

2010 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

PRESTON DuFAUCHARD
CALIFORNIA CORPORATIONS COMMISSIONER

Financial Services Division
California Finance Lenders Law

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

1515 K Street, Suite 200
Sacramento, CA 95814

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

One Sansome Street, Suite 600
San Francisco, CA 94104

1350 Front Street, Room 2034
San Diego, CA 92101

TABLE OF CONTENTS

	<u>Page</u>
<i>Introduction.....</i>	<i>1</i>
<i>Chart of Statistical Information for the Last 10 Years.....</i>	<i>2</i>
<i>Analysis of Loans Made Under the CFLL License for the Last 10 Years..</i>	<i>3</i>
<i>Exhibit A - Balance Sheet.....</i>	<i>5</i>
<i>Exhibit B - Analysis of Loans and Receivables Outstanding.....</i>	<i>6</i>
<i>Exhibit C - Statement of Income and Expenses.....</i>	<i>7</i>
<i>Exhibit D - Analysis of Income Received.....</i>	<i>8</i>
<i>Exhibit E - Loans Made or Refinanced by Size.....</i>	<i>9</i>
<i>Exhibit F - Loans Made or Refinanced by Type of Security.....</i>	<i>10</i>
<i>Exhibit G - Loans Made or Refinanced by Rates Charged.....</i>	<i>13</i>

This Report is a composite of annual reports of California's lender and broker licensees for the calendar year ended December 31, 2010 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.

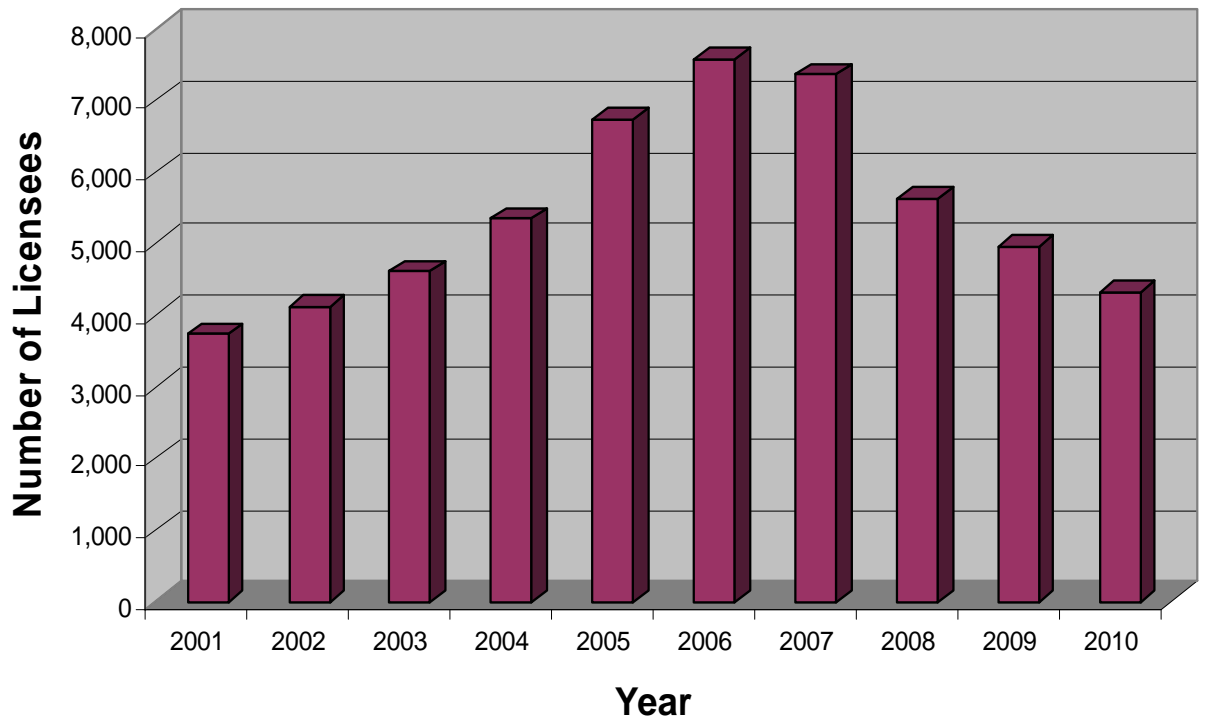
Statistical data compilations required of licensees have been modified to provide more meaningful statistics. Comparison of such data with prior years will be left to the reader.

