



2019

California Department of Business Oversight

Annual Report of Activity
Under the California Residential Mortgage Lending Act



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EXECUTIVE SUMMARY

The Department of Business Oversight's annual report on activity under the California Residential Mortgage Lending Act provides detailed information on residential mortgage lending loans, rates, consumer complaints, foreclosures and other data elements for calendar year 2019.

Favorable real estate markets and conditions continued in California in 2019 as the following real estate indicators will reveal. The following categories are some highlights from the 2019 CRMLA consolidated annual report:

- Loans originated – The number and principal amount of loans originated by licensees in 2019 increased significantly from 2018. The number of loans grew to 552,687 from 365,171, an increase of 51.4 percent. The aggregate principal amount of loans originated in 2019 totaled \$218.0 billion, up 64.6 percent from 2018.
- Loans brokered – The number of loans brokered in 2019 were 14,041, up from 10,208 loans brokered in 2018, an increase of 37.6 percent. The aggregate principal amount of brokered loans in 2019 totaled \$7.0 billion, an increase of 14.4 percent from 2018.
- Loans serviced – The aggregate average amount of loans serviced by licensees each month decreased 8.3 percent in 2019, to \$1.0 trillion from \$1.1 trillion in 2018.
- Consumer Complaints – In 2019 licensees reported 16,424 consumer complaints concerning non-traditional mortgage loans, a 37.9 percent increase from 2018.
- Foreclosures – Licensees reported completing 7,560 foreclosures in 2019. That was down 7.6 percent from the 2018 total of 8,177.
- Licensees – The number of licensed lenders and servicers at the end of 2019 was 4.2 percent lower than it was at the end of 2018, at 408 compared to 426. The number of branches decreased 2.4 percent, to 5,775 from 5,916 in 2018.

BACKGROUND

This report compiles data submitted to the Department of Business Oversight (DBO) by residential mortgage lenders and mortgage loan servicers licensed under the California Residential Mortgage Lending Act (CRMLA). The licensees submitted the data pursuant to Financial Code section 50307(a):

Each residential mortgage lender or servicer licensee shall file a report with the commissioner annually, on or before the first day of March, giving the relevant information that the commissioner reasonably requires to make the calculation required by subdivision (a) of Section 50401. The report shall be made under oath and in the form prescribed by the commissioner.

The information contained in this report was provided by licensees for the calendar year ended December 31, 2019.

As of December 31, 2019, the DBO licensed 408 mortgage lenders and servicers with 5,775 branches. Of the 408 licensees, 397 filed their required annual reports. The DBO notified the non-filers of its intent to revoke their licenses.

Data obtained from a small number of licensees who filed annual reports after the aggregate report was compiled is not included. This omission does not materially affect the integrity of the data reported in this composite report.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided, and percentages may not precisely reflect the absolute figures.

This report and prior year reports can be found on the DBO's website at www.dbo.ca.gov.

I. Lending and Servicing Data

A. Loans Originated and Brokered

Licensees are required to report the number and principal amount of loans originated, and the number and principal amount of loans brokered during the calendar year. The table below provides data for 2019 and prior years.

Table 1: Loans Originated and Brokered

Calendar Year	# of Loans Originated	\$ Amount of Loans Originated	# of Loans Brokered	\$ Amount of Loans Brokered
2019	552,687	\$217,977,987,592	14,041	\$6,947,227,931
2018*	365,171	\$132,437,121,788	10,208	\$6,074,060,363
2017*	441,893	\$154,384,358,593	10,358	\$5,580,577,202
2016*	603,649	\$208,030,296,258	12,152	\$5,925,739,483
2015	537,757	\$179,260,310,887	11,986	\$4,899,646,676
2014	365,045	\$114,451,778,034	10,434	\$5,623,343,832
2013	431,345	\$131,710,834,914	14,761	\$5,712,120,486
2012	440,375	\$134,686,029,766	23,835	\$7,600,019,651
2011	223,640	\$63,271,522,165	11,815	\$4,209,913,005
2010	227,279	\$68,730,455,845	13,314	\$4,701,974,317

**Variances from data published in the 2016, 2017, and 2018 annual reports due to subsequent filings by licensees.*

B. Servicing Data

Each licensee is required to report the number and unpaid principal balance of all loans serviced as of the last day of each month in the calendar year. The DBO then computes each licensee's average monthly servicing total by calculating the 12-month sum, then dividing that number by 12. The aggregate average monthly servicing total is the total of all licensees' monthly averages. The table below provides the aggregate monthly average of the number and amount of loans serviced for 2019 and prior years.

