941	42,814	39,932	40,440
2008	2,249,716	110,013,356,592	30,138	54,460	48,901
2007	2,893,697	202,350,867,103	52,331	76,851	69,928
2006	3,940,311	315,492,843,743	106,657	63,574	80,068
2005	3,653,036	285,178,701,531	88,605	70,803	78,066
2004	4,167,772	246,616,649,910	50,861	68,536	59,172
2003	5,140,316	278,153,215,784	28,264	96,559	54,112
2002	3,522,892	179,873,083,672	27,363	78,928	51,058

**Comparison of the Principal Dollar Amount of Loans Made**



**Comparison of Average Size of Loans Made**



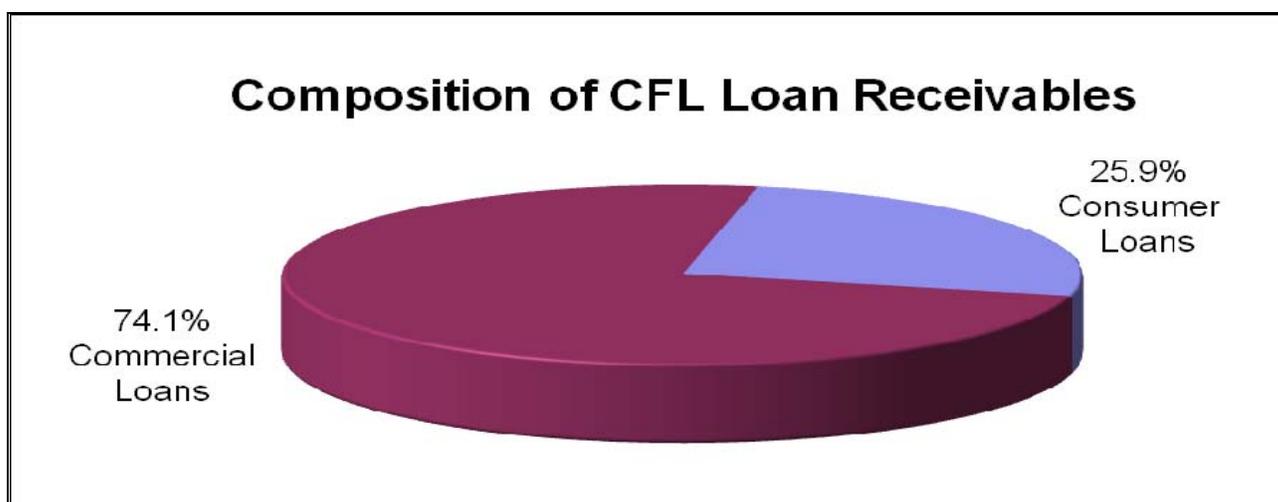
**Exhibit A**  
**California Finance Lenders**  
**Consolidated Balance Sheet**  
**As of December 31, 2011**  
**(in thousands)**

<u><b>ASSETS</b></u>		<u>% of Total Assets</u>
Cash	\$ 83,050,568	3.23
Investments	558,308,587	21.69
California Finance Lenders Loan Receivables	68,736,996	2.67
Other Receivables (See next page for detail)	1,041,820,661	40.47
Reserves and Withholds by Banks and Finance Companies	2,698,520	0.10
Real and Personal Property (Net)	98,232,313	3.82
Prepaid Expenses and Deferred Charges	8,668,097	0.34
Commissions Receivables	639,989	0.02
Other Assets	<u>711,938,297</u>	<u>27.66</u>
Total Assets	<u>\$ 2,574,094,028</u>	<u>100.00</u>

