

2008 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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This Report is a composite of annual reports of California's lender and broker licensees for the calendar year ended December 31, 2008 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.

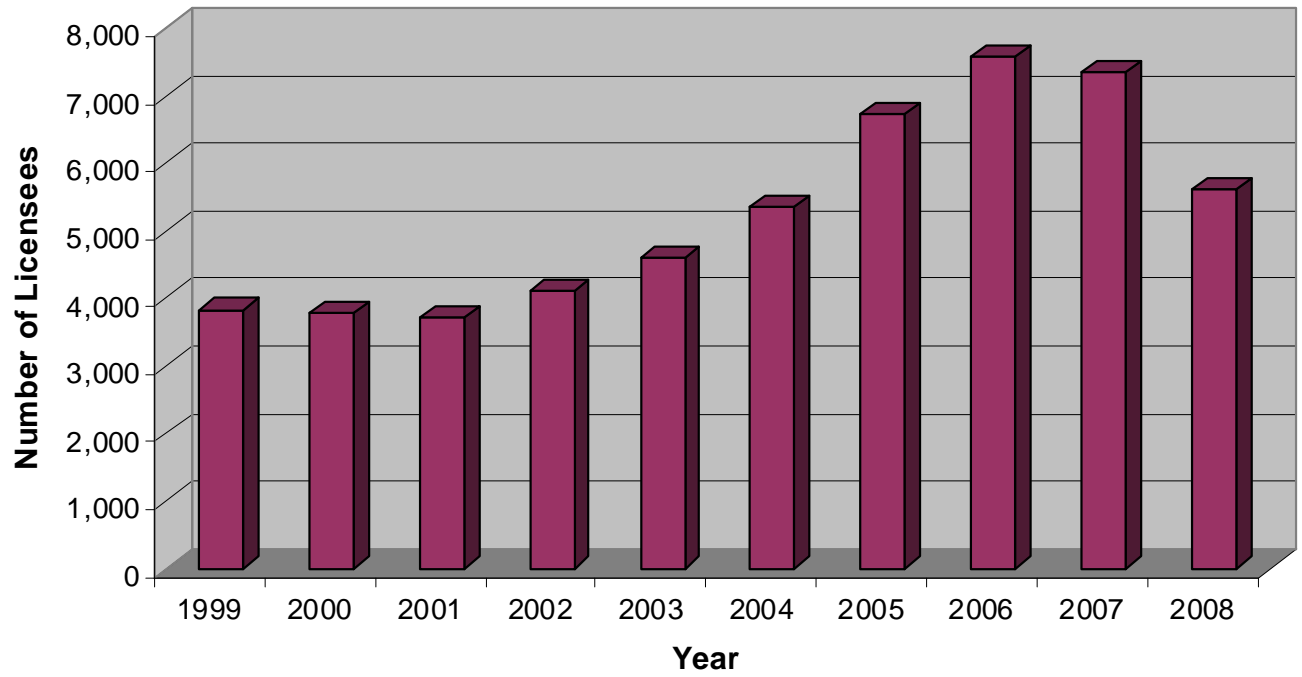
Statistical data compilations required of licensees have been modified to provide more meaningful statistics. Comparison of such data with prior years will be left to the reader.