Historical Data

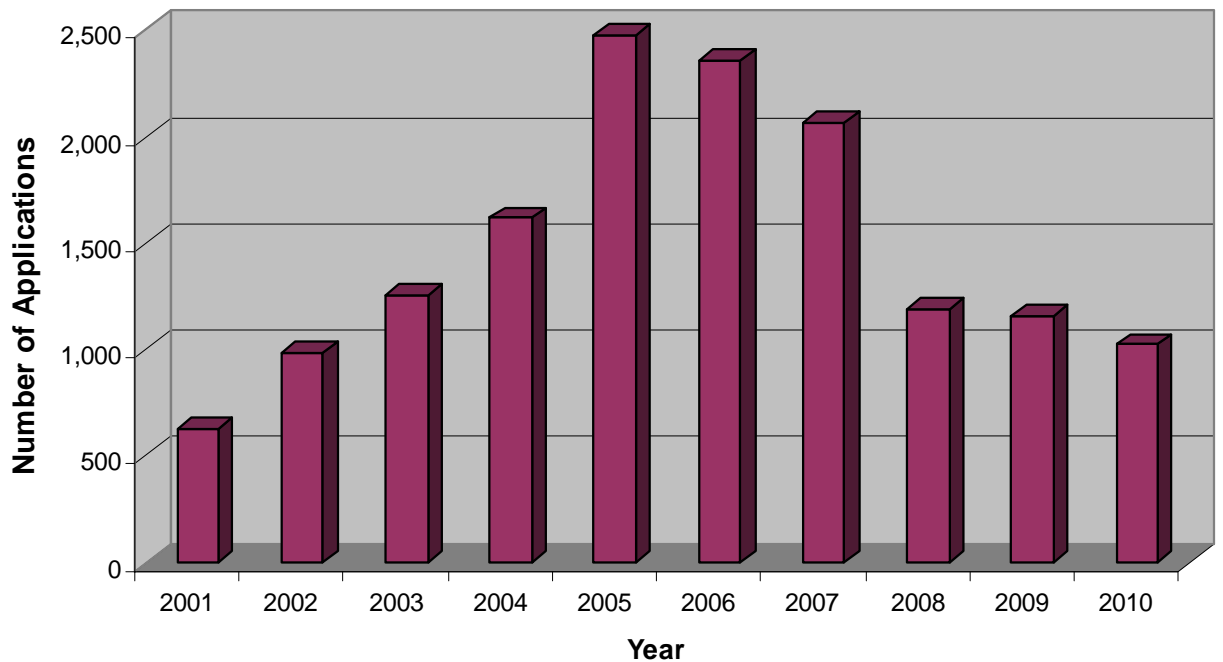
The table below shows the number of licensed California Finance Lenders (including branches) at the end of each calendar year, and the number of license applications received each year for the last 10 years.

Year	Number of Licensees	Number of Applications
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
2001	3,732	628

Number of Licensees for the Last 10 Years



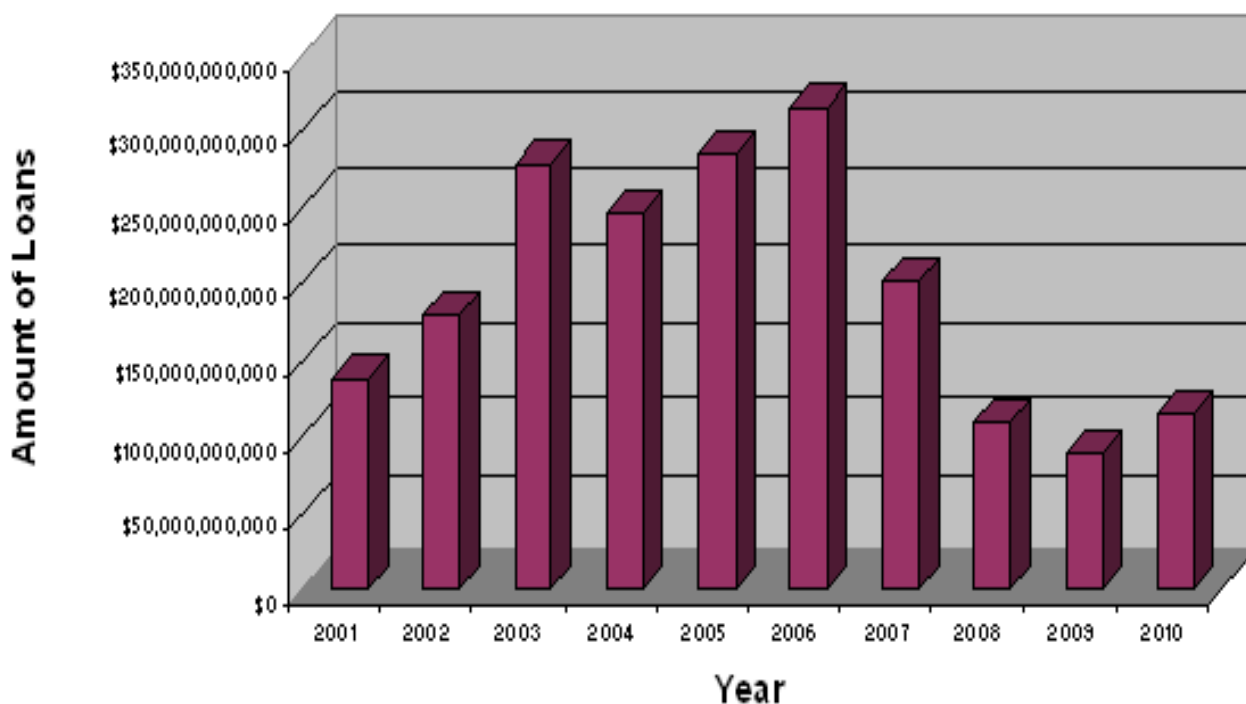
Number of Applications Received



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
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
2001	3,530,073	137,947,617,838	20,699	64,389	39,078