Table 2: Aggregate Monthly Average of Number and Amount of Loans Serviced

Calendar Year	Aggregate Average Number of Loans Serviced*	Aggregate Average Amount of Loans Serviced
2019	3,592,617	\$1,020,516,476,999
2018	3,643,414	\$1,112,842,079,426
2017	3,575,028	\$966,317,669,696
2016	3,177,506	\$858,700,129,601

**Data not Collected Prior to 2016.*

C. Non-Traditional Mortgage Data

Licensees report their lending and brokering activities with respect to adjustable rate mortgages and other non-traditional mortgage loan products.

Licensees submit this data as identified in the Guidance on Nontraditional Mortgage Product Risks, published on November 14, 2006 by the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR), and the Statement on Subprime Mortgage Lending, published on July 17, 2007 by CSBS, AARMR and the National Association of Consumer Credit Administrators.

The DBO began collecting data on non-traditional mortgages in 2007.

Licenses are asked if they originated or arranged adjustable rate or other non-traditional mortgage products. The table below shows the number of licenses responding with a "Yes."

Table 3: Originated or Arranged Non-Traditional Mortgage and Adjustable Rate Products

Calendar Year	Originated Other Non-Traditional Mortgage Products	Arranged Other Non-Traditional Mortgage Products	Originated Adjustable Rate Mortgage Products	Arranged Adjustable Rate Mortgage Products
2019	106	63	139	69
2018	102	58	140	66
2017	86	61	153	70
2016	75	53	146	68
2015	68	48	143	64
2014	60	43	134	99
2013	77	45	135	63
2012	78	35	129	50
2011	76	45	126	59
2010	65	35	97	46

Licenses also reported the number and amount of adjustable rate and other non-traditional mortgages they originated in 2019. Data was submitted both for loans retained by the licensee and those sold to investors.

Some loans may have multiple non-traditional characteristics. These loans are reported in each category and are included more than once. The table below shows this data for 2019.

Table 4: Non-Traditional Loan Data

Type of Non-Traditional Loans	# Retained	\$ Amount Retained	# Sold to Investors	\$ Amount Sold to Investors
Interest-Only Mortgage Loan	148	\$120,896,009	3,742	\$3,029,227,411
Payment Option Arm	0	\$0	2	\$1,523,000
Reduced Documentation	1,811	\$794,801,415	12,221	\$5,501,543,578
Simultaneous Second-Lien Loan	204	\$23,928,940	10,583	\$547,203,423
Home Equity Line of Credit	61	\$12,462,550	1,929	\$538,464,584
Covered Loans	350	\$130,887,244	9,918	\$3,631,890,265
Adjustable Rate Mortgage Loans	9,924	\$3,095,313,743	20,410	\$13,598,695,814

D. Non-Traditional Mortgage Complaints

Licensees report data on consumer complaints received about non-traditional mortgage loans, including: the number of complaints; the number of resolved and unresolved complaints; and the number of workout arrangements used to resolve complaints. Workout arrangement means a modified or converted loan product with predictable payment requirements to help financially-stressed borrowers.

The table below shows complaint and workout data for 2019 and prior years.

Table 5: Non-Traditional Complaint Data*

Calendar Year	Consumer Complaints Received	Resolved Complaints	Unresolved Complaints	Workout Arrangements Used to Resolve Complaints
2019	16,424	16,312	112	734
2018	11,918	11,903	15	572
2017	12,959	12,787	172	372
2016	14,580	14,550	30	456
2015	8,361	8,289	72	109
2014	12,775	12,767	8	611
2013	3,240	3,210	30	2
2012	3,361	3,299	62	59
2011	796	796	0	128
2010	1,073	1,063	10	485