Historical Data

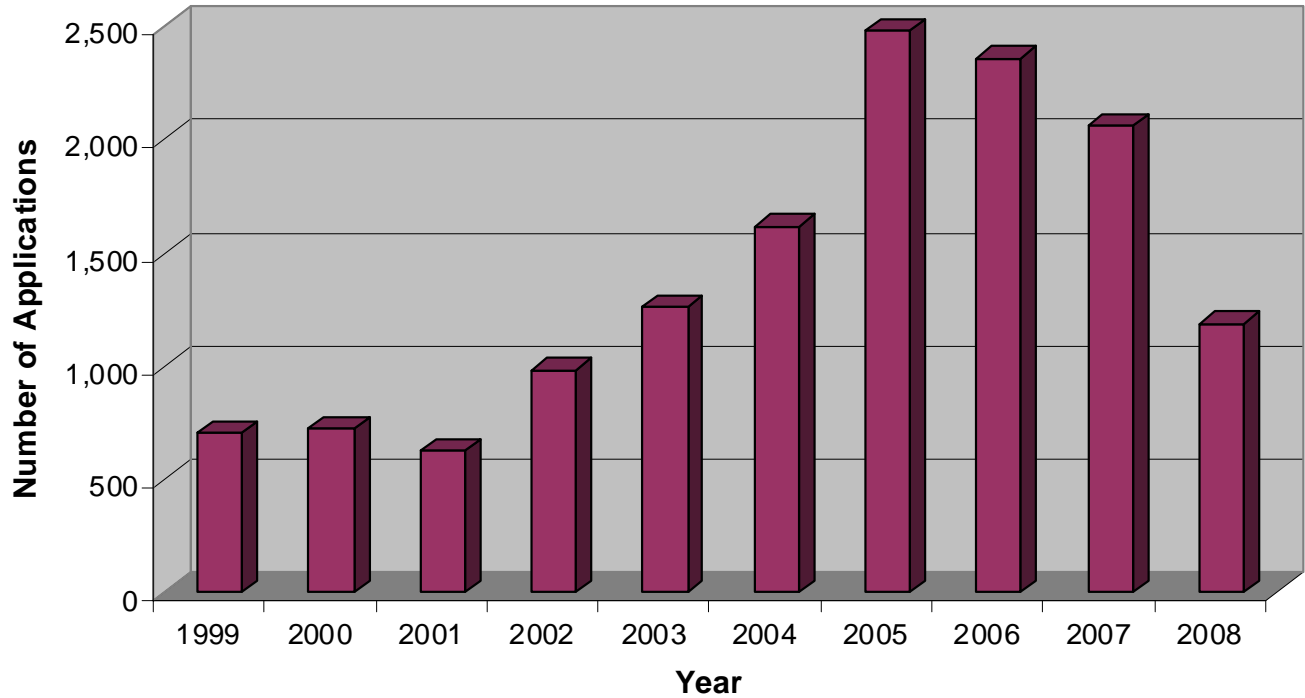
The table below shows the number of licensed California Finance Lenders (including branches) at the end of each calendar year, and the number of license applications received each year for the last 10 years.

	Number of	Number of Applications
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
2001	3,732	628
2000	3,789	726
1999	3,829	709

Number of Licensees for the Last 10 Years



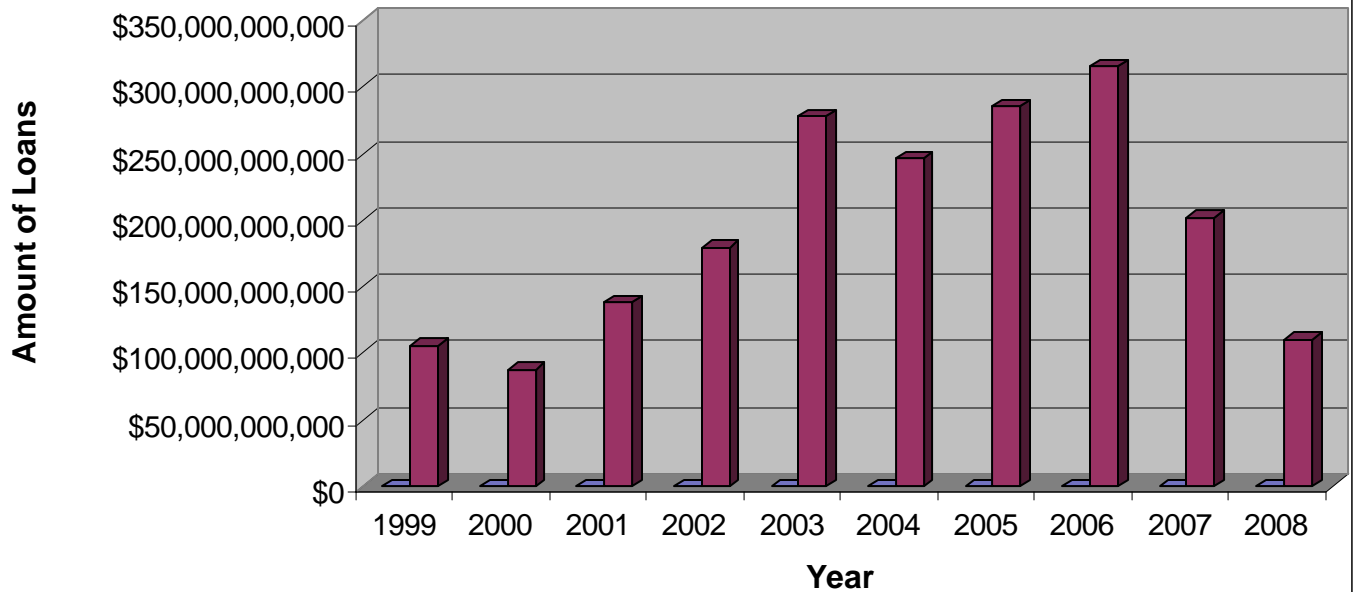
Number of Applications Received



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

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
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
2001	3,530,073	137,947,617,838	20,699	64,389	39,078
2000	3,006,443	87,886,670,201	15,456	48,173	29,233
1999	3,032,409	\$106,276,270,474	\$21,881	\$56,110	\$35,047