<u><b>LIABILITIES AND NET WORTH</b></u>		<u>% of Total Liabilities and Net Worth</u>
Loans and Notes Payable from Third Parties	\$ 487,986,361	18.96
Loans and Notes Payable from Parent Companies, Affiliates, etc.	440,534,382	17.11
Bonds, Debentures, and Certificates of Indebtedness	314,507,836	12.22
Accounts Payable	47,256,160	1.84
Dealers Reserves and Withholds	400,600	0.02
Accrued Taxes Other Than Income Tax	1,971,108	0.08
Reserve for Income Taxes	40,128,044	1.56
Credit Insurance Premiums Due Insurer	28,941	0.00
Other Liabilities and Accruals	<u>867,843,642</u>	<u>33.71</u>
Total Liabilities	2,200,657,074	85.50
Net Worth	<u>373,436,954</u>	<u>14.50</u>
Total Liabilities and Net Worth	<u>\$ 2,574,094,028</u>	<u>100.00</u>

**Exhibit B**  
**California Finance Lenders**  
**Analysis of Loans and Receivables Outstanding**  
**As of December 31, 2011**  
**(in thousands)**

	Aggregate Balance	% of Subtotal
<b><u>CALIFORNIA FINANCE LENDERS LOAN RECEIVABLES</u></b>		
Consumer Loans	\$ 18,784,943	25.89
Commercial Loans	53,782,643	74.11
Subtotal	\$ 72,567,586	100.00
Less: Unearned Pre-computed Charges	1,224,921	
Allowance for Bad Debts	2,605,669	
Net California Finance Lenders Loan Receivables	\$ 68,736,996	
<b><u>OTHER RECEIVABLES</u></b>		
Sales Contracts	\$ 243,142,864	22.79
Leases (True Leases)	90,901,755	8.52
Factoring	7,077,337	0.66
Other	725,960,477	68.03
Subtotal	\$ 1,067,082,433	100.00
Less: Unearned Pre-computed Charges and Discounts	11,502,948	
Allowance for Bad Debts	13,758,824	
Net Other Receivables	\$ 1,041,820,661	



**Exhibit C**  
**California Finance Lenders**  
**Statement of Income and Expenses**  
**For Calendar Year 2011**  
**(in thousands)**

		<u>% of Total Income</u>
<b><u>INCOME</u></b>		
Gross Income from California Finance Lenders Loans and California Finance Lenders Brokered Loans	\$ 5,931,041	1.41
Gross Income from All Other Business and Sources	<u>415,377,668</u>	<u>98.59</u>
Total Gross Income	<u>\$ 421,308,709</u>	<u>100.00</u>
<b><u>EXPENSES</u></b>		
Loss on Loans Receivable	\$ 2,857,172	0.68
Professional Audit and Accounting Services	1,393,894	0.33
Insurance and Bond Premiums	1,450,932	0.34
Legal Services and Expenses	1,208,868	0.29
Occupancy Expenses	2,860,047	0.68
Provision for Bad Debt Allowance	3,825,286	0.91
Salaries and Bonuses: Employees	34,641,714	8.22
Salaries and Bonuses: Owners, Partners, Executives	532,472	0.13
Depreciation	17,500,487	4.15
License Fees and Taxes	1,182,547	0.28
Telephone and Utilities	1,402,770	0.33
Advertising and Promotions	1,156,511	0.27
Other Expenses	<u>280,993,118</u>	<u>66.70</u>
Total Expenses before Interest and Income Taxes	<u>\$ 351,005,818</u>	<u>83.31</u>
Income before Interest and Income Taxes	\$ 70,302,891	16.69
Less: Interest Paid to Bona Fide Third Parties	28,327,067	6.72
Interest Paid to Parent Company, Affiliates and Others	<u>10,447,879</u>	<u>2.48</u>
Income before Income Taxes	\$ 31,527,945	7.49
Less: Provision for Income Taxes	<u>5,505,239</u>	<u>1.31</u>
Net Income or (Loss)	<u>\$ 26,022,706</u>	<u>6.18</u>

