

2021

**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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Business, Consumer Services and Housing Agency

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Department of Financial Protection and Innovation

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Division of Corporations and Financial Institutions

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Escrow and Mortgage Lending Office

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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 (CRMLA) provides detailed information on residential mortgage lending loans, rates, consumer complaints, foreclosures, and other data elements for calendar year 2021.

Favorable real estate markets and conditions continued, with more Californians refinancing and obtaining new residential mortgage loans in response to continued lower interest rates in 2021. Foreclosure numbers slightly increased due in part to the lifting of COVID-19 foreclosure moratorium on September 1, 2021. There was not a sharp rise in foreclosures due to the roll-out of the California Mortgage Relief Program.

Key Findings

- The number and principal amount of loans originated by licensees in 2021 decreased from 2020. The number of loans declined to 1,018,286 from 1,130,230, **a decrease of 9.9 percent**.
- The aggregate principal amount of loans originated in 2021 totaled \$440.5 billion, **down 3.03 percent from 2020**.
- The number of loans brokered increased from 17,715 in 2020 to 18,508 in 2021, **an increase of 4.5 percent**.
- The aggregate principal amount of brokered loans in 2021 totaled \$10.8 billion, **an increase of 39.8 percent from 2020**.
- The aggregate average amount of loans serviced by licensees each month grew from \$1.2 trillion in 2020 to \$1.4 trillion in 2021, **a 16 percent increase**.
- In 2021 licensees reported 17,404 consumer complaints concerning non-traditional mortgage loans, **a 29.7 percent increase from 2020**.
- Licensees reported completing 3,016 foreclosures in 2021, an increase from 2,397 in 2020 and representing a **25.8 percent increase**.
- The number of licensed lenders and servicers increased from 406 in 2020, to 421 in 2021, a **3.7 percent increase**.
- The number of branches grew from 6,202 in 2020 to 7,195 in 2021, a **16 percent increase**.

The law requires licensees who offer non-traditional or adjustable-rate loan products to describe best practices, internal controls, compliance procedures, consumer complaint process, and employee and agent education. The following best practices were shared by licensees that reported zero complaints or foreclosures, or complaints and foreclosures representing fewer than 1% of their total loans originated and serviced:

- 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, 2021.

As of December 31, 2021, the DFPI licensed 421 mortgage lenders and servicers with 7,195 branches. Of the 421 licensees, 420 filed their required annual reports. The DFPI has revoked the license of the company that failed to report.

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 2021 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
2021	1,018,286	\$440,452,876,761	18,508	\$10,753,938,867
2020*	1,130,230	\$454,214,895,229	17,715	\$7,693,053,018
2019*	555,748	\$218,892,119,553	13,057	\$6,841,344,858
2018*	366,974	\$132,872,441,286	10,390	\$6,140,813,079
2017*	447,438	\$155,889,438,558	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

**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 2021 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
2021	4,422,811	\$1,442,609,655,195
2020	4,184,744	\$1,243,913,243,373
2019	3,905,689	\$1,117,623,940,520
2018	3,750,989	\$1,146,408,713,427
2017	3,668,952	\$995,002,890,489

**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.

A nontraditional mortgage is a broad term for any mortgages that do not conform to standard mortgage characteristics, and typically allow borrowers to defer payments of principal and, sometimes, interest. Among the more popular nontraditional products are interest-only and payment option adjustable-rate mortgages (ARMs). These products allow borrowers to exchange low monthly payments during a specified deferral period for substantially higher payments when amortization begins. Institutions are increasingly combining these types of products with other higher-risk practices, such as simultaneous second-lien mortgages and the use of reduced documentation in the evaluation of an applicant's creditworthiness.

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

Licenseses are asked if they originated or arranged adjustable rate or other non-traditional mortgage products. The table below shows the number of licenseses 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
2021	104	56	109	60
2020	96	59	125	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

Licenseses also reported the number and amount of adjustable rate and other non-traditional mortgages they originated in 2021. 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 2021.