Comparison of the Principal Dollar Amount of Loans Made



Comparison of Average Size of Loans Made

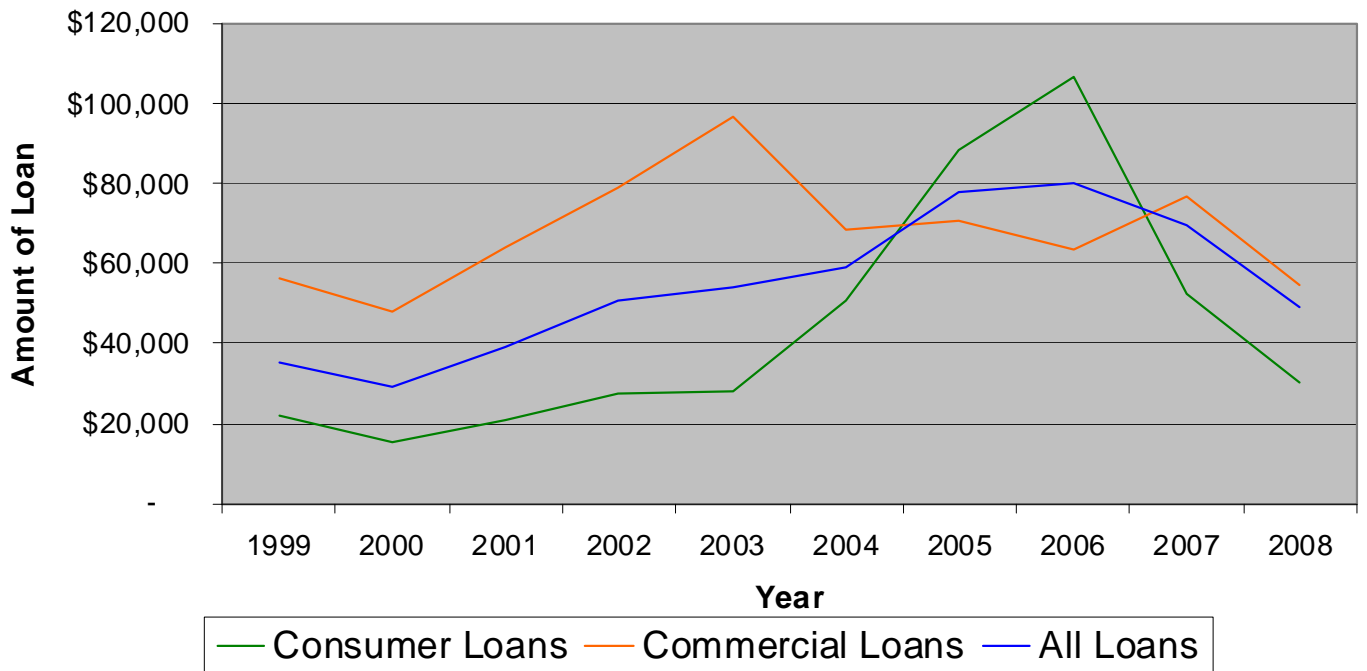


Exhibit A
California Finance Lenders
Consolidated Balance Sheet
as of December 31, 2008
(in thousands of dollars)

<u>ASSETS</u>		<u>% of Total Assets</u>
Cash	\$ 282,279,921	9.63
Investments	719,784,693	24.57
California Finance Lenders Loan Receivables	98,037,829	3.35
Other Receivables	1,028,054,006	35.09
Reserves and Withholds by Banks and Finance Companies	14,955,816	0.51
Real and Personal Property (Net)	117,614,906	4.01
Prepaid Expenses and Deferred Charges	10,975,119	0.37
Commissions Receivables	460,455	0.02
Other Assets	657,834,560	22.45
Total Assets	<u>\$ 2,929,997,307</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	\$ 877,467,688	29.95
Loans and Notes Payable from Parent Companies, Affiliates, etc.	510,451,743	17.42
Bonds, Debentures, Notes and Certificates of Indebtedness	379,168,577	12.94
Accounts Payable	126,805,716	4.33
Dealers Reserves and Withholds	9,829,950	0.34
Accrued Taxes Other Than Income Tax	684,135	0.02
Reserve for Income Taxes	35,730,031	1.22
Credit Insurance Premiums Due Insurer	41,188	0.01
Other Liabilities and Accruals	647,499,497	22.10
Total Liabilities	2,587,678,526	88.32
Net Worth	342,318,781	11.68
Total Liabilities and Net Worth	<u>\$ 2,929,997,307</u>	<u>100.00</u>