Comparison of the Principal Dollar Amount of Loans Made



Comparison of Average Size of Loans Made

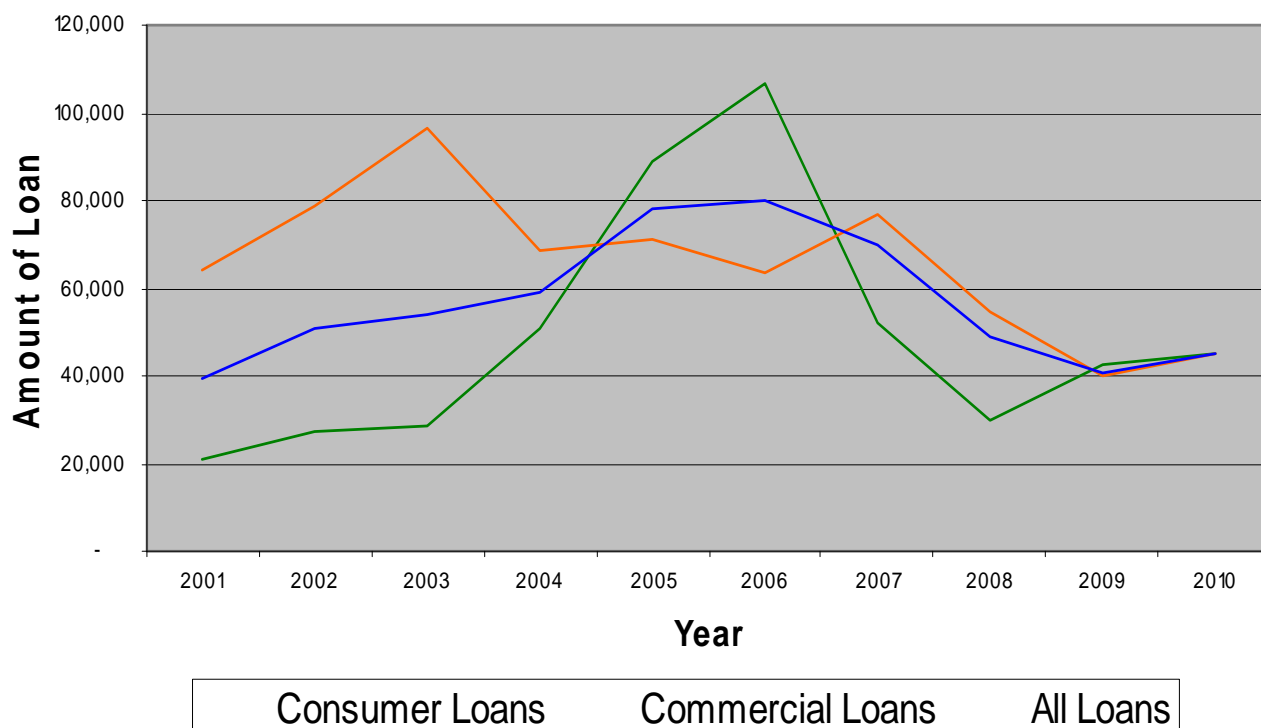


Exhibit A
California Finance Lenders
Consolidated Balance Sheet
As of December 31, 2010
(in thousands)

<u>ASSETS</u>		<u>% of Total Assets</u>
Cash	\$ 69,746,574	3.52
Investments	577,513,778	29.18
California Finance Lenders Loan Receivables	76,375,497	3.86
Other Receivables	953,166,040	48.16
Reserves and Withholds by Banks and Finance Companies	2,621,973	0.13
Real and Personal Property (Net)	75,671,003	3.82
Prepaid Expenses and Deferred Charges	10,090,776	0.51
Commissions Receivables	70,103	0.00
Other Assets	213,904,519	10.82
	<hr/>	<hr/>
Total Assets	\$ 1,979,160,263	100.00
	<hr/> <hr/>	<hr/> <hr/>

<u>LIABILITIES AND NET WORTH</u>		<u>% of Total Liabilities and Net Worth</u>
Loans and Notes Payable from Third Parties	\$ 517,925,560	26.17
Loans and Notes Payable from Parent Companies, Affiliates, etc.	396,600,548	20.04
Bonds, Debentures, and Certificates of Indebtedness	301,236,221	15.22
Accounts Payable	46,132,987	2.33
Dealers Reserves and Withholds	667,129	0.03
Accrued Taxes Other Than Income Tax	6,376,122	0.32
Reserve for Income Taxes	33,373,234	1.69
Credit Insurance Premiums Due Insurer	339,628	0.02
Other Liabilities and Accruals	410,888,494	20.76
	<hr/>	<hr/>
Total Liabilities	1,713,539,923	86.58
Net Worth	265,620,340	13.42
	<hr/>	<hr/>
Total Liabilities and Net Worth	\$ 1,979,160,263	100.00
	<hr/> <hr/>	<hr/> <hr/>

Exhibit B
California Finance Lenders
Analysis of Loans and Receivables Outstanding
As of December 31, 2010
(in thousands)

	<u>Aggregate Balance</u>	<u>% of Subtotal</u>
<u>CALIFORNIA FINANCE LENDERS LOAN RECEIVABLES</u>		
Consumer Loans	\$ 28,746,125	35.44
Commercial Loans	<u>52,376,789</u>	<u>64.56</u>
Subtotal	\$ 81,122,914	<u>100.00</u>
Less: Unearned Pre-computed Charges	1,050,583	
Allowance for Bad Debts	<u>3,696,834</u>	
Net California Finance Lenders Loan Receivables	<u><u>\$ 76,375,497</u></u>	
<u>OTHER RECEIVABLES</u>		
Sales Contracts	\$ 282,226,819	28.86
Leases (True Leases)	82,773,039	8.46
Factoring	6,604,995	0.68
Other	<u>606,395,809</u>	<u>62.00</u>
Subtotal	\$ 978,000,662	<u>100.00</u>
Less: Unearned Pre-computed Charges and Discounts	8,400,394	
Allowance for Bad Debts	<u>16,434,228</u>	
Net Other Receivables	<u><u>\$ 953,166,040</u></u>	