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	588	\$737,559,359	5,954	\$5,209,912,814
Payment Option Arm	270	\$137,962,895	1	\$360,000
Reduced Documentation	3,018	\$1,608,309,873	22,840	\$10,505,773,387
Simultaneous Second-Lien Loan	1,263	\$532,436,601	9,463	\$1,935,679,431
Home Equity Line of Credit	25	\$10,844,270	2,389	\$905,629,980
Covered Loans	3,676	\$1,341,503,190	13,809	\$5,675,323,871
Adjustable-Rate Mortgage Loans	6,369	\$3,520,389,064	16,292	\$11,507,149,375

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 arrangements are a modified or converted loan product with predictable payment requirements to help financially-stressed borrowers.

The table below shows complaint and workout data for 2021 and prior years.

Table 5: Non-Traditional Complaint Data*

Calendar Year	Consumer Complaints Received	Resolved Complaints	Unresolved Complaints	Workout Arrangements Used to Resolve Complaints
2021	17,404	17,336	68	954
2020	13,421	13,330	86	1,128
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

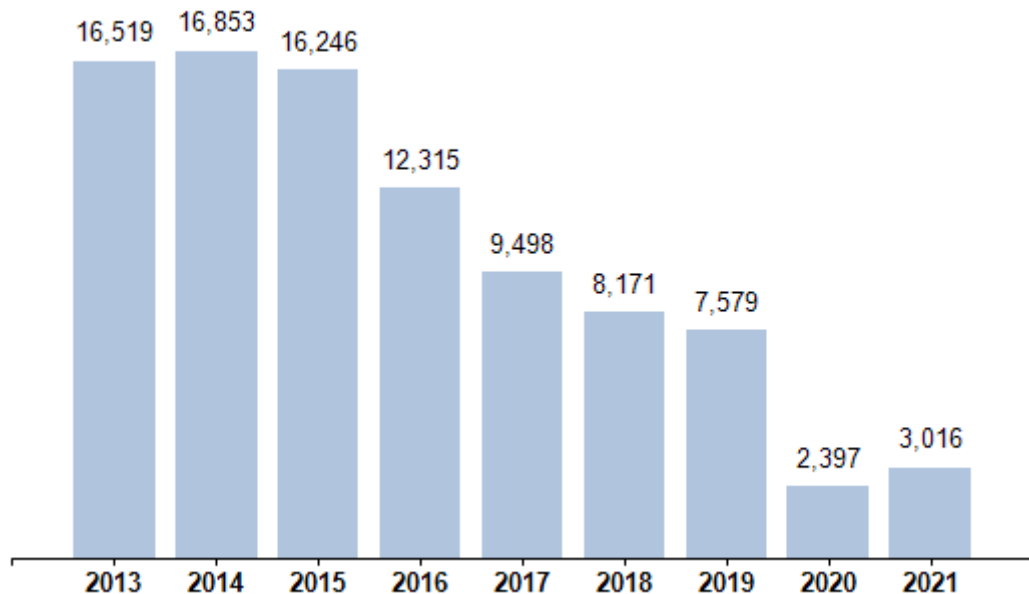
**Variances from data published in the annual report due to late filings and changes by licensees.*

FORECLOSURE DATA

The California Foreclosure Reduction Act (Act), commonly referred to as the Homeowner Bill of Rights, took effect 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 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.

Number of Foreclosures



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	2021
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		
Mortgage Assets Management, LLC	702	535				
Nationstar Mortgage LLC	1,666	1,410	1,213	960	226	269
New Residential Mortgage LLC				192		
Newrez LLC	442	402	419	557	182	246
Ocwen Loan Servicing, LLC	1,476	935	684	225		
Paramount Residential Mortgage Group, Inc.				182		
Pennymac Loan Services, LLC	186					
PHH Mortgage Corporation				517		261
Reverse Mortgage Funding LLC	233					664
Rushmore Loan Management Services LLC	184	239	322	199		
Select Portfolio Servicing, Inc.	1,022	694	665	637	205	308
Seterus, Inc.	711	376				
Specialized Loan Servicing LLC	551	420	290	201		

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California Department of Financial Protection and Innovation

Toll-Free: 1-866-275-2677

TTY: 1-800-735-2922

Online: www.dfpi.ca.gov