Exhibit B
California Finance Lenders
Analysis of Loans and Receivables Outstanding
as of December 31, 2008
(in thousands)

	Aggregate Balance	% of Subtotal
<u>CALIFORNIA FINANCE LENDERS LOAN RECEIVABLES</u>		
Consumer Loans	\$ 31,306,831	30.85
Commercial Loans	70,177,581	69.15
Subtotal	\$ 101,484,412	100.00
Less: Unearned Pre-computed Charges	971,501	
Allowance for Bad Debts	2,475,081	
Net California Finance Lenders Loan Receivables	\$ 98,037,829	

OTHER RECEIVABLES

Sales Contracts	\$ 305,747,038	28.95
Leases (True Leases)	125,168,055	11.85
Factoring	10,007,197	0.95
Other	615,092,543	58.25
Subtotal	\$ 1,056,014,833	100.00
Less: Unearned Pre-computed Charges and Discounts	11,112,217	
Allowance for Bad Debts	16,848,610	
Net Other Receivables	\$ 1,028,054,006	

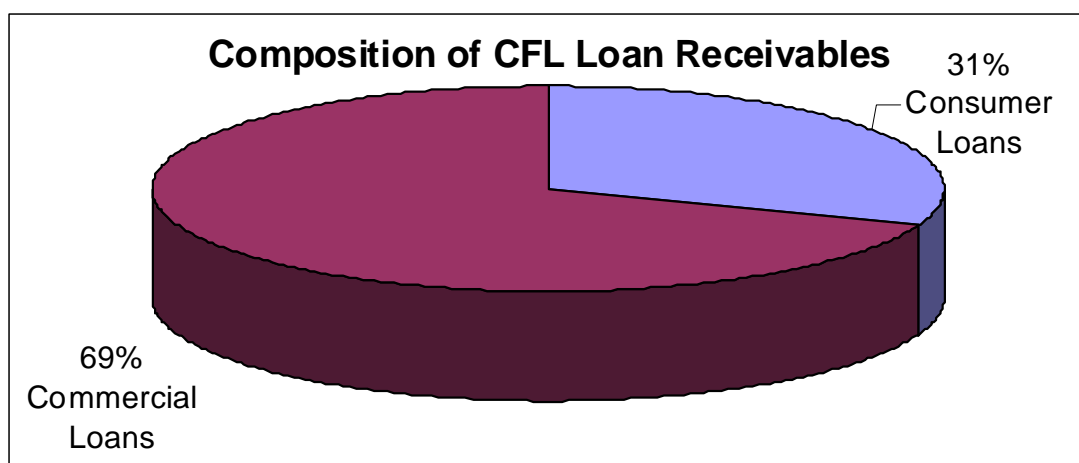


Exhibit C
California Finance Lenders Statement of Income and Expenses
for Calendar Year 2008
(in thousands)

		<u>% of Total Income</u>
<u>INCOME</u>		
Gross Income from California Finance Lenders Loans and California Finance Lenders Brokered Loans	\$ 8,593,808	2.52
Gross Income from All Other Business and Sources	<u>332,569,854</u>	<u>97.48</u>
Total Gross Income	<u>\$ 341,163,662</u>	<u>100.00</u>
<u>EXPENSES</u>		
Advertising and Promotion	\$ 2,154,323	0.63
Professional Audit and Accounting Services	1,767,193	0.52
Insurance and Bond Premiums	1,033,500	0.30
Legal Services and Expenses	1,519,755	0.45
Occupancy Expenses	4,462,962	1.31
Provision for Bad Debt Allowance	28,902,064	8.47
Salaries and Bonuses: Employees	51,630,130	15.13
Salaries and Bonuses: Owners, Partners, Executives	547,688	0.16
Depreciation	33,802,307	9.91
License Fees and Taxes	(3,765,207) *	(1.10)
Telephone and Utilities	1,390,164	0.41
Travel	992,835	0.29
Other Expenses	<u>147,042,135</u>	<u>43.10</u>
Total Expenses before Interest and Income Taxes	<u>\$ 271,479,851</u>	<u>79.57</u>
Income before Interest and Income Taxes	\$ 69,683,811	20.43
Less: Interest Paid to Bona Fide Third Parties	74,581,437	21.86
Interest Paid to Parent Company, Affiliates and Others	<u>32,474,654</u>	<u>9.52</u>
Income before Income Taxes	\$ (37,372,281)	(10.95)
Less: Provision for Income Taxes	<u>(11,516,543)</u>	<u>(3.38)</u>
Net Income	<u>\$ (25,855,738)</u>	<u>(7.57)</u>

* A large company reported a tax credit of \$4.5 Billion

Exhibit D
California Finance Lenders
Analysis of Income Received
For Calendar Year 2008
(in thousands)

