

2020

California Department of
Financial Protection and Innovation

Annual Report of Activity under the California Residential Mortgage Lending Act

Report Required by Financial Code Section 50307

PROTECTING CONSUMERS
FOSTERING TRUST & INNOVATION

DFPI 
DEPARTMENT OF FINANCIAL
PROTECTION & INNOVATION



DEPARTMENT OF FINANCIAL
PROTECTION & INNOVATION

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Mortgage Lending

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EXECUTIVE SUMMARY

The Department of Financial Protection and Innovation'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 2020.

Favorable real estate markets and conditions continued this past year, with more Californians refinancing and obtaining new residential mortgage loans in response to lower interest rates in 2020 than in 2019. Foreclosure numbers were down over the same period due in part to the COVID-19 foreclosure moratorium. The decrease in lender/servicer licensees resulted from company mergers, while the increase in branch locations resulted from a significant increase of the number of Mortgage Loan Originators, some of which opened home-based branch locations. The following categories are some highlights from the 2020 CRMLA consolidated annual report:

Key Findings

- The number and principal amount of loans originated by licensees in 2020 increased significantly from 2019. The number of loans originated grew to 1,106,405 from 551,717, **an increase of 100.5 percent.**
- The aggregate principal amount of loans originated in 2020 totaled \$445 billion, **up 104.4 percent from 2019.**
- The number of loans brokered increased from 14,176 in 2019 to 21,640 in 2020, **an increase of 52.7 percent.**
- The aggregate principal amount of brokered loans in 2020 totaled \$8.3 billion, **an increase of 18.9 percent from 2019.**
- The aggregate average amount of loans serviced by licensees each month grew to \$1.14 trillion in 2020, a **12.4 percent increase.**
- In 2020 licensees reported 13,395 consumer complaints concerning non-traditional mortgage loans, an **18.4 percent decrease from 2019.**
- Licensees reported completing 2,389 foreclosures in 2020, down from 7,553 in 2019 and representing a **68.4 percent decrease.**
- The number of licensed lenders and servicers decreased from 408 in 2019 to 406 in 2020, a **.5 percent decrease.**
- The number of branches grew from 5,775 in 2019 to 6,202 in 2020, a **7.4 percent increase.**

- Licensees that reported zero complaints or foreclosures, or complaints and foreclosures representing fewer than 1% of their total loans originated and serviced, shared best practices. These best practices include:
 - an annual review of policies and procedures
 - continued employee regulatory training (quarterly or annually)
 - quality control review of loan samples
 - borrower education through clear product descriptions, and
 - trending reporting to address complaints and identify opportunities for improvement.

BACKGROUND

This report compiles data submitted to the Department of Financial Protection and Innovation (DFPI) by residential mortgage lenders and mortgage loan servicers licensed under the California Residential Mortgage Lending Act (CRMLA). Financial Code section 50307(a) requires licensees to file with the DFPI Commissioner annual reports that provide information related to their lending activities under the program.

The information contained in this report was provided by licensees for the calendar year ended Dec. 31, 2020.

As of Dec. 31, 2020, the DFPI licensed 406 mortgage lenders and servicers with 6,202 branches. Of the 406 licensees, 377 filed their required annual reports. The DFPI notified the non-filers of its intent to revoke their licenses.

Data obtained from a small number of licensees who filed late 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 years' reports can be found on the DFPI's website at <https://dfpi.ca.gov/california-residential-mortgage-lending-act-annual-report/>.

LENDING AND SERVICING DATA

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 2020 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
2020	1,106,405	\$445,009,793,415	21,640	\$8,314,199,330
2019*	551,717	\$217,698,418,440	14,176	\$6,997,405,053
2018*	365,398	\$132,565,768,731	10,393	\$6,141,992,745
2017*	447,437	\$155,888,937,796	10,370	\$5,578,824,497
2016*	603,726	\$208,050,408,622	12,147	\$5,924,984,039
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

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

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 DFPI 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 2020 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
2020	3,870,101	\$1,148,557,438,102
2019	3,595,258	\$1,021,759,744,610
2018	3,659,103	\$1,117,974,411,174
2017	3,582,268	\$967,978,320,393
2016	3,177,330	\$858,669,965,940

**Data not Collected Prior to 2016.*

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 Nov. 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 DFPI 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
2020	94	58	123	59
2019	105	62	139	68
2018	104	58	142	67
2017	86	60	154	71
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

Licenses also reported the number and amount of adjustable rate and other non-traditional mortgages they originated in 2020. 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 2020.

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	191	\$140,294,962	3,553	\$2,516,433,030
Payment Option Arm	0	\$0	1	\$501,366
Reduced Documentation	3,085	\$1,330,500,476	24,643	\$10,504,401,702
Simultaneous Second-Lien Loan	1,910	\$678,959,869	10,576	\$1,753,944,508
Home Equity Line of Credit	99	\$21,074,172	2,821	\$920,681,861
Covered Loans	1,987	\$720,028,376	14,727	\$5,404,925,368
Adjustable Rate Mortgage Loans	12,217	\$3,993,949,329	13,189	\$8,273,351,774

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 2020 and prior years.

