

2022

**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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EXECUTIVE SUMMARY

The Department of Financial Protection and Innovation's (DFPI) *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 2022.

Due to the financial market conditions during the reporting period, which included periods of high inflation combined with volatility, a slowdown in consumer spending and rising interest rates, there was a sharp decline in Californians refinancing existing mortgages and making new home purchases in 2022.

Key Findings

- **The number of loans originated by licensees decreased sharply by 70 percent to 354,114 in 2022 from 1,182,091 in 2021.**
- The aggregate principal amount originated in 2022 totaled \$172 billion, a decrease of 66.5 percent from 2021.
- The number of loans brokered decreased by 25.7 percent from 18,650 in 2021 to 13,865 in 2022.
- The aggregate principal amount of brokered loans in 2022 totaled \$8.6 billion, a decrease of 20.7 percent from 2021.
- The aggregate average amount of loans serviced by licensees each month grew by 2.6 percent, from \$4.7 trillion in 2021 to \$4.8 trillion in 2022.
- **Licensees reported 15,180 consumer complaints concerning non-traditional mortgage loans in 2022, an increase of 12.3 percent from 2021.**
- **Licensees reported completing 4,486 foreclosures in 2022 compared to 2,961 in 2021, a 52 percent increase.**
- The number of licensed lenders and servicers increased by 4.2 percent from 421 in 2021 to 439 in 2022.
- The total number of branches increased by 3 percent from 7,195 to 7,403 in 2022.

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 percent of their total loans originated and serviced:

- 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
- trend 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 December 31, 2022.

As of December 31, 2022, the DFPI licensed 439 mortgage lenders and servicers with 7,403 branches. Of the 439 licensees, 417 filed their required annual reports. The DFPI has issued penalties and will take administrative revocation action for companies that failed to report.

Late data from 17 licensees who filed late annual reports 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 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 2022 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
2022	354,114	\$172,005,730,113	13,865	\$8,568,259,802
2021*	1,182,091	\$512,962,692,609	18,650	\$10,805,857,709
2020*	1,151,330	\$462,917,723,038	17,720	\$7,693,839,572
2019*	573,764	\$225,601,753,653	13,153	\$6,898,939,558
2018*	381,892	\$137,939,200,878	10,368	\$6,098,778,027
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

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

Servicing Data

Each licensee is required to report the number of loans serviced and the amount of unpaid principal balance of loans serviced as of the last day of each month in the calendar year. The DFPI calculates each licensee's average monthly servicing total by adding 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 2022 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
2022	4,779,271	\$1,621,000,009,481
2021	4,658,210	\$1,516,951,914,224
2020	4,186,509	\$1,244,360,371,926
2019	3,906,514	\$1,117,635,445,771
2018	3,761,451	\$1,149,026,525,950
2017	3,668,952	\$995,002,890,489
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 (NACCA).

A nontraditional mortgage is a broad term for any mortgage that does not conform to standard mortgage characteristics and typically allows 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
2022	117	65	127	70
2021	107	57	109	61
2020	96	60	125	59
2019	106	63	139	69
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

Licenseses also reported the number and amount of adjustable rate and other non-traditional mortgages they originated in 2022. 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 2022.

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	\$346,065,887	3,206	\$3,055,961,412
Payment Option ARM	0	\$0	2	\$158,580
Reduced Documentation	1,883	\$1,003,988,253	8,340	\$5,201,761,810
Simultaneous Second-Lien Loan	527	\$110,298,780	6,547	\$931,317,410
Home Equity Line of Credit	388	\$52,178,159	5,036	\$1,891,223,850
Covered Loans	1,268	\$517,023,686	10,836	\$5,456,388,658
Adjustable-Rate Mortgage Loans	5,870	\$2,562,398,315	14,410	\$10,727,937,161

Non-Traditional Mortgage Complaints

Licensees report data on consumer complaints received about non-traditional mortgage loans, including number of complaints, number of resolved and unresolved complaints, and 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 arrangement data for 2022 and prior years.

Table 5: Non-Traditional Complaint Data*

Calendar Year	Consumer Complaints Received	Resolved Complaints	Unresolved Complaints	Workout Arrangements Used to Resolve Complaints
2022	15,180	15,090	90	480
2021	17,308	17,260	108	996
2020	13,421	13,330	86	1,128
2019	16,421	16,309	109	732
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

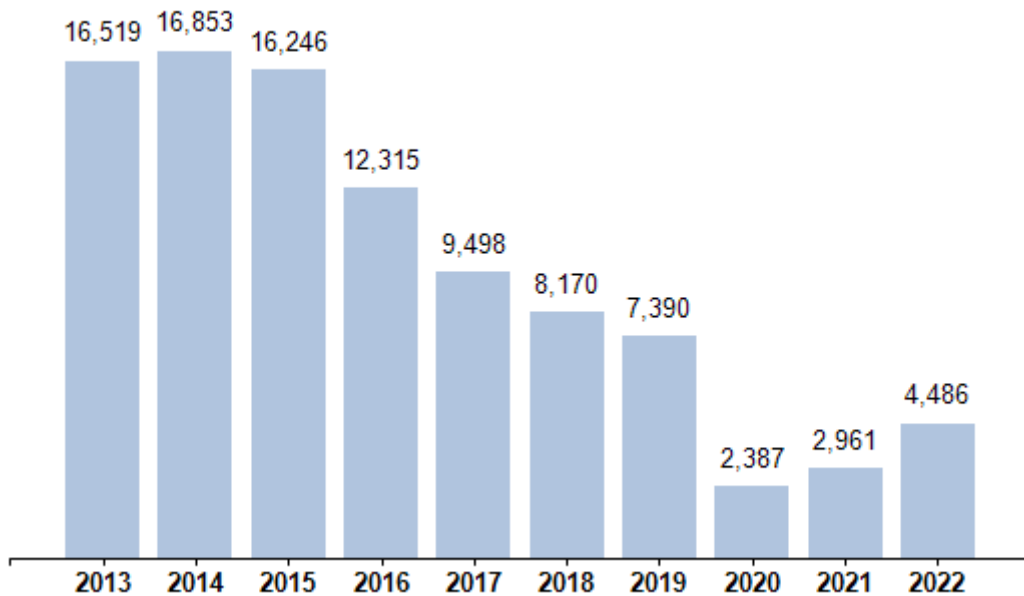
**Variances from data published in the annual report due to late filings and changes by licensees.*

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 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. The table below provides 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	2018	2019	2020	2021	2022
Caliber Home Loans, Inc.	247				
Carrington Mortgage Services, LLC	212	176			
Citimortgage, Inc.	1,087	610			
Community Loan Servicing, LLC	236	197			
Celink	260	378	191		344
Ditech Financial LLC	237				
Fay Servicing, LLC	210	210			
Freedom Mortgage Corporation		178			
Lakeview Loan Servicing, LLC	177	246			
Loancare, LLC		262			
Mortgage Assets Management, LLC					647
Nationstar Mortgage LLC	1,213	960	226	269	
New Residential Mortgage LLC		192			
Newrez LLC	419	557	182	246	308
Ocwen Loan Servicing, LLC	684	225			
Pennymac Loan Services, LLC					
PHH Mortgage Corporation		517		261	186
Reverse Mortgage Funding LLC				664	818
Rushmore Loan Management Services LLC	322	199			
Select Portfolio Servicing, Inc.	665	637	205	308	234
Seterus, Inc.					
Specialized Loan Servicing LLC	290	201			

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