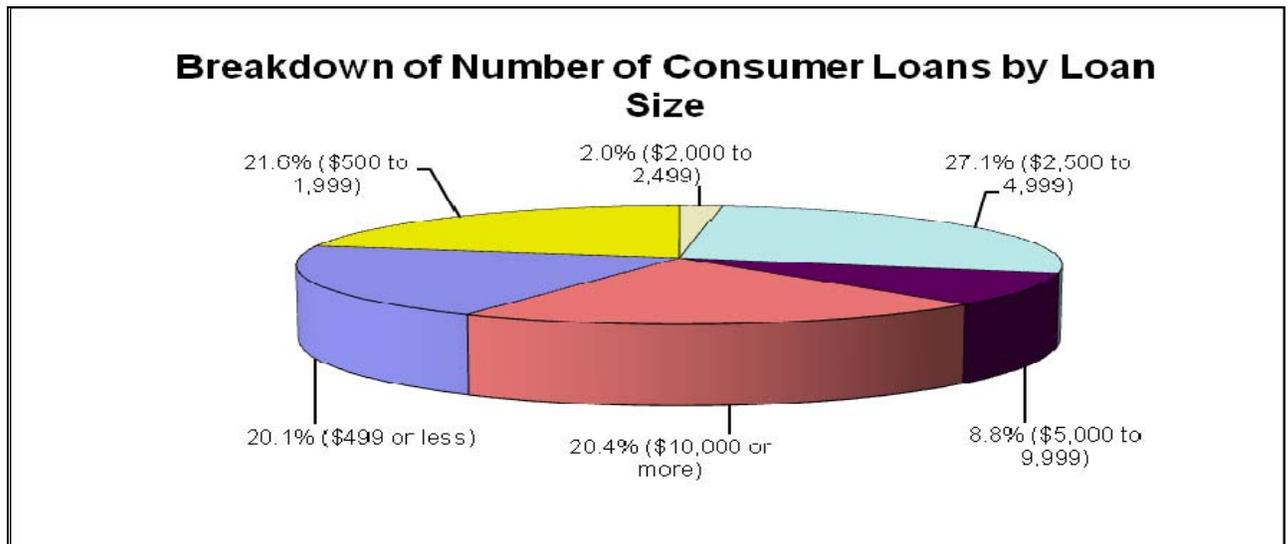
**Exhibit D**  
**California Finance Lenders**  
**Analysis of Income Received**  
**For Calendar Year 2011**  
**(in thousands)**

<b>CFL LOANS AND CFL BROKERED LOANS</b>	Loans Under \$2,500	Loans \$2,500 and Over	Total
<b><u>CONSUMER LOANS</u></b>			
Charges Earned on Loans	\$ 61,938	\$ 1,856,021	\$ 1,917,959
Collection from Charged Off Accounts	1,675	88,541	90,216
Income from Credit Insurance	4	124	128
Other Insurance Commissions	14	1,930	1,944
Administrative Fees	28,236	76,791	105,027
Commissions from Loan Brokering	262	26,093	26,355
Other Income	22	151,484	151,506
Income from Consumer Loans	<u>\$ 92,151</u>	<u>\$ 2,200,984</u>	<u>\$ 2,293,135</u>
<b><u>COMMERCIAL LOANS</u></b>			
Charges Earned on Loans			\$ 3,327,024
Collection from Charged Off Accounts			20,179
Income from Credit Insurance			1
Other Insurance Commissions			87
Commissions from Loan Brokering			11,586
Other Income			279,029
Income from Commercial Loans			<u>\$ 3,637,906</u>
Total Income from All Loans			<u>\$ 5,931,041</u>
<hr style="border-top: 1px dashed black;"/>			
<b><u>ALL OTHER BUSINESS AND SOURCES</u></b>			
Charges Earned on Loans			\$ 64,737,713
Other Interest or Return on Investments			16,653,962
Collection from Charged Off Accounts			829,638
Income from Credit Insurance			1,084
Other Insurance Commissions			144,002
Other Income Relating to Loans			333,011,269
Total Income from All Other Business and Sources			<u>\$ 415,377,668</u>