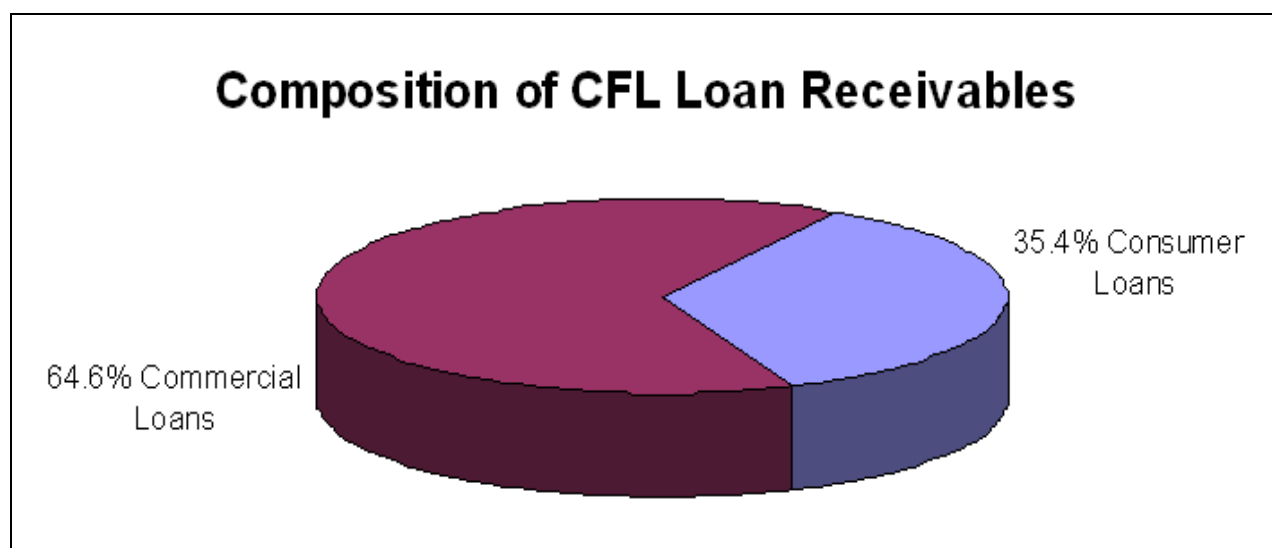


Exhibit C
California Finance Lenders
Statement of Income and Expenses
For Calendar Year 2010
(in thousands)

		<u>% of Total Income</u>
<u>INCOME</u>		
Gross Income from California Finance Lenders Loans and California Finance Lenders Brokered Loans	\$ 6,130,759	1.54
Gross Income from All Other Business and Sources	<u>391,251,147</u>	<u>98.46</u>
Total Gross Income	<u>\$ 397,381,906</u>	<u>100.00</u>
<u>EXPENSES</u>		
Loss on Loans Receivable	\$ 4,789,623	1.21
Professional Audit and Accounting Services	1,398,383	0.35
Insurance and Bond Premiums	1,540,714	0.39
Legal Services and Expenses	1,081,891	0.27
Occupancy Expenses	2,644,344	0.67
Provision for Bad Debt Allowance	8,050,520	2.03
Salaries and Bonuses: Employees	32,355,296	8.14
Salaries and Bonuses: Owners, Partners, Executives	712,733	0.18
Depreciation	18,733,431	4.71
License Fees and Taxes	(830,998) *	(0.21)
Telephone and Utilities	1,198,545	0.30
Advertising and Promotions	964,759	0.24
Other Expenses	<u>251,657,270</u>	<u>63.33</u>
Total Expenses before Interest and Income Taxes	<u>\$ 324,296,511</u>	<u>81.61</u>
Income or (Loss) before Interest and Income Taxes	\$ 73,085,395	18.39
Less: Interest Paid to Bona Fide Third Parties	33,281,276	8.38
Interest Paid to Parent Company, Affiliates and Others	<u>11,234,262</u>	<u>2.83</u>
Income or (Loss) before Income Taxes	\$ 28,569,857	7.18
Less: Provision for Income Taxes	<u>6,635,956</u>	<u>1.67</u>
Net Income or (Loss)	<u>\$ 21,933,901</u>	<u>5.51</u>

* A large company reported a tax credit of \$1.8 Billion.

