

2007

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

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*Los Angeles, California
June 23, 2008*

This Report is a composite of annual reports of California's lender and broker licensees for the calendar year ended December 31, 2007 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.

AS OF	NUMBER OF LICENSEES
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
DECEMBER 31, 2007	7,358

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
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
2007	2,893,697	202,350,867,103	52,331	76,851	69,928

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CALIFORNIA FINANCE LENDERS

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EXHIBIT A
CALIFORNIA FINANCE LENDERS
BALANCE SHEET
AS OF DECEMBER 31, 2007
(in thousands)

<u>ASSETS</u>		<u>% of Total Assets</u>
Cash	\$ 253,361,219	6.89
Investments	921,352,141	25.07
California Finance Lenders Loan Receivables	127,035,518	3.46
Other Receivables	1,274,792,808	34.69
Reserves and Withholds by Banks and Finance Companies	3,432,873	0.09
Real and Personal Property (Net)	123,068,945	3.35
Prepaid Expenses and Deferred Charges	10,308,459	0.28
Commissions Receivables	106,788	0.00
Other Assets	<u>961,732,221</u>	<u>26.17</u>
Total Assets	<u>\$ 3,675,190,973</u>	<u>100.00</u>

<u>LIABILITIES AND NET WORTH</u>		<u>% of Total Liabilities and Net Worth</u>
Loans and Notes Payable from Third Parties	\$ 1,076,931,612	29.30
Loans and Notes Payable from Parent Companies, Affiliates, etc.	469,714,057	12.78
Bonds, Debentures, Notes and Certificates of Indebtedness	506,383,681	13.78
Accounts Payable	162,222,653	4.41
Dealers Reserves and Withholds	779,312	0.02
Accrued Taxes Other Than Income Tax	1,472,927	0.04
Reserve for Income Taxes	48,032,765	1.31
Credit Insurance Premiums Due Insurer	173,045	0.01
Other Liabilities and Accruals	<u>1,055,592,025</u>	<u>28.72</u>
Total Liabilities	3,321,302,077	90.37
Net Worth	<u>353,888,896</u>	<u>9.63</u>
Total Liabilities and Net Worth	<u>\$ 3,675,190,973</u>	<u>100.00</u>

EXHIBIT B
CALIFORNIA FINANCE LENDERS
ANALYSIS OF LOANS AND RECEIVABLES OUTSTANDING
AS OF DECEMBER 31, 2007
(in thousands)

	<u>Aggregate Balance</u>	<u>% of Subtotal</u>
<u>CALIFORNIA FINANCE LENDERS LOAN RECEIVABLES</u>		
Consumer Loans	\$ 40,017,391	30.94
Commercial Loans	<u>89,342,177</u>	<u>69.06</u>
Subtotal	\$ 129,359,567	<u>100.00</u>
Less: Unearned Pre-computed Charges	960,215	
Allowance for Bad Debts	<u>1,363,835</u>	
Net California Finance Lenders Loan Receivables	<u>\$ 127,035,518</u>	

OTHER RECEIVABLES

Sales Contracts	\$ 307,385,476	23.55
Leases (True Leases)	130,183,754	9.97
Factoring	19,127,857	1.47
Other	<u>848,638,538</u>	<u>65.01</u>
Subtotal	\$ 1,305,335,626	<u>100.00</u>
Less: Unearned Pre-computed Charges and Discounts	13,438,761	
Allowance for Bad Debts	<u>17,104,057</u>	
Net Other Receivables	<u>\$ 1,274,792,808</u>	

EXHIBIT C
CALIFORNIA FINANCE LENDERS
STATEMENT OF INCOME AND EXPENSES
FOR CALENDAR YEAR 2007
(in thousands)