## Exhibit E

### California Finance Lenders Loans Made or Refinanced By Size For Calendar Year 2011

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	126,954	20.07	\$ 32,158	0.14
500 to 1,999	136,719	21.61	157,099	0.69
2,000 to 2,499	12,766	2.02	27,391	0.12
2,500 to 4,999	171,291	27.07	508,827	2.23
5,000 to 9,999	55,751	8.81	391,488	1.71
10,000 or more	129,198	20.42	21,721,158	95.11
Total Consumer Loans Made	<u>632,679</u>	<u>100.00</u>	<u>\$ 22,838,121</u>	<u>100.00</u>
<b><u>COMMERCIAL LOANS</u></b>				
\$5,000 or more	<u>2,443,668</u>	<u>100.00</u>	<u>\$ 116,328,777</u>	<u>100.00</u>
Total Commercial Loans Made	<u>2,443,668</u>	<u>100.00</u>	<u>\$ 116,328,777</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>3,076,347</u>		<u>\$ 139,166,898</u>	

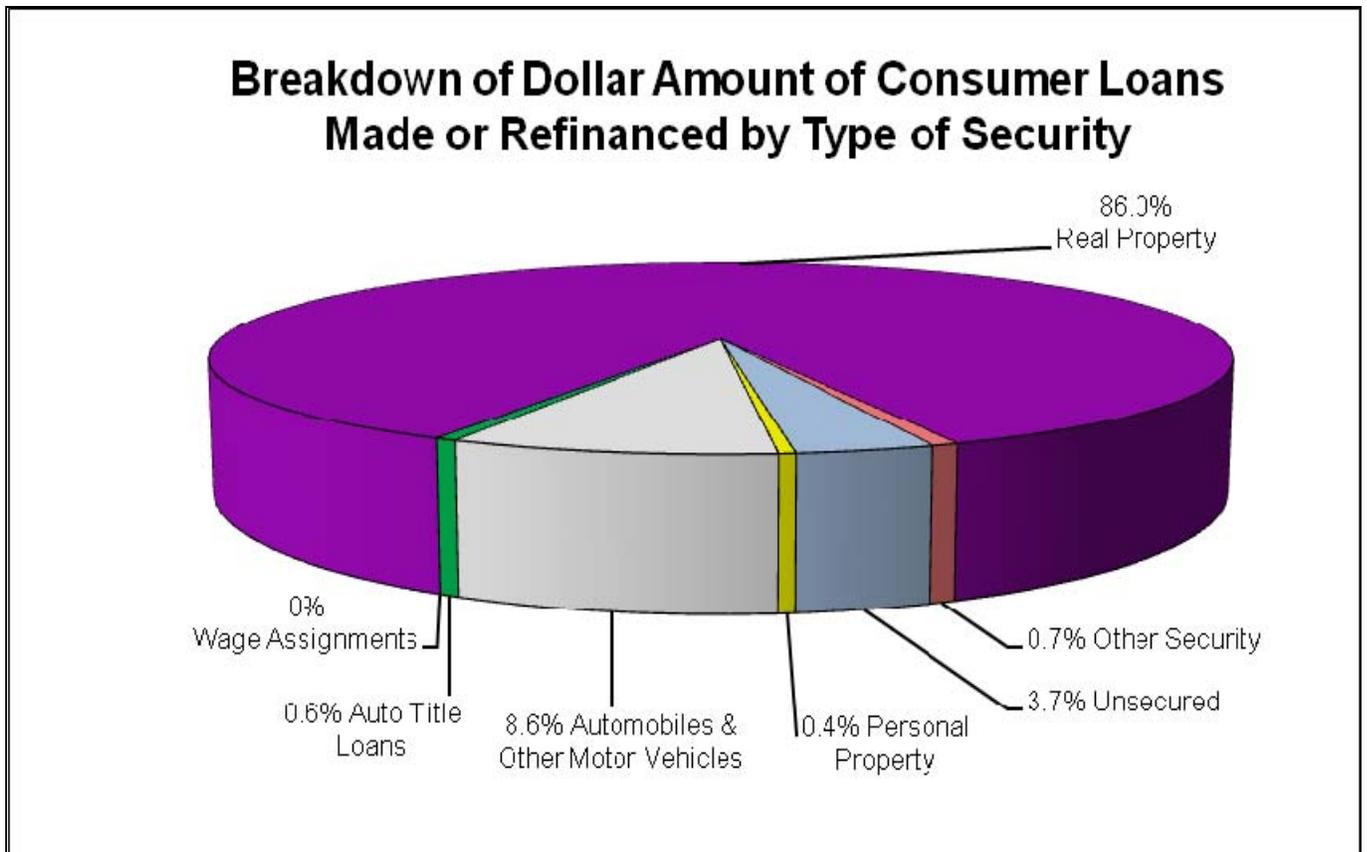


**Exhibit F**  
**California Finance Lenders**  
**Loans Made or Refinanced By Type of Security**  
**for Calendar Year 2011**

