



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** • COMMISSIONER **Clothilde V. Hewlett**

***INSTRUCTIONS FOR COMPLETING THE 2023 ANNUAL
REPORT FOR LENDERS AND BROKERS LICENSED UNDER THE
CALIFORNIA FINANCING LAW (CFL)***

ATTENTION: The 2023 CFL Annual Report is a web-based application and must be completed online on the Department of Financial Protection and Innovation (DFPI) website via the self-service portal only. The verification section of the report and the request for confidentiality, if applicable, are the only documents that need to be scanned and uploaded to the DFPI website.

WHO MUST FILE THE REPORT: Every CFL licensee as of Dec. 31, 2023 must file the annual report. The report must include information on all business conducted under the license either in or outside the State of California.

NO BUSINESS OR INACTIVE LICENSES: An annual report must be filed even if no business was conducted under the license(s) in 2023. If no business was conducted, complete Schedules A through C-3, Schedule K and the verification section only. “No business” means no loans were made, refinanced or brokered, and no loan payments or broker fees were received in 2023.

REPORT DUE DATE/PENALTY FOR FAILURE TO FILE THE REPORT: The annual report is due on or before **Mar. 15, 2024**. No extension of the filing date will be granted. Failure to file the report will result in summary revocation of your license(s). **Additionally, pursuant to Financial Code section 22715(b)(3), the Commissioner may impose a penalty of one hundred dollars (\$100) for each business day for the first five business days the report is overdue, and thereafter shall not exceed five hundred dollars (\$500) for each business day the report is overdue, not to exceed twenty-five thousand dollars (\$25,000) in the aggregate.** Under Government Code section 11522, a licensee whose license has been revoked may have to wait a period of not less than one year from the date of revocation before applying for the reinstatement of their license.

PURPOSE OF THE REPORT: The annual report information is used to publish the DFPI *Annual Report – Operation of Finance Companies Licensed under the California Financing Law*. In addition, each licensee’s annual assessment is based on earned income reported from activities conducted under the license. The information reported also is used to determine the licensee’s compliance with the statutory net worth requirement.

WHERE TO FILE THE REPORT: The report must be completed and filed on the DFPI’s website via the self-service portal only. To sign in to or register for a portal account, go to the DFPI’s [webpage](#).

THE REPORT FORM: The annual report no longer will be available in paper form or an Excel file. A blank annual report form is available on the DFPI website [CFL Annual Report Form](#) for licenses to download and use to record their data prior to completing the online form.

COMPLETENESS & ACCURACY: Licensees must fill out all the applicable schedules completely and accurately. Each schedule will need to be checked to ensure all data has been entered correctly. Many fields are required, and error notices will appear if left blank.

All information provided in the report is subject to verification. Accordingly, due care should be exercised in the completion of the report. Licensees’ annual assessment is calculated from the information provided in the annual report. If the information is erroneous, it may result in an incorrect annual assessment. Assessment notices will be distributed to licensees on or before Sept. 30, 2024. The DFPI may commence a special regulatory examination based on any and all entries made and submitted in the CFL Annual Report. For example, licensees that report CFL activity or accounts receivables and simultaneously report zero CFL income, may be asked to produce documentation to corroborate the reported information.

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GENERAL INSTRUCTIONS:

To complete the report, you must log in to the self-service portal on the DFPI homepage (www.dfpi.ca.gov) by clicking on the blue circle icon named DFPI SELF-SERVICE PORTAL DOCQNET and then clicking on Sign In on the “Welcome to the DFPI Self-Service Portal” screen. After signing in, select “Annual, Liability, & Industry Survey Reporting” from the dropdown menu next to your account name, located at the top right corner of the “My Account” screen. To start completing the report, click on the “Start” link located next to your report status. Refer to the “Table of Schedules to be Completed” on the last page of these instructions to determine which screens and schedules you need to complete.

- **Guidance for Navigating and Completing the Report:**

To Go to a Cell: Put the cursor on the desired cell and click on it, or use the “Tab” button to move down to the next cell.

To Enter Data: Type the required data in the cell but do not click “Enter” as it will take you to the next page automatically. Use the “Tab” button to move to the next cell, or click on the cell where you want to enter data.

To Save Data: Click the “Save” button at the bottom of the screen and this will save the data entered. Note: If you click the “Back” button before clicking “Save” or “Next” it will take you to the previous page but will not save the data you entered. Only clicking on the “Save” or “Next” button saves the entered data.

To Edit/Erase Data: Highlight the selected data, click “Delete,” then type in new data.

Entering Numbers: Enter the numbers continuously without using comma separators and decimals. The commas will appear after you enter the data and click the “Tab” button to go to the next cell. Telephone numbers must be entered using the following format: XXX-XXX-XXXX.

To Select Radio Buttons: Click on the “Radio” button pertaining to your response.

Navigating the Report: You can only go forward or back one screen at a time. To move forward to the next screen, click on “Next” button at the bottom of the screen. To go back, click the “Back” button.

To continue completing the report at a later date, sign in to your account and select “Annual, Liability, & Industry Survey Reporting”, then click on the link “Resume” located next to your report status.

PERIOD COVERED BY THE REPORT: The reporting period is either (1) Jan. 1, 2023 through Dec. 31, 2023, or (2) the effective date of licensure in 2023 through Dec. 31, 2023.

WHICH SCHEDULES MUST BE COMPLETED: The type of license you selected on page 1, “Licensed Authority,” item number 5, will determine the schedules you must complete. Please refer to the Table of Schedules to Be Completed at the last page of these instructions for more information. The Table of Schedules to Be Completed also includes the descriptive title of each schedule to use as a reference when completing the report. If your business consists of more than one location, a single consolidated annual report must be submitted. Do not file a separate annual report for each location. **FAILURE TO COMPLETE THE REQUIRED SCHEDULES WILL BE TREATED AS A FAILURE TO FILE THE ANNUAL REPORT.**

SCHEDULE A (GENERAL LICENSEE INFORMATION): If the annual report includes more than one licensed location, the license number and address of each location must be entered and saved on Addendum A of the report.