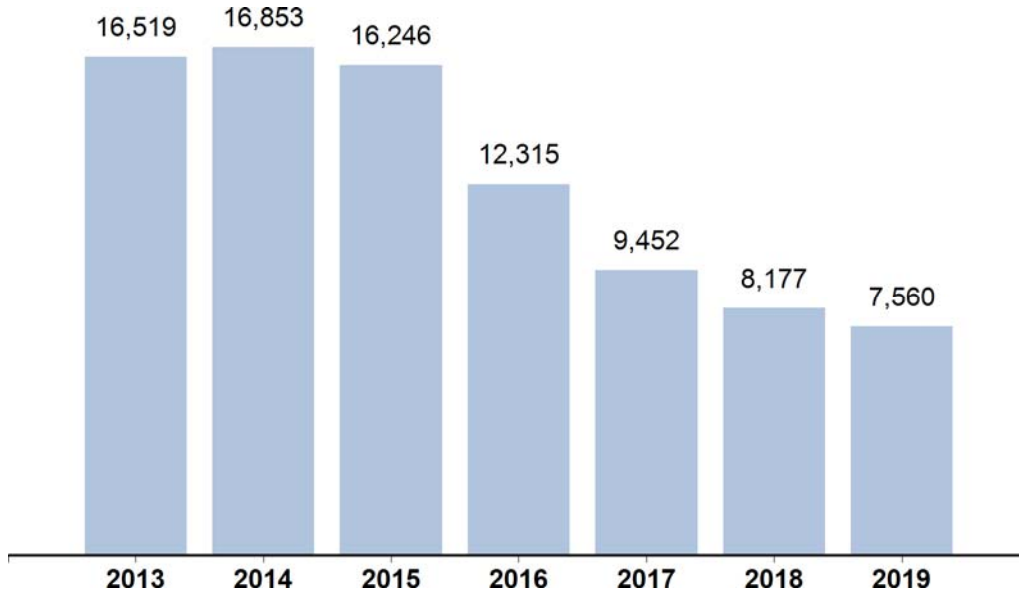
*Variances from data published in the annual report due to late filings and changes by licensees.

II. FORECLOSURE DATA

The California Foreclosure Reduction Act (Act), commonly referred to as the Homeowner Bill of Rights, took effect January 1, 2013. The statute significantly changed the non-judicial foreclosure process in California. The Foreclosure Reduction Act applies to all mortgage servicers that conduct foreclosures in the state. Many provisions apply only to mortgage servicers that have foreclosed on more than 175 homes during the preceding year.

To assess compliance with the Foreclosure Reduction Act, the DBO now tracks and maintains foreclosure data on its licensees for seven years. Chart A below shows the number of completed foreclosures reported by residential mortgage lenders and mortgage loan servicers licensed under the CRMLA. Table 6 below lists licensees who reported completing more than 175 foreclosures from 2016 through 2019.

Chart A: Number of Foreclosures



*Variances from data published in the annual report due to late filings and changes by licensees.

A. Licensees Reporting More Than 175 Foreclosures

Table 6: Licensees Reporting More Than 175 Foreclosures

Company	2016	2017	2018	2019
Bayview Loan Servicing, LLC	402	398	236	197
Caliber Home Loans, Inc.	637	387	247	
Carrington Mortgage Services, LLC	208	189	212	176
Citimortgage, Inc.	1,100	928	1,087	610
Celink			260	378
Ditech Financial LLC	456	387	237	
Fay Servicing, Llc	219	230	210	210
Freedom Mortgage Corporation				178
Lakeview Loan Servicing, LLC	575		177	246
Loancare, LLC				262
Nationstar Mortgage LLC	1,666	1,410	1,213	960
New Residential Mortgage LLC				192
Newrez LILC	442	402	419	557
Ocwen Loan Servicing, LLC	1,476	935	684	225
Paramount Residential Mortgage Group, Inc.				182
Pennymac Loan Services, LLC	186			
PHH Mortgage Corporation				517
Reverse Mortgage Funding LLC	233			
Reverse Mortgage Solutions, Inc.	702	535		
Rushmore Loan Management Services LLC	184	239	322	199
Select Portfolio Servicing, Inc.	1,022	694	665	637
Seterus, Inc.	711	376		
Specialized Loan Servicing LLC	551	420	290	201

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