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	258,080	93.36	\$ 191,989	88.62
Personal Property	5,968	2.16	9,272	4.28
Automobiles & Other Motor Vehicles	2,940	1.06	5,651	2.61
Auto Title Loans	193	0.07	261	0.12
Wage Assignments	0	0.00	0	0.00
Other Security	9,258	3.35	9,475	4.37
Total Loans Made	<u>276,439</u>	<u>100.00</u>	<u>\$ 216,648</u>	<u>100.00</u>
<b><u>LOANS OF \$2,500 TO \$4,999</u></b>				
Unsecured	95,767	55.91	\$ 266,227	52.32
Personal Property	12,874	7.52	44,561	8.76
Automobiles & Other Motor Vehicles	24,660	14.40	81,999	16.12
Auto Title Loans	33,188	19.37	99,231	19.50
Wage Assignments	1	0.00	3	0.00
Other Security	4,801	2.80	16,806	3.30
Total Loans Made	<u>171,291</u>	<u>100.00</u>	<u>\$ 508,827</u>	<u>100.00</u>
<b><u>LOANS OF \$5,000 TO \$9,999</u></b>				
Unsecured	23,263	41.73	\$ 162,817	41.59
Personal Property	2,466	4.42	14,268	3.64
Automobiles & Other Motor Vehicles	25,621	45.96	187,068	47.79
Auto Title Loans	4,207	7.55	25,993	6.64
Wage Assignments	0	0.00	0	0.00
Real Property	103	0.18	745	0.19
Other Security	91	0.16	597	0.15
Total Loans Made	<u>55,751</u>	<u>100.00</u>	<u>\$ 391,488</u>	<u>100.00</u>
<b><u>LOANS OF \$10,000 AND MORE</u></b>				
Unsecured	4,021	3.11	\$ 213,804	0.98
Personal Property	1,197	0.93	32,338	0.15
Automobiles & Other Motor Vehicles	56,459	43.70	1,684,998	7.76
Auto Title Loans	560	0.43	8,446	0.04
Wage Assignments	8	0.01	87	0.00
Real Property	65,560	50.74	19,646,391	90.45
Other Security	1,393	1.08	135,094	0.62
Total Loans Made	<u>129,198</u>	<u>100.00</u>	<u>\$ 21,721,158</u>	<u>100.00</u>
Total Consumer Loans Made	<u>632,679</u>		<u>\$ 22,838,121</u>	

**Exhibit F (Continued)**  
**California Finance Lenders**  
**Loans Made or Refinanced By Type of Security**  
**for Calendar Year 2011**