Exhibit D
California Finance Lenders
Analysis of Income Received
For Calendar Year 2010
(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	\$ 40,447	\$ 1,851,601	\$ 1,892,048
Collection from Charged Off Accounts	3,568	319,192	322,760
Income from Credit Insurance	3	162	165
Other Insurance Commissions	15	2,546	2,561
Administrative Fees	8,236	76,689	84,925
Commissions from Loan Brokering	568	19,507	20,075
Other Income	3,362	168,320	171,682
Income from Consumer Loans	<u>\$ 56,199</u>	<u>\$ 2,438,017</u>	<u>\$ 2,494,216</u>
<u>COMMERCIAL LOANS</u>			
Charges Earned on Loans			\$ 3,420,404
Collection from Charged Off Accounts			15,933
Income from Credit Insurance			3
Other Insurance Commissions			75
Commissions from Loan Brokering			9,576
Other Income			190,552
Income from Commercial Loans			<u>\$ 3,636,543</u>
Total Income from All Loans			<u>\$ 6,130,759</u>
<hr/>			
<u>ALL OTHER BUSINESS AND SOURCES</u>			
Charges Earned on Loans			\$ 72,370,523
Other Interest or Return on Investments			20,419,780
Collection from Charged Off Accounts			695,069
Income from Credit Insurance			664
Other Insurance Commissions			139,163
Other Income Relating to Loans			297,625,948
Total Income from All Other Business and Sources			<u>\$ 391,251,147</u>

Exhibit E

California Finance Lenders Loans Made or Refinanced By Size For Calendar Year 2010

Size of Loan	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>CONSUMER LOANS</u>				
\$ 499 or less	103,543	21.56	\$ 34,822	0.16
500 to 1,999	90,976	18.94	98,474	0.46
2,000 to 2,499	8,517	1.77	18,635	0.09
2,500 to 4,999	105,368	21.93	325,195	1.50
5,000 to 9,999	43,946	9.15	303,647	1.41
10,000 or more	128,034	26.65	20,798,281	96.38
Total Consumer Loans Made	<u>480,384</u>	<u>100.00</u>	<u>\$ 21,579,054</u>	<u>100.00</u>
<u>COMMERCIAL LOANS</u>				
\$5,000 or more	<u>2,080,113</u>	<u>100.00</u>	<u>\$ 93,199,758</u>	<u>100.00</u>
Total Commercial Loans Made	<u>2,080,113</u>	<u>100.00</u>	<u>\$ 93,199,758</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>2,560,497</u>		<u>\$ 114,778,812</u>	

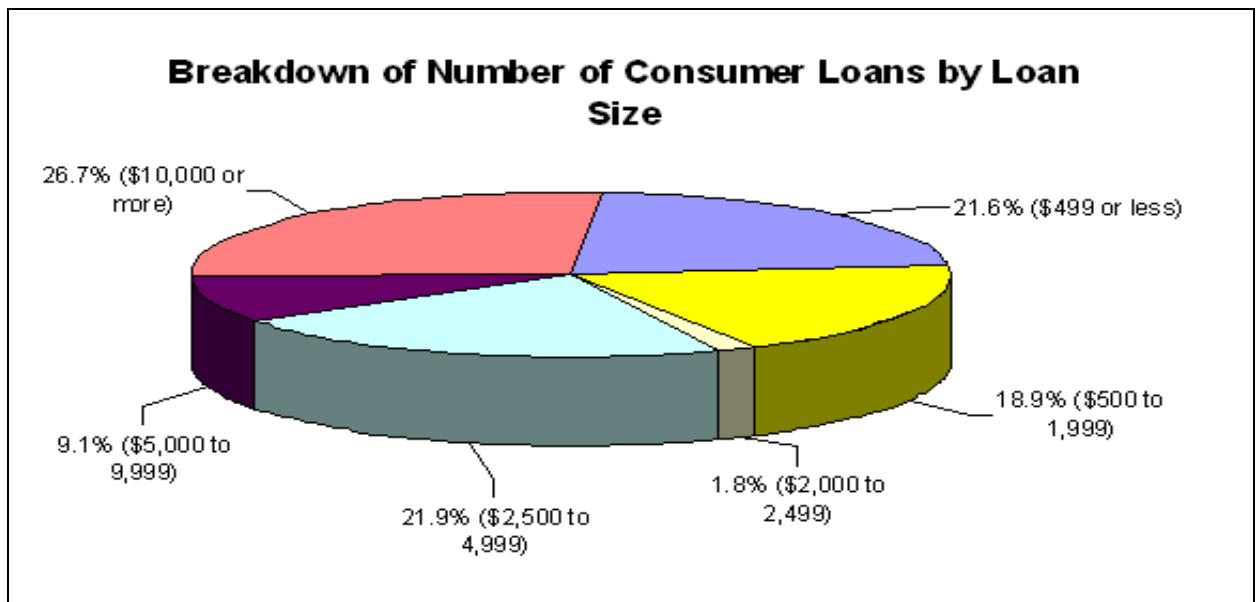


Exhibit F
California Finance Lenders
Loans Made or Refinanced By Type of Security
for Calendar Year 2010