		<u>% of Total Income</u>
<u>INCOME</u>		
Gross Income from California Finance Lenders Loans and California Finance Lenders Brokered Loans	\$ 13,006,584	2.57
Gross Income from All Other Business and Sources	<u>493,858,556</u>	<u>97.43</u>
Total Gross Income	<u>\$ 506,865,140</u>	<u>100.00</u>
<u>EXPENSES</u>		
Advertising and Promotion	\$ 2,842,604	0.56
Professional Audit and Accounting Services	1,600,932	0.32
Insurance and Bond Premiums	589,144	0.12
Legal Services and Expenses	1,289,982	0.25
Occupancy Expenses	4,026,785	0.79
Provision for Bad Debt Allowance	18,989,170	3.75
Salaries and Bonuses: Employees	46,438,564	9.16
Salaries and Bonuses: Owners, Partners, Executives	7,864,581	1.55
Depreciation	31,224,235	6.16
License Fees and Taxes	(2,520,991) *	(0.50)
Telephone and Utilities	1,363,447	0.27
Travel	1,130,504	0.22
Other Expenses	<u>228,935,138</u>	<u>45.17</u>
Total Expenses before Interest and Income Taxes	<u>\$ 343,774,096</u>	<u>67.82</u>
Income before Interest and Income Taxes	\$ 163,091,044	32.18
Less: Interest Paid to Bona Fide Third Parties	108,132,594	21.33
Interest Paid to Parent Company, Affiliates and Others	<u>48,973,285</u>	<u>9.66</u>
Income before Income Taxes	\$ 5,985,165	1.19
Less: Provision for Income Taxes	<u>(1,241,750)</u>	<u>-0.24</u>
Net Income	<u>\$ 7,226,915</u>	<u>1.43</u>

* A large company reported a tax credit of \$3.3 billion.

EXHIBIT D
CALIFORNIA FINANCE LENDERS
ANALYSIS OF INCOME RECEIVED
FOR CALENDAR YEAR 2007
(in thousands)

<u>CFL LOANS AND CFL BROKERED LOANS</u>	Loans Under \$2,500	Loans \$2,500 and Over	Total
<u>CONSUMER LOANS</u>			
Charges Earned on Loans	\$ 37,635	\$ 3,288,882	\$ 3,326,517
Collection from Charged Off Accounts	1,185	28,124	29,310
Income from Credit Insurance	11	854	865
Other Insurance Commissions	19	4,671	4,690
Administrative Fees	780	192,100	192,879
Commissions from Loan Brokering	423	229,517	229,940
Other Income	550	70,929	71,478
	<u>\$ 40,602</u>	<u>\$ 3,815,077</u>	<u>\$ 3,855,679</u>
<u>COMMERCIAL LOANS</u>			
Charges Earned on Loans			\$ 8,342,498
Collection from Charged Off Accounts			5,739
Income from Credit Insurance			32
Other Insurance Commissions			407
Commissions from Loan Brokering			45,164
Other Income			757,065
			<u>\$ 9,150,905</u>
Income from Commercial Loans			<u>\$ 9,150,905</u>
Total Income from All Loans			<u>\$ 13,006,584</u>
<hr style="border-top: 1px dashed black;"/>			
<u>ALL OTHER BUSINESS AND SOURCES</u>			
Charges Earned on Loans			\$ 98,437,295
Other Interest or Return on Investments			29,030,139
Collection from Charged Off Accounts			286,996
Income from Credit Insurance			2,684
Other Insurance Commissions			40,387
Other Income Relating to Loans			366,061,056
			<u>\$ 493,858,556</u>
Total Income from All Other Business and Sources			<u>\$ 493,858,556</u>

EXHIBIT E
CALIFORNIA FINANCE LENDERS
LOANS MADE OR REFINANCED BY SIZE
FOR CALENDAR YEAR 2007

Size of Loan	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>CONSUMER LOANS</u>				
\$ 499 or less	11,867	1.46	\$ 4,710	0.01
500 to 1,999	76,872	9.41	90,309	0.21
2,000 to 2,499	16,027	1.96	38,364	0.09
2,500 to 4,999	123,619	15.13	416,435	0.97
5,000 to 9,999	213,263	26.10	1,850,153	4.33
10,000 or more	375,330	45.94	40,353,073	94.39
Total Consumer Loans Made	<u>816,978</u>	<u>100.00</u>	<u>\$ 42,753,044</u>	<u>100.00</u>
<u>COMMERCIAL LOANS</u>				
\$5,000 or more	<u>2,076,719</u>	<u>100.00</u>	<u>\$ 159,597,824</u>	<u>100.00</u>
Total Commercial Loans Made	<u>2,076,719</u>	<u>100.00</u>	<u>\$ 159,597,824</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>2,893,697</u>		<u>\$ 202,350,867</u>	