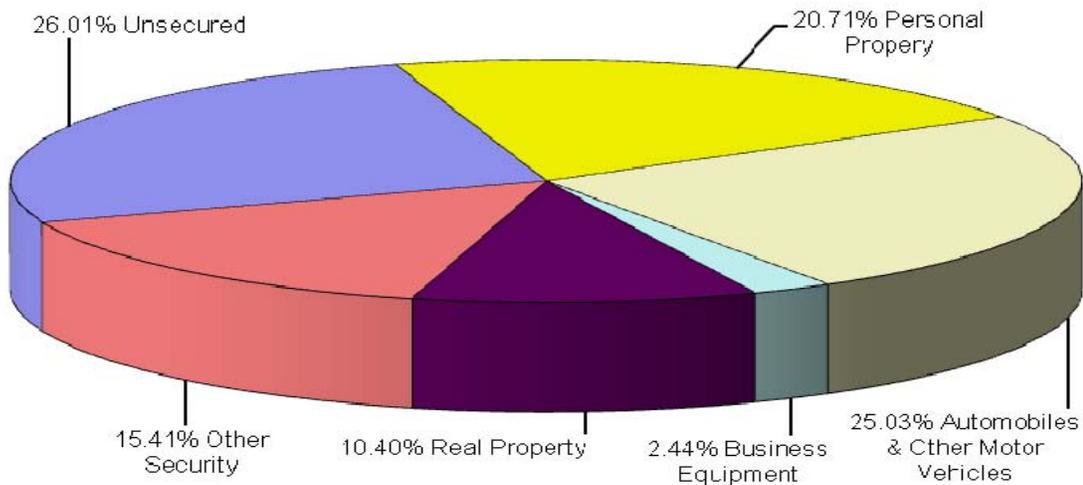
Type of Security	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<b><u>ALL CONSUMER LOANS</u></b>				
Unsecured	381,131	60.24	\$ 834,837	3.65
Personal Property	22,505	3.56	100,439	0.44
Automobiles & Other Motor Vehicles	109,680	17.33	1,959,716	8.58
Auto Title Loans	38,148	6.03	133,931	0.59
Wage Assignments	9	0.00	90	0.00
Real Property	65,663	10.38	19,647,136	86.03
Other Security	15,543	2.46	161,972	0.71
<b>Total Consumer Loans Made</b>	<b><u>632,679</u></b>	<b><u>100.00</u></b>	<b><u>\$ 22,838,121</u></b>	<b><u>100.00</u></b>



**Exhibit F (Continued)**  
**California Finance Lenders**  
**Loans Made or Refinanced By Type of Security**  
**for Calendar Year 2011**

Type of Security	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<b><u>COMMERCIAL LOANS</u></b>				
Unsecured	70,034	2.87	\$ 30,257,516	26.01
Personal Property	771,331	31.56	24,085,973	20.71
Automobiles & Other Motor Vehicles	1,093,267	44.74	29,118,907	25.03
Business Equipment	26,293	1.08	2,843,699	2.44
Real Property	4,864	0.20	12,100,926	10.40
Other Security	477,879	19.55	17,921,756	15.41
<b>Total Commercial Loans Made</b>	<b><u>2,443,668</u></b>	<b><u>100.00</u></b>	<b><u>\$ 116,328,777</u></b>	<b><u>100.00</u></b>
 Total Loans Made, All Categories	 <u>3,076,347</u>		 <u>\$ 139,166,898</u>	

**Breakdown of Dollar Amount of Commercial Loans  
Made or Refinanced by Type of Security**



## Exhibit G

### California Finance Lenders

#### Loans Made or Refinanced by Interest Rates Charged for Calendar Year 2011

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:				
2.5, 2, 1.5, 1% per month	119,253	43.14	\$ 31,287	14.44
Alternate Rate:				
1.6% per month	31	0.01	38	0.02
Federal Reserve Bank Rate plus 10%	0	0.00	0	0.00
Other Rates:				
Up to 14.999 APR	12,970	4.69	19,740	9.11
15.000 to 19.999 APR	14,624	5.29	13,683	6.32
20.000 to 24.999 APR	5,067	1.83	10,516	4.85
25.000 to 29.999 APR	24,008	8.69	33,848	15.62
30.000 to 34.999 APR	21,977	7.95	31,909	14.73
35.000 to 39.999 APR	51,624	18.68	56,332	26.00
40.000 to 69.999 APR	26,852	9.71	19,234	8.88
70.000 to 99.999 APR	0	0.00	0	0.00
100.000 or More APR	0	0.00	0	0.00
Variable Rates Based on Index	33	0.01	61	0.03
Total Loans Made	<u>276,439</u>	<u>100.00</u>	<u>\$ 216,648</u>	<u>100.00</u>
<b><u>LOANS OF \$2,500 TO \$4,999</u></b>				
Up to 14.999 APR	3,067	1.79	\$ 9,822	1.93
15.000 to 19.999 APR	4,615	2.69	16,395	3.22
20.000 to 24.999 APR	3,750	2.19	12,658	2.49
25.000 to 29.999 APR	14,803	8.64	52,395	10.30
30.000 to 34.999 APR	13,819	8.07	46,033	9.05
35.000 to 39.999 APR	8,651	5.05	30,954	6.08
40.000 to 69.999 APR	1,555	0.91	4,462	0.88
70.000 to 99.999 APR	30,563	17.84	83,172	16.34
100.000 or More APR	89,989	52.54	249,318	49.00
Variable Rates Based on Index	479	0.28	3,618	0.71
Total Loans Made	<u>171,291</u>	<u>100.00</u>	<u>\$ 508,827</u>	<u>100.00</u>