Table 5: Non-Traditional Complaint Data*

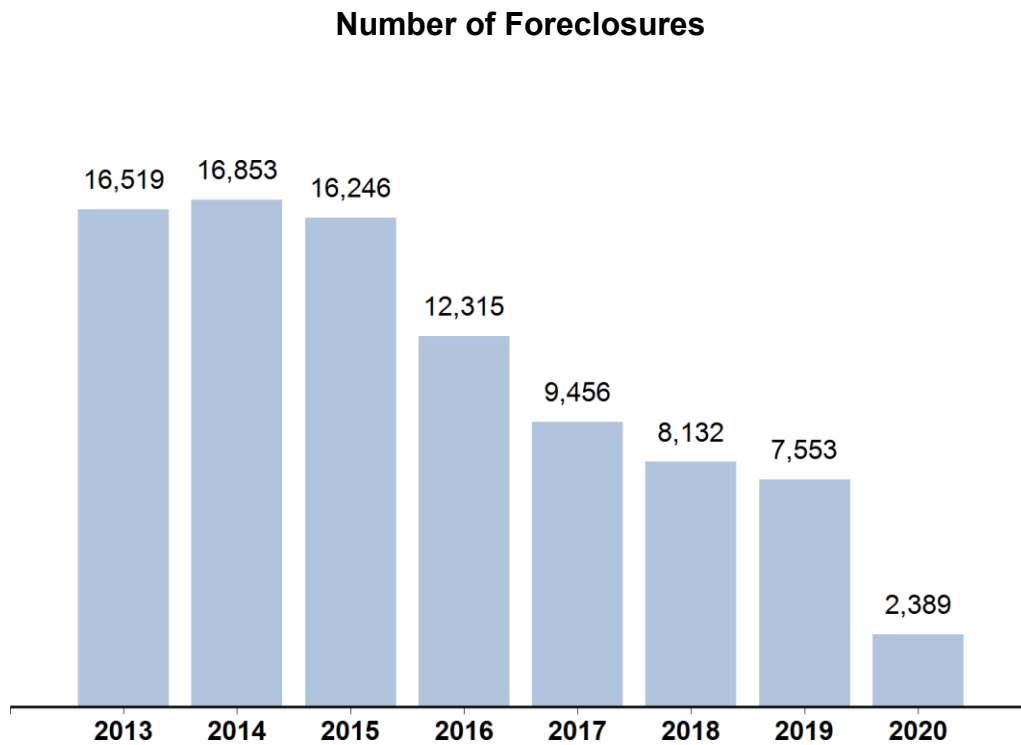
Calendar Year	Consumer Complaints Received	Resolved Complaints	Unresolved Complaints	Workout Arrangements Used to Resolve Complaints
2020	13,395	13,304	86	1,126
2019	16,423	16,311	109	734
2018	11,928	11,913	4	572
2017	12,959	12,787	9	372
2016	14,580	14,550	54	456
2015	8,361	8,289	83	109
2014	12,775	12,767	41	611
2013	3,240	3,210	30	2
2012	3,361	3,299	64	59
2011	501	796	7	128

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

FORECLOSURE DATA

The California Foreclosure Reduction Act (Act), commonly referred to as the Homeowner Bill of Rights, took effect Jan. 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 DFPI began collecting foreclosure data from its licensees starting with calendar year 2013. The chart below shows the number of completed foreclosures reported by licensees.



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

Licensees Reporting More Than 175 Foreclosures

In accordance with the Foreclosure Reduction Act, licensees that have foreclosed on more than 175 homes during the preceding year are subject to heightened requirements during the exam process. Table 6 below is a list of licensees who reported completing more than 175 foreclosures in the last five years.

Table 6: Licensees Reporting More Than 175 Foreclosures

Company	2016	2017	2018	2019	2020
Caliber Home Loans, Inc.	637	387	247		
Carrington Mortgage Services, LLC	208	189	212	176	
Citimortgage, Inc.	1,100	928	1,087	610	
Community Loan Servicing, LLC	402	398	236	197	
Celink			260	378	191
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	226
New Residential Mortgage LLC				192	
Newrez Llc	442	402	419	557	182
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	205
Seterus, Inc.	711	376			
Specialized Loan Servicing LLC	551	420	290	201	

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

*In December 2020, the Department joined in a \$88 million multi-state settlement with Nationstar Mortgage LLC to resolve allegations that the company violated state and federal laws on foreclosures, loan modifications and servicing. The settlement ensures that California consumers receive millions in financial restitution.



DEPARTMENT OF FINANCIAL
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