CFL LOANS AND CFL BROKERED LOANS	Loans Under \$2,500	Loans \$2,500 and Over	Total
<u>CONSUMER LOANS</u>			
Charges Earned on Loans	\$ 31,374	\$ 2,978,729	\$ 3,010,102
Collection from Charged Off Accounts	1,281	33,786	35,067
Income from Credit Insurance	5	129	133
Other Insurance Commissions	5	1,508	1,513
Administrative Fees	803	51,232	52,035
Commissions from Loan Brokering	878	66,212	67,090
Other Income	82	(6,119)	(6,037)
	<u>\$ 34,428</u>	<u>\$ 3,125,476</u>	<u>\$ 3,159,904</u>
<u>COMMERCIAL LOANS</u>			
Charges Earned on Loans			\$ 5,007,658
Collection from Charged Off Accounts			10,527
Income from Credit Insurance			3
Other Insurance Commissions			231
Commissions from Loan Brokering			17,771
Other Income			397,715
			<u>\$ 5,433,905</u>
Income from Commercial Loans			<u>\$ 5,433,905</u>
			<u>\$ 8,593,808</u>
<u>ALL OTHER BUSINESS AND SOURCES</u>			
Charges Earned on Loans			\$ 77,795,955
Other Interest or Return on Investments			15,135,300
Collection from Charged Off Accounts			176,224
Income from Credit Insurance			573
Other Insurance Commissions			240,692
Other Income Relating to Loans			239,221,109
			<u>\$ 332,569,854</u>
Total Income from All Other Business and Sources			<u>\$ 332,569,854</u>

Exhibit E
California Finance Lenders
Loans Made or Refinanced By Size
For Calendar Year 2008

Size of Loan	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>CONSUMER LOANS</u>				
\$ 499 or less	13,014	2.53	\$ 13,784	0.09
500 to 1,999	68,843	13.39	83,595	0.54
2,000 to 2,499	14,808	2.88	33,147	0.21
2,500 to 4,999	92,572	18.00	318,577	2.06
5,000 to 9,999	117,499	22.85	885,290	5.71
10,000 or more	207,487	40.35	14,163,345	91.39
Total Consumer Loans Made	<u>514,223</u>	<u>100.00</u>	<u>\$ 15,497,738</u>	<u>100.00</u>
<u>COMMERCIAL LOANS</u>				
\$5,000 or more	<u>1,735,493</u>	<u>100.00</u>	<u>\$ 94,515,619</u>	<u>100.00</u>
Total Commercial Loans Made	<u>1,735,493</u>	<u>100.00</u>	<u>\$ 94,515,619</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>2,249,716</u>		<u>\$ 110,013,357</u>	

Breakdown of Number of Consumer Loans by Dollar Amount

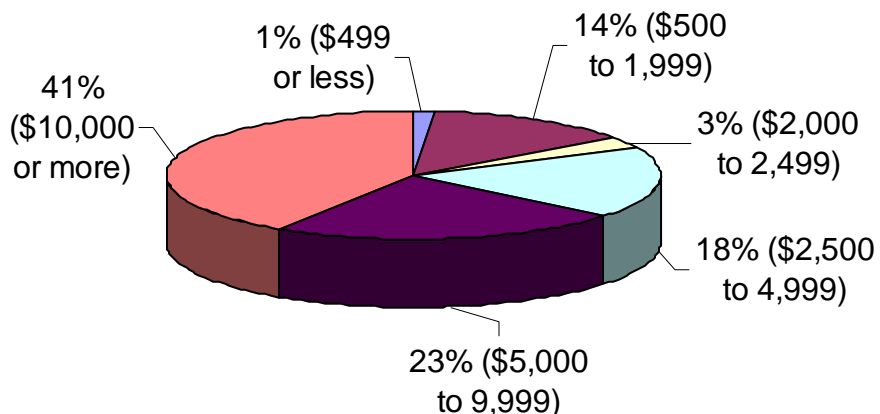


Exhibit F

California Finance Lenders Loans Made or Refinanced By Type of Security for Calendar Year 2008

