

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians*

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Mortgage Lending by Non-Banks in California Saw Significant Decline in 2017

Both Number of Loans and Dollar Amount Fell Almost 30%

SACRAMENTO – Non-bank mortgage lenders in California reported significantly less activity in 2017, with both the number of loans and combined principal amount declining by nearly 30 percent from 2016, according to a [report](#) released today by the Department of Business Oversight (DBO).

“It would be unwise to draw any conclusions about California’s housing market from this data, because the number of licensees that filed their required reports declined by eight percent from 2016,” said DBO Commissioner Jan Lynn Owen. “That’s disturbing, and we will take appropriate action under the law to deal with licensees that did not file their reports. The data is important for us, the public and policymakers.”

Non-bank lenders licensed by the DBO under the California Residential Mortgage Lending Act reported originating 431,052 loans in 2017, down 28.4 percent from 602,430 in 2016. The combined principal amount of 2017 loans totaled \$150.7 billion, a 27.3 percent decrease from \$207.4 billion in 2016.

Other highlights from the report, based on unaudited data provided by licensed lenders and servicers:

- The aggregate average dollar amount of loans serviced each month by licensees increased 2.13 percent in 2017, to \$854.8 billion from \$852.9 billion in 2016.
- The number of loans brokered in 2017 declined 24.3 percent from 2016, to 9,496 from 12,536 in 2016. The aggregate principal amount of brokered loans totaled \$5 billion in 2017, down 14.3 percent from 2016.
- Licensees reported completing 11,478 foreclosures in 2017, which was 27.7 percent less than the 2016 total of 15,883.
- The number of licensees that reported making or arranging adjustable rate mortgages in 2017 increased slightly from 2016, to 214 from 212. Licensees retained on their books \$1.4 billion of adjustable rate mortgages in 2017, and sold to investors another \$7.4 billion of such mortgages.

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The DBO licenses and regulates more than 360,000 individuals and entities that provide financial services in California. DBO's regulatory jurisdiction extends over state-chartered banks and credit unions, money transmitters, securities broker-dealers, investment advisers, non-bank installment lenders and payday lenders, mortgage lenders and servicers, escrow companies, franchisors and more.

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