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	184,172	90.71	\$ 127,242	83.75
Personal Property	6,671	3.28	9,622	6.33
Automobiles & Other Motor Vehicles	3,617	1.78	6,368	4.19
Wage Assignments	12	0.01	29	0.02
Other Security	8,564	4.22	8,670	5.71
Total Loans Made	<u>203,036</u>	<u>100.00</u>	<u>\$ 151,931</u>	<u>100.00</u>
<u>LOANS OF \$2,500 TO \$4,999</u>				
Unsecured	49,267	46.76	\$ 140,598	43.24
Personal Property	10,349	9.82	35,674	10.97
Automobiles & Other Motor Vehicles	41,039	38.95	132,499	40.74
Wage Assignments	14	0.01	38	0.01
Other Security	4,699	4.46	16,386	5.04
Total Loans Made	<u>105,368</u>	<u>100.00</u>	<u>\$ 325,195</u>	<u>100.00</u>
<u>LOANS OF \$5,000 TO \$9,999</u>				
Unsecured	18,176	41.35	\$ 119,947	39.50
Personal Property	1,990	4.53	11,725	3.86
Automobiles & Other Motor Vehicles	23,554	53.60	170,493	56.15
Wage Assignments	12	0.03	60	0.02
Real Property	100	0.23	692	0.23
Other Security	114	0.26	730	0.24
Total Loans Made	<u>43,946</u>	<u>100.00</u>	<u>\$ 303,647</u>	<u>100.00</u>
<u>LOANS OF \$10,000 AND MORE</u>				
Unsecured	2,263	1.77	\$ 40,100	0.19
Personal Property	38	0.03	5,877	0.03
Automobiles & Other Motor Vehicles	63,918	49.92	1,917,393	9.22
Wage Assignments	0	0.00	0	0.00
Real Property	60,571	47.31	18,658,691	89.71
Other Security	1,244	0.97	176,220	0.85
Total Loans Made	<u>128,034</u>	<u>100.00</u>	<u>\$ 20,798,281</u>	<u>100.00</u>
Total Consumer Loans Made	<u>480,384</u>		<u>\$ 21,579,054</u>	

Exhibit F (Continued)
California Finance Lenders
Loans Made or Refinanced By Type of Security
for Calendar Year 2010

Type of Security	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>ALL CONSUMER LOANS</u>				
Unsecured	253,878	52.85	\$ 427,887	1.98
Personal Property	19,048	3.97	62,898	0.29
Automobiles & Other Motor Vehicles	132,128	27.50	2,226,753	10.32
Wage Assignments	38	0.01	127	0.00
Real Property	60,671	12.63	18,659,383	86.47
Other Security	14,621	3.04	202,006	0.94
Total Consumer Loans Made	<u>480,384</u>	<u>100.00</u>	<u>\$ 21,579,054</u>	<u>100.00</u>

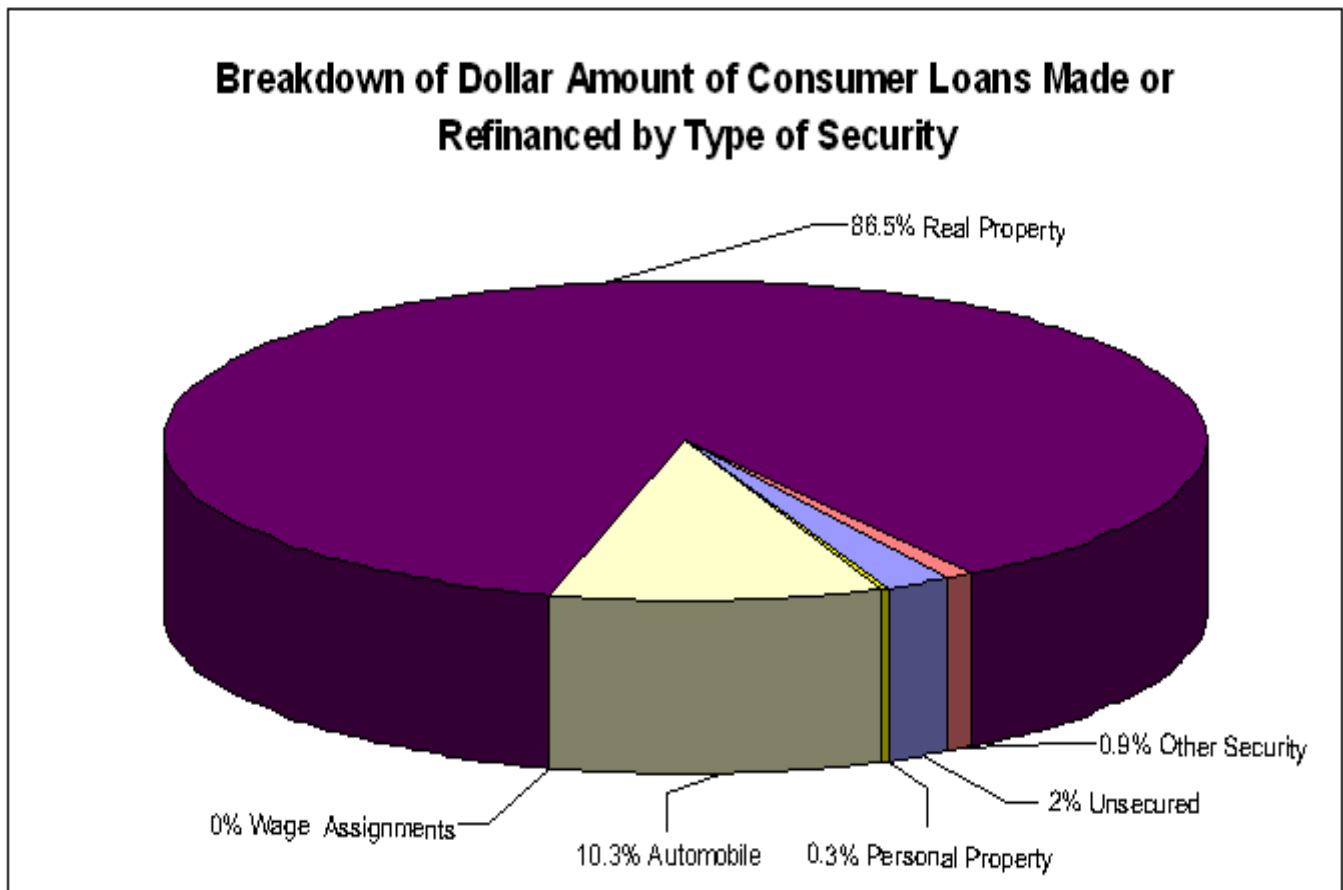


Exhibit F (Continued)
California Finance Lenders
Loans Made or Refinanced By Type of Security
for Calendar Year 2010