EXHIBIT F
CALIFORNIA FINANCE LENDERS
LOANS MADE OR REFINANCED BY TYPE OF SECURITY
FOR CALENDAR YEAR 2007

Type of Security	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>CONSUMER LOANS</u>				
<u>LOANS UNDER \$2,500</u>				
Unsecured	87,236	83.27	\$ 106,371	79.75
Personal Property	3,445	3.29	6,714	5.03
Automobiles & Other Motor Vehicles	4,133	3.94	9,846	7.38
Wage Assignments	25	0.02	36	0.03
Other Security	9,927	9.48	10,417	7.81
Total Loans Made	<u>104,766</u>	<u>100.00</u>	<u>\$ 133,383</u>	<u>100.00</u>
<u>LOANS OF \$2,500 TO \$4,999</u>				
Unsecured	80,468	65.09	\$ 261,862	62.88
Personal Property	18,583	15.03	69,194	16.62
Automobiles & Other Motor Vehicles	18,162	14.69	62,316	14.96
Wage Assignments	21	0.02	58	0.02
Other Security	6,385	5.17	23,005	5.52
Total Loans Made	<u>123,619</u>	<u>100.00</u>	<u>\$ 416,435</u>	<u>100.00</u>
<u>LOANS OF \$5,000 TO \$9,999</u>				
Unsecured	153,534	72.00	\$ 1,081,139	58.44
Personal Property	14,230	6.67	94,621	5.11
Automobiles & Other Motor Vehicles	43,240	20.28	590,310	31.91
Wage Assignments	48	0.02	324	0.02
Real Property	1,712	0.80	78,717	4.25
Other Security	499	0.23	5,041	0.27
Total Loans Made	<u>213,263</u>	<u>100.00</u>	<u>\$ 1,850,153</u>	<u>100.00</u>
<u>LOANS OF \$10,000 AND MORE</u>				
Unsecured	45,890	12.23	\$ 622,333	1.54
Personal Property	6,069	1.62	116,045	0.29
Automobiles & Other Motor Vehicles	169,655	45.20	4,293,302	10.64
Wage Assignments	146	0.04	2,674	0.01
Real Property	142,122	37.86	33,396,993	82.76
Other Security	11,448	3.05	1,921,726	4.76
Total Loans Made	<u>375,330</u>	<u>100.00</u>	<u>\$ 40,353,073</u>	<u>100.00</u>
Total Consumer Loans Made	<u>816,978</u>		<u>\$ 42,753,044</u>	

EXHIBIT F
(Continuation)
CALIFORNIA FINANCE LENDERS
LOANS MADE OR REFINANCED BY TYPE OF SECURITY
FOR CALENDAR YEAR 2007

Type of Security	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>COMMERCIAL LOANS</u>				
Unsecured	67,133	3.23	\$ 17,819,259	11.17
Personal Property	891	0.05	2,442,940	1.53
Automobiles & Other Motor Vehicles	1,131,909	54.50	28,191,852	17.66
Business Equipment	67,092	3.23	5,177,986	3.24
Real Property	129,947	6.26	67,893,102	42.54
Other Security	679,747	32.73	38,072,684	23.86
Total Commercial Loans Made	<u>2,076,719</u>	<u>100.00</u>	<u>\$ 159,597,824</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>2,893,697</u>		<u>\$ 202,350,867</u>	