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	81,790	84.61	\$ 102,104	78.22
Personal Property	3,590	3.71	5,986	4.59
Automobiles & Other Motor Vehicles	4,311	4.46	8,813	6.75
Wage Assignments	15	0.02	18	0.01
Other Security	6,959	7.20	13,605	10.42
Total Loans Made	<u>96,665</u>	<u>100.00</u>	<u>\$ 130,526</u>	<u>100.00</u>
<u>LOANS OF \$2,500 TO \$4,999</u>				
Unsecured	50,906	54.99	\$ 173,885	54.58
Personal Property	15,345	16.58	55,717	17.49
Automobiles & Other Motor Vehicles	21,677	23.42	72,226	22.67
Wage Assignments	12	0.01	38	0.02
Other Security	4,632	5.00	16,711	5.25
Total Loans Made	<u>92,572</u>	<u>100.00</u>	<u>\$ 318,577</u>	<u>100.00</u>
<u>LOANS OF \$5,000 TO \$9,999</u>				
Unsecured	78,651	72.00	\$ 556,282	62.84
Personal Property	12,837	10.93	89,234	10.08
Automobiles & Other Motor Vehicles	25,283	21.52	179,672	20.30
Wage Assignments	11	0.01	255	0.03
Real Property	436	0.37	57,796	6.53
Other Security	281	0.24	2,051	0.23
Total Loans Made	<u>117,499</u>	<u>100.00</u>	<u>\$ 885,290</u>	<u>100.00</u>
<u>LOANS OF \$10,000 AND MORE</u>				
Unsecured	24,087	11.61	\$ 346,816	2.45
Personal Property	8,679	4.18	108,135	0.76
Automobiles & Other Motor Vehicles	73,681	35.51	2,030,416	14.34
Wage Assignments	75	0.04	2,794	0.02
Real Property	96,505	37.86	11,195,006	79.04
Other Security	4,460	2.15	480,178	3.39
Total Loans Made	<u>207,487</u>	<u>100.00</u>	<u>\$ 14,163,345</u>	<u>100.00</u>
Total Consumer Loans Made	<u>514,223</u>		<u>\$ 15,497,738</u>	

Exhibit F (Continued)
California Finance Lenders
Loans Made or Refinanced By Type of Security
for Calendar Year 2008

Type of Security	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>ALL CONSUMER LOANS</u>				
Unsecured	235,434	45.78	\$ 1,179,087	7.61
Personal Property	40,451	7.87	259,072	1.68
Automobiles & Other Motor Vehicles	124,952	24.30	2,291,127	14.78
Wage Assignments	113	0.02	3,105	0.02
Real Property	96,941	18.85	11,252,802	72.60
Other Security	16,332	3.18	512,545	3.31
Total Consumer Loans Made	<u>514,223</u>	<u>100.00</u>	<u>\$ 15,497,738</u>	<u>100.00</u>

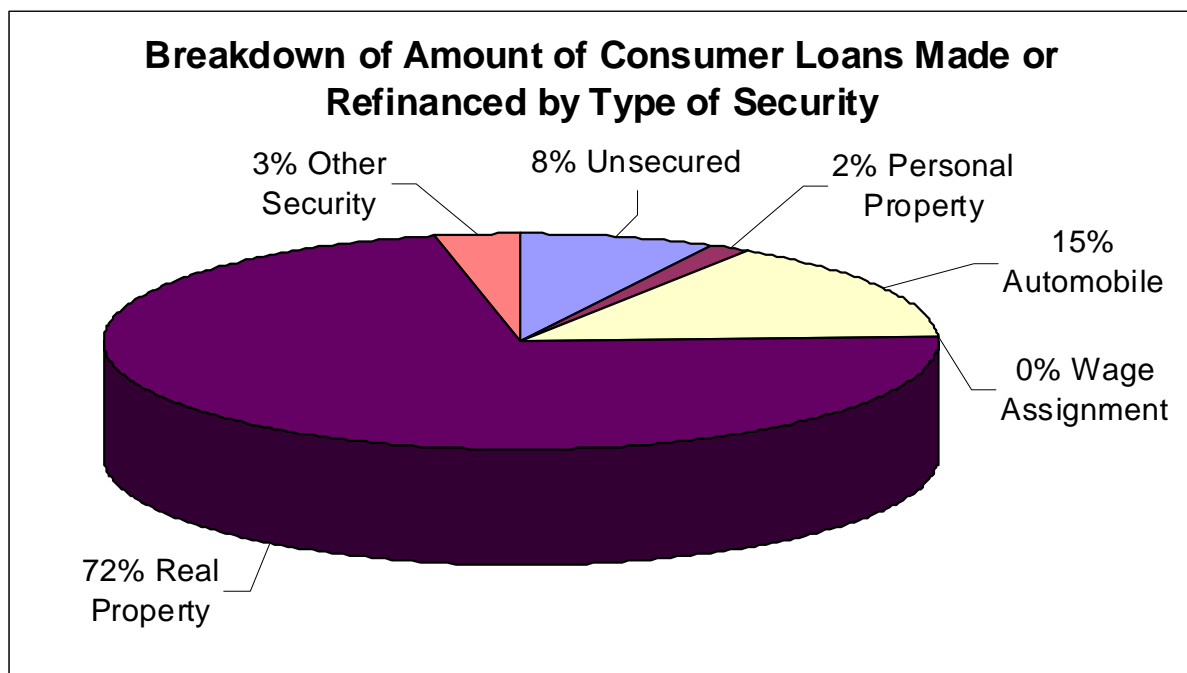


Exhibit F (Continued)
California Finance Lenders
Loans Made or Refinanced By Type of Security
for Calendar Year 2008