Type of Security	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>COMMERCIAL LOANS</u>				
Unsecured	73,330	3.52	\$ 28,443,032	30.52
Personal Property	478,688	23.01	14,220,031	15.26
Automobiles & Other Motor Vehicles	1,019,203	49.00	25,846,592	27.73
Business Equipment	17,225	0.83	2,007,661	2.15
Real Property	4,561	0.22	10,602,104	11.38
Other Security	487,106	23.42	12,080,338	12.96
Total Commercial Loans Made	<u>2,080,113</u>	<u>100.00</u>	<u>\$ 93,199,758</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>2,560,497</u>		<u>\$ 114,778,812</u>	

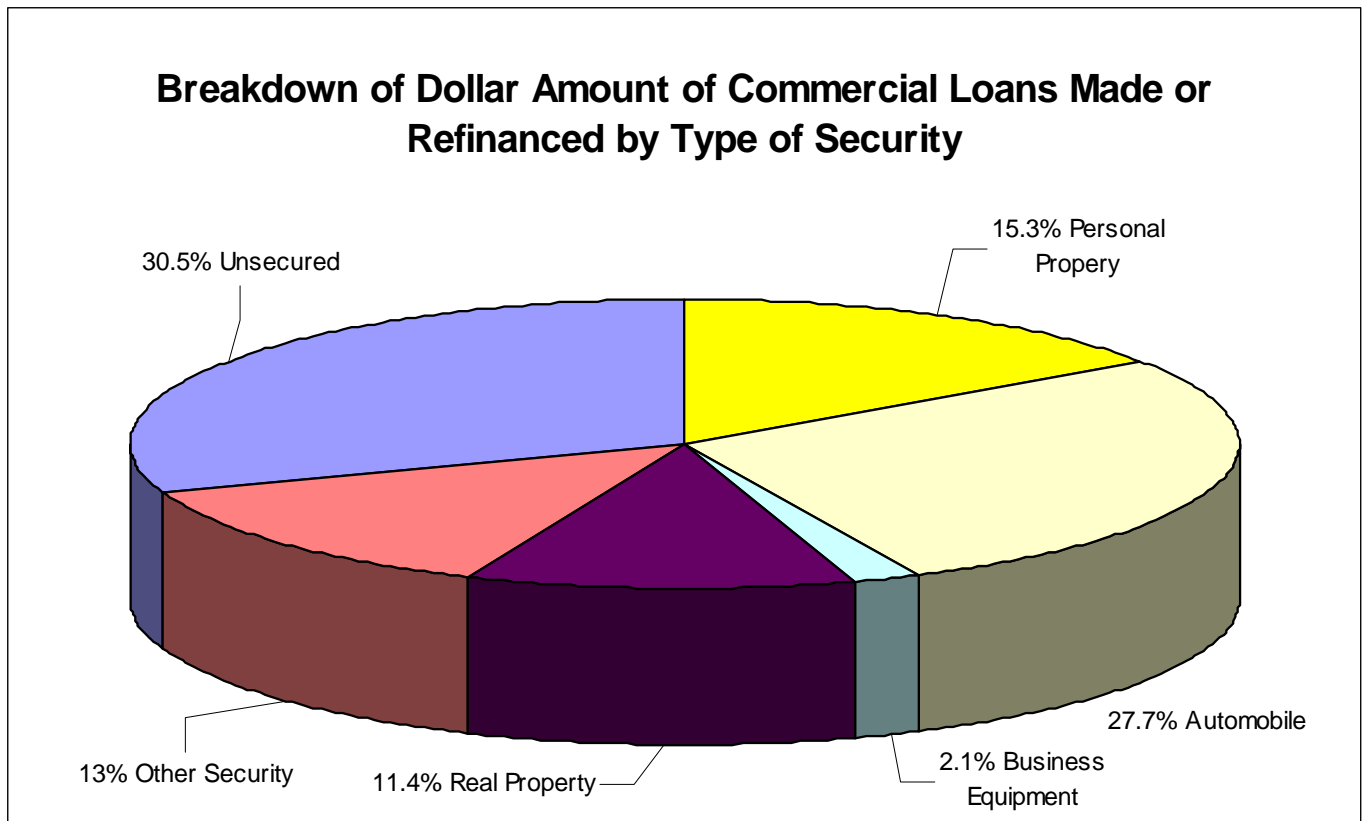


Exhibit G

California Finance Lenders

Loans Made or Refinanced by Rates Charged for Calendar Year 2010

<u>Annualized Rate of Charge</u>	<u>Number of Loans</u>	<u>% of Total Number</u>	<u>Principal Amount (in thousands)</u>	<u>% of Total Amount</u>
<u>CONSUMER LOANS</u>				
<u>LOANS UNDER \$2,500</u>				
Step Rate:				
2.5, 2, 1.5, 1% per month	97,028	47.79	\$ 23,081	15.19
Alternate Rate:				
1.6% per month	34	0.02	48	0.03
Federal Reserve Bank Rate plus 10%	0	0.00	0	0.00
Other Rates:				
Up to 14.999 APR	13,190	6.50	32,197	21.19
15.000 to 19.999 APR	12,360	6.09	12,139	7.99
20.000 to 24.999 APR	5,817	2.86	10,309	6.79
25.000 to 29.999 APR	19,356	9.53	25,959	17.09
30.000 to 34.999 APR	12,215	6.02	14,753	9.71
35.000 to 39.999 APR	38,333	18.88	31,122	20.48
40.000 to 99.999 APR	4,486	2.21	2,005	1.32
100.000 or More APR	7	0.00	10	0.01
Variable Rates Based on Index	210	0.10	308	0.20
Total Loans Made	<u>203,036</u>	<u>100.00</u>	<u>\$ 151,931</u>	<u>100.00</u>
<u>LOANS OF \$2,500 TO \$4,999</u>				
Up to 14.999 APR	2,003	1.90	\$ 6,280	1.93
15.000 to 19.999 APR	4,815	4.57	16,064	4.94
20.000 to 24.999 APR	6,082	5.77	20,924	6.43
25.000 to 29.999 APR	13,649	12.95	49,393	15.19
30.000 to 34.999 APR	9,835	9.33	32,608	10.03
35.000 to 39.999 APR	7,699	7.31	24,409	7.50
40.000 to 99.999 APR	25,215	23.93	77,645	23.88
100.000 or More APR	35,240	33.45	94,793	29.15
Variable Rates Based on Index	830	0.79	3,079	0.95
Total Loans Made	<u>105,368</u>	<u>100.00</u>	<u>\$ 325,195</u>	<u>100.00</u>

Exhibit G (Continued)
California Finance Lenders
Loans Made or Refinanced by Rates Charged
for Calendar Year 2010

<u>Annualized Rate of Charge</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	4,112	9.36	\$ 24,117	7.94