EXHIBIT G
CALIFORNIA FINANCE LENDERS
LOANS MADE OR REFINANCED BY RATES CHARGED
FOR CALENDAR YEAR 2007

Rates Charged	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>CONSUMER LOANS</u>				
<u>LOANS UNDER \$2,500</u>				
Step Rate:				
2 1/2 - 2 - 1 1/2 - 1% per month	4,485	4.28	\$ 7,404	5.55
Alternate Rate:				
1.6% per month	1,526	1.46	902	0.68
Federal Reserve Bank Rate plus 10%	0	0.00	0	0.00
Other Rates:				
Up to 14.999 APR	6,159	5.88	9,103	6.82
15.000 to 19.999 APR	42,104	40.19	53,607	40.19
20.000 to 24.999 APR	12,793	12.21	21,683	16.26
25.000 to 29.999 APR	32,816	31.32	36,823	27.61
30.000 to 34.999 APR	2,115	2.02	2,353	1.76
35.000 to 39.999 APR	400	0.38	1,114	0.84
40.000 to 99.999 APR	94	0.09	69	0.05
100.000 or More APR	2,107	2.01	64	0.05
Variable Rates Based on Index	167	0.16	261	0.19
Total Loans Made	<u>104,766</u>	<u>100.00</u>	<u>\$ 133,383</u>	<u>100.00</u>
<u>LOANS OF \$2,500 TO \$4,999</u>				
Up to 14.999 APR	19,693	15.93	\$ 73,028	17.54
15.000 to 19.999 APR	11,606	9.39	44,769	10.75
20.000 to 24.999 APR	18,160	14.69	64,872	15.58
25.000 to 29.999 APR	33,496	27.10	118,815	28.53
30.000 to 34.999 APR	4,226	3.42	14,151	3.40
35.000 to 39.999 APR	187	0.15	589	0.14
40.000 to 99.999 APR	34,894	28.23	95,709	22.98
100.000 or More APR	870	0.70	2,719	0.65
Variable Rates Based on Index	487	0.39	1,784	0.43
Total Loans Made	<u>123,619</u>	<u>100.00</u>	<u>\$ 416,435</u>	<u>100.00</u>
<u>LOANS OF \$5,000 TO \$9,999</u>				
Up to 14.999 APR	76,060	35.66	\$ 837,151	45.25
15.000 to 19.999 APR	17,574	8.24	126,968	6.86
20.000 to 24.999 APR	26,738	12.54	184,417	9.97
25.000 to 29.999 APR	73,749	34.58	531,051	28.70
30.000 to 34.999 APR	1,283	0.60	8,191	0.44
35.000 to 39.999 APR	285	0.13	1,650	0.09
40.000 to 99.999 APR	15,780	7.40	81,817	4.43
100.000 or More APR	610	0.29	4,162	0.22
Variable Rates Based on Index	1,184	0.56	74,746	4.04
Total Loans Made	<u>213,263</u>	<u>100.00</u>	<u>\$ 1,850,153</u>	<u>100.00</u>
<u>LOANS OF \$10,000 AND MORE</u>				
Up to 14.999 APR	210,020	55.96	\$ 28,114,759	69.67
15.000 to 19.999 APR	30,822	8.21	717,093	1.78
20.000 to 24.999 APR	9,046	2.41	158,399	0.39
25.000 to 29.999 APR	24,297	6.47	352,491	0.87
30.000 to 34.999 APR	440	0.12	11,210	0.03
35.000 to 39.999 APR	1,333	0.35	18,646	0.05
40.000 to 99.999 APR	71,946	19.17	2,045,557	5.07
100.000 or More APR	683	0.18	237,934	0.59
Variable Rates Based on Index	26,743	7.13	8,696,985	21.55
Total Loans Made	<u>375,330</u>	<u>100.00</u>	<u>\$ 40,353,073</u>	<u>100.00</u>
Total Consumer Loans Made	<u>816,978</u>		<u>\$ 42,753,044</u>	

EXHIBIT G
(Continuation)
CALIFORNIA FINANCE LENDERS
LOANS MADE OR REFINANCED BY RATES CHARGED
FOR CALENDAR YEAR 2007

Rates Charged	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>COMMERCIAL LOANS</u>				
Up to 14.999 APR	56,110	2.70	\$ 52,422,502	32.85
15.000 to 19.999 APR	60,976	2.94	1,592,362	1.00
20.000 to 24.999 APR	14,405	0.69	294,258	0.18
25.000 to 29.999 APR	3,390	0.16	108,491	0.07
30.000 to 34.999 APR	612	0.03	49,896	0.03
35.000 to 39.999 APR	1,190	0.06	101,297	0.06
40.000 to 99.999 APR	47,963	2.31	126,063	0.08
100.000 or More APR	389	0.02	574,631	0.36
Variable Rates Based on Index	<u>1,891,684</u>	<u>91.09</u>	<u>104,328,324</u>	<u>65.37</u>
Total Commercial Loans Made	<u>2,076,719</u>	<u>100.00</u>	<u>\$ 159,597,824</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>2,893,697</u>		<u>\$ 202,350,867</u>	