COMMERCIAL LOANS

Unsecured	78,138	4.50	\$ 29,870,975	31.60
Personal Property	948	0.05	974,266	1.03
Automobiles & Other Motor Vehicles	1,043,300	60.12	25,522,221	27.00
Business Equipment	42,203	2.43	4,699,413	4.97
Real Property	7,675	0.44	12,152,738	12.86
Other Security	<u>563,229</u>	<u>32.45</u>	<u>21,296,006</u>	<u>22.53</u>
 Total Commercial Loans Made	 <u>1,735,493</u>	 <u>100.00</u>	 <u>\$ 94,515,619</u>	 <u>100.00</u>
 Total Loans Made, All Categories	 <u>2,249,716</u>		 <u>\$ 110,013,357</u>	

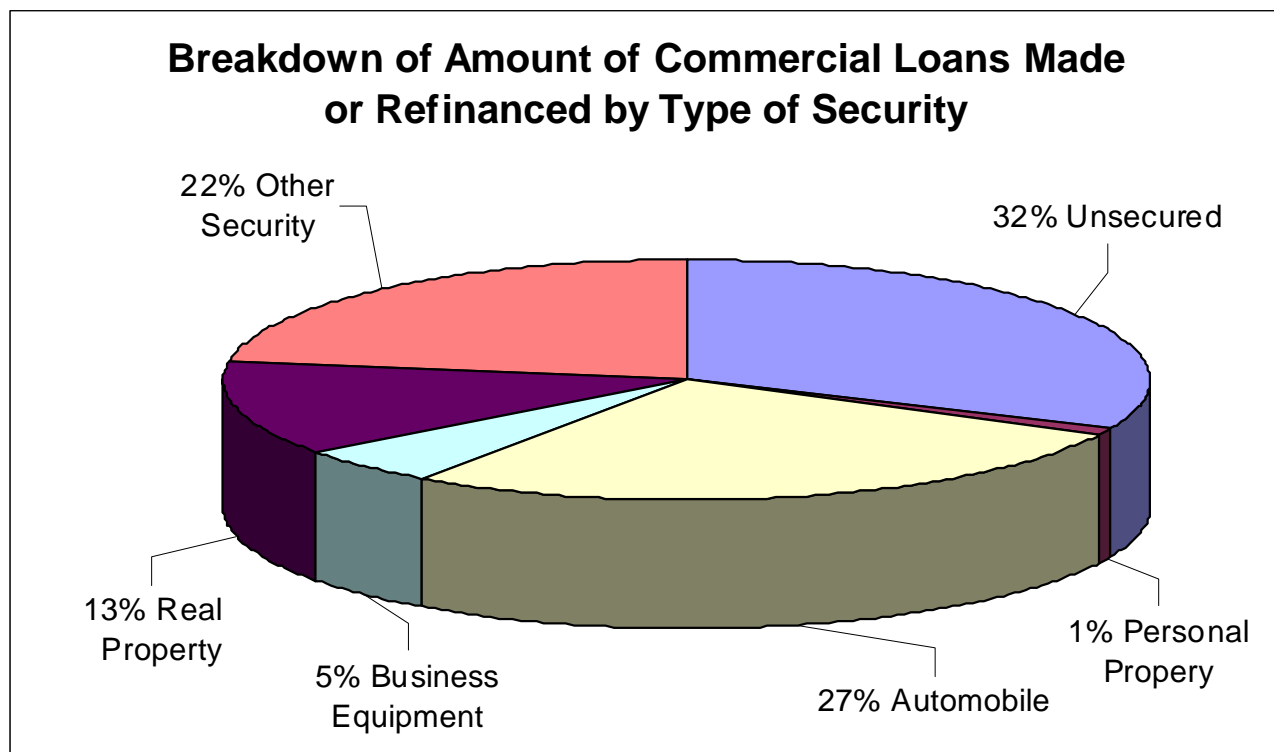


Exhibit G

California Finance Lenders

Loans Made or Refinanced by Interest Rates Charged for Calendar Year 2008

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:				
2.5, 2, 1.5, 1% per month	2,263	2.34	\$ 4,113	3.15
Alternate Rate:				
1.6% per month	1,991	2.06	1,043	0.80
Federal Reserve Bank Rate plus 10%	0	0.00	0	0.00
Other Rates:				
Up to 14.999 APR	17,321	17.92	38,483	29.48
15.000 to 19.999 APR	22,346	23.12	25,197	19.30
20.000 to 24.999 APR	10,919	11.30	17,632	13.51
25.000 to 29.999 APR	27,569	28.52	29,568	22.65
30.000 to 34.999 APR	3,135	3.24	3,767	2.89
35.000 to 39.999 APR	9,670	10.00	8,569	6.56
40.000 to 99.999 APR	1,381	1.43	2,094	1.60
100.000 or More APR	2	0.00	3	0.00
Variable Rates Based on Index	68	0.07	57	0.19
Total Loans Made	<u>96,665</u>	<u>100.00</u>	<u>\$ 130,526</u>	<u>100.00</u>
<u>LOANS OF \$2,500 TO \$4,999</u>				
Up to 14.999 APR	3,170	3.42	\$ 10,732	3.37
15.000 to 19.999 APR	10,498	11.34	38,921	12.22
20.000 to 24.999 APR	18,189	19.65	65,523	20.57
25.000 to 29.999 APR	32,269	34.86	118,805	37.29
30.000 to 34.999 APR	5,067	5.47	17,351	5.45
35.000 to 39.999 APR	640	0.69	2,043	0.64
40.000 to 99.999 APR	20,617	22.27	58,617	18.40
100.000 or More APR	1,786	1.93	5,340	1.68
Variable Rates Based on Index	336	0.36	1,245	0.39
Total Loans Made	<u>92,572</u>	<u>100.00</u>	<u>\$ 318,577</u>	<u>100.00</u>

Exhibit G (Continued)
California Finance Lenders
Loans Made or Refinanced by Interest Rates Charged
for Calendar Year 2008

<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>