15.000 to 19.999 APR	2,413	5.49	18,385	6.05
20.000 to 24.999 APR	10,119	23.03	73,478	24.20
25.000 to 29.999 APR	9,788	22.27	67,408	22.20
30.000 to 34.999 APR	3,220	7.33	22,129	7.29
35.000 to 39.999 APR	9,729	22.14	69,513	22.89
40.000 to 99.999 APR	3,266	7.43	21,154	6.97
100.000 or More APR	1,258	2.86	7,198	2.37
Variable Rates Based on Index	41	0.09	265	0.09
Total Loans Made	<u>43,946</u>	<u>100.00</u>	<u>\$ 303,647</u>	<u>100.00</u>
<u>LOANS OF \$10,000 AND MORE</u>				
Up to 14.999 APR	110,615	86.39	\$ 19,475,000	93.64
15.000 to 19.999 APR	5,132	4.01	93,242	0.45
20.000 to 24.999 APR	7,015	5.48	92,859	0.45
25.000 to 29.999 APR	1,488	1.16	18,047	0.09
30.000 to 34.999 APR	431	0.34	5,383	0.02
35.000 to 39.999 APR	816	0.64	9,276	0.04
40.000 to 99.999 APR	469	0.37	8,654	0.04
100.000 or More APR	579	0.45	187,264	0.90
Variable Rates Based on Index	1,489	1.16	908,556	4.37
Total Loans Made	<u>128,034</u>	<u>100.00</u>	<u>\$ 20,798,281</u>	<u>100.00</u>
Total Consumer Loans Made	<u>480,384</u>		<u>\$ 21,579,054</u>	

Exhibit G (Continued)
California Finance Lenders
Loans Made or Refinanced by Rates Charged
for Calendar Year 2010

<u>Note Rate or Contract Rate</u>	<u>Number of Loans</u>	<u>% of Total Number</u>	<u>Principal Amount (in thousands)</u>	<u>% of Total Amount</u>
<u>COMMERCIAL LOANS</u>				
Up to 14.999	56,160	2.70	\$ 44,546,348	47.80
15.000 to 19.999	6,134	0.30	883,154	0.95
20.000 to 24.999	1,618	0.08	355,976	0.38
25.000 to 29.999	562	0.03	96,801	0.10
30.000 to 34.999	402	0.02	87,210	0.09
35.000 to 39.999	469	0.02	41,591	0.05
40.000 to 99.999	66,850	3.21	76,647	0.08
100.000 or More	1,708	0.08	922,088	0.99
Variable Rates Based on Index	<u>1,946,210</u>	<u>93.56</u>	<u>46,189,943</u>	<u>49.56</u>
Total Commercial Loans Made	<u>2,080,113</u>	<u>100.00</u>	<u>\$ 93,199,758</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>2,560,497</u>		<u>\$ 114,778,812</u>	



California Department of Corporations
Toll-Free 1-866-ASK-CORP
TTY 1-800-735-2922
Online www.corp.ca.gov

To request additional copies of this report, please call our
Toll-Free number, or e-mail forms@corp.ca.gov

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

California Department of Corporations
320 West 4th Street, Suite 750
Los Angeles, CA 90013