**Exhibit G (Continued)**  
**California Finance Lenders**  
**Loans Made or Refinanced by Interest Rates Charged**  
**for Calendar Year 2011**

<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>LOANS OF \$5,000 TO \$9,999</u></b>				
Up to 14.999 APR	2,899	5.20	\$ 22,375	5.72
15.000 to 19.999 APR	1,856	3.33	14,102	3.60
20.000 to 24.999 APR	8,041	14.42	58,963	15.06
25.000 to 29.999 APR	9,075	16.28	60,866	15.55
30.000 to 34.999 APR	5,332	9.56	36,447	9.31
35.000 to 39.999 APR	20,917	37.52	154,176	39.38
40.000 to 69.999 APR	279	0.50	1,698	0.43
70.000 to 99.999 APR	4,025	7.22	25,423	6.49
100.000 or More APR	3,308	5.93	17,293	4.42
Variable Rates Based on Index	19	0.04	145	0.04
Total Loans Made	<u>55,751</u>	<u>100.00</u>	<u>\$ 391,488</u>	<u>100.00</u>
<b><u>LOANS OF \$10,000 AND MORE</u></b>				
Up to 14.999 APR	108,206	83.75	\$ 20,556,040	94.64
15.000 to 19.999 APR	5,772	4.47	90,974	0.42
20.000 to 24.999 APR	8,133	6.29	105,381	0.48
25.000 to 29.999 APR	900	0.70	11,004	0.05
30.000 to 34.999 APR	540	0.42	6,253	0.03
35.000 to 39.999 APR	1,957	1.51	21,882	0.10
40.000 to 69.999 APR	64	0.05	1,148	0.01
70.000 to 99.999 APR	751	0.58	9,420	0.04
100.000 or More APR	331	0.26	80,500	0.37
Variable Rates Based on Index	2,544	1.97	838,556	3.86
Total Loans Made	<u>129,198</u>	<u>100.00</u>	<u>\$ 21,721,158</u>	<u>100.00</u>
Total Consumer Loans Made	<u>632,679</u>		<u>\$ 22,838,121</u>	

**Exhibit G (Continued)**  
**California Finance Lenders**  
**Loans Made or Refinanced by Interest Rates Charged**  
**for Calendar Year 2011**

Rates Charged	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<b><u>COMMERCIAL LOANS</u></b>				
Up to 14.999      APR	73,814	3.02	\$ 52,260,650	44.93
15.000 to 19.999   APR	8,651	0.36	587,265	0.50
20.000 to 24.999   APR	1,340	0.06	145,180	0.12
25.000 to 29.999   APR	586	0.02	58,380	0.05
30.000 to 34.999   APR	500	0.02	25,869	0.02
35.000 to 39.999   APR	1,343	0.05	57,193	0.05
40.000 to 69.999   APR	1,987	0.08	59,266	0.05
70.000 to 99.999   APR	59,705	2.44	30,417	0.03
100.000 or More   APR	178	0.01	129,906	0.11
Variable Rates Based on Index	<u>2,295,564</u>	<u>93.94</u>	<u>62,974,651</u>	<u>54.14</u>
Total Commercial Loans Made	<u>2,443,668</u>	<u>100.00</u>	<u>\$ 116,328,777</u>	<u>100.00</u>
 Total Loans Made, All Categories	 <u>3,076,347</u>		 <u>\$ 139,166,898</u>	



California Department of Corporations  
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Materials presented in this report are a collective effort of  
the staff of the California Department of Corporations.



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