<u>LOANS OF \$5,000 TO \$9,999</u>				
Up to 14.999 APR	5,913	5.03	\$ 42,454	4.80
15.000 to 19.999 APR	16,382	13.94	118,572	13.39
20.000 to 24.999 APR	33,192	28.25	235,304	26.58
25.000 to 29.999 APR	55,823	47.51	399,194	45.09
30.000 to 34.999 APR	697	0.59	4,471	0.51
35.000 to 39.999 APR	160	0.14	912	0.10
40.000 to 99.999 APR	5,033	4.28	24,519	4.43
100.000 or More APR	251	0.21	1,521	0.17
Variable Rates Based on Index	48	0.04	58,342	6.59
Total Loans Made	<u>117,499</u>	<u>100.00</u>	<u>\$ 885,290</u>	<u>100.00</u>
<u>LOANS OF \$10,000 AND MORE</u>				
Up to 14.999 APR	152,501	73.50	\$ 12,316,652	86.96
15.000 to 19.999 APR	21,970	10.59	406,828	2.87
20.000 to 24.999 APR	12,807	6.17	216,113	1.53
25.000 to 29.999 APR	15,884	7.66	196,848	1.39
30.000 to 34.999 APR	78	0.04	2,363	0.02
35.000 to 39.999 APR	15	0.35	1,444	0.01
40.000 to 99.999 APR	483	0.23	28,859	0.20
100.000 or More APR	344	0.17	215,727	1.52
Variable Rates Based on Index	3,405	1.64	778,512	5.50
Total Loans Made	<u>207,487</u>	<u>100.00</u>	<u>\$ 14,163,345</u>	<u>100.00</u>
Total Consumer Loans Made	<u>514,223</u>		<u>\$ 15,497,738</u>	

Exhibit G (Continued)
California Finance Lenders
Loans Made or Refinanced by Interest Rates Charged
for Calendar Year 2008

Rates Charged	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>COMMERCIAL LOANS</u>				
Up to 14.999 APR	89,525	5.16	\$ 40,532,298	42.88
15.000 to 19.999 APR	12,036	0.69	1,109,526	1.17
20.000 to 24.999 APR	3,675	0.21	200,288	0.21
25.000 to 29.999 APR	1,477	0.09	74,967	0.08
30.000 to 34.999 APR	506	0.03	36,989	0.04
35.000 to 39.999 APR	1,386	0.08	76,060	0.08
40.000 to 99.999 APR	54,722	3.15	491,168	0.52
100.000 or More APR	1,408	0.08	589,255	0.62
Variable Rates Based on Index	<u>1,570,758</u>	<u>90.51</u>	<u>51,405,069</u>	<u>54.39</u>
Total Commercial Loans Made	<u>1,735,493</u>	<u>100.00</u>	<u>\$ 94,515,619</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>2,249,716</u>		<u>\$ 110,013,357</u>	



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

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