SCHEDULE B-1 (BALANCE SHEET): This schedule must be prepared consistent with generally accepted accounting principles. Licensees are required to maintain a net worth of at least \$25,000. A licensed lender employing one or more mortgage loan originators must maintain a minimum net worth of at least \$250,000, and a licensed broker employing one or more mortgage loan originators must maintain a minimum net worth of at least \$50,000. **FAILURE TO MAINTAIN THE REQUIRED NET WORTH IS GROUNDS FOR ADMINISTRATIVE ACTION.**

SCHEDULE B-2 (ANALYSIS OF LOANS AND RECEIVABLES OUTSTANDING): Record all receivables not subject to the license as Other Receivables on lines 7 through 14. Exercise care in classifying the receivables because certain sales contracts, leases and other receivables may be subject to the CFL. Flooring and accounts receivable financing are examples of transactions subject to the CFL. In addition, certain types of leases such as dollar buy out, direct financing, abandonment and purchase leases may be subject to the CFL. Such receivables must be classified under California Finance Lenders Loan Receivables on lines 1 through 6.

SCHEDULE C-1 (STATEMENT OF INCOME AND EXPENSES) AND SCHEDULE C-2 (INCOME RECEIVED FROM CFL LENDERS AND BROKERS LOANS): These schedules must be prepared consistent with generally accepted accounting principles. For reporting purposes, treat 2023 income earned **from loans originated** under Personal Property Broker, Consumer Finance Lender and Commercial Finance Lender licenses as Gross Income from CFL Loans and CFL Brokered loans on line 1 of Schedule C-1. Report only the amount of income earned during the year under the license(s). Loss on loans receivable must be shown as a separate item on line 4 of Schedule C-1. Do not deduct any loss on loans receivable from the gross income on line 1 of Schedule C-1.

The income reported on lines 1 through 16 of Schedule C-2 is income received under your license(s) and may include income from loans made under Personal Property Broker, Consumer Finance Lender and Commercial Finance Lender licenses.

Double-check your calculations. The income received must be accurately reported in the schedules because the amount you report is used to determine the amount of your annual assessment under the CFL for the next year. Your annual assessment is based on the gross income you report on activities conducted under your license. Income earned under other state or federal lending licenses, activities not requiring a license, or activities conducted under licenses of other government agencies should **not** be reported on line 1 of Schedule C-1 or on lines 1 through 16 of Schedule C-2.

SCHEDULE C-3 (ALL OTHER BUSINESS AND SOURCES): Report under All Other Business and Sources, lines 1 through 7, only those revenues **not** subject to the CFL. See instructions for Schedule B-2 for classification of receivables under the CFL. Any income received from your license(s) must be reported in Schedule C-2.

SCHEDULE D (SCHEDULE OF BROKERED LOANS): All loans brokered in 2023 under your license must be reported under Section A. The Schedule of CFL Brokered Loans must be completed by a licensee that brokered loans to any lender licensed under the CFL. The required information for each CFL lender must be entered and saved in this schedule. For a definition of consumer loans and commercial loans, refer to the instructions for Schedules E, F and G (Loan Statistics) below.

Section B (Schedule of Other Brokered Loans) must be completed by licensees that have brokered loans to any lender **not** licensed under the CFL, such as mortgage loans under a Department of Real Estate license. The name of the regulatory agency and license number that authorizes you to broker these loans must be provided.

SCHEDULES E, F, & G (LOAN STATISTICS): If any loans were made under your license during the year, Schedules E, F, and G must be completed. The loans made in 2023 must be categorized in Schedules E, F, and G as either **consumer loans** or **commercial loans** as follows:

- (1) **Consumer Loan** – An unsecured loan, or a loan secured by real and/or personal property, the proceeds of which the borrower intends to use primarily for personal, family or household purposes.

A consumer loan also includes a loan with a principal amount of less than \$5,000, the proceeds of which the borrower intends to use primarily for other than personal, family or household purposes. For example, a loan of \$4,000 used for your rental business is a consumer loan.

For the purpose of reporting “Auto Title Loans” in Schedule F, an auto title loan is a short-term loan (typically 12 to 36 months) secured by the vehicle of a borrower with clear title to the vehicle. These loans typically exceed \$2,500 in principal and have a higher interest rate.

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- (2) **Commercial Loan** – Either a loan with a principal amount of \$5,000 or more, or any loan made under an open-end credit program, unsecured or secured by real and/or personal property, the proceeds of which the borrower intends to use primarily for other than personal, family or household purposes.
- (3) **Open-End Credit Loans (Revolving Credit Loans):** For the purposes of completing Schedules E, F and G for open-end credit loans, the following guidelines should be followed:
- Total all advances made during the year under the **same** open-end credit loan agreement. This total constitutes the “Principal Amount” of the loan and counts as one loan made in Schedules E, F and G.
 - Classify the loans by size, and by the total advances made during the year. As an example, if five advances were made in 2023 amounting to \$15,000 under the **same** line of credit agreement of \$5,000, it should be reported as one loan made under “Number of Loans,” and \$15,000 under both “Principal Amount,” and under the column “Loans \$10,000 or more” in Schedules E, F and G.

SCHEDULE I (SALE OF LOANS TO INSTITUTIONAL INVESTORS AND LOANS SERVICED): On this schedule, the Serviced Under the California Finance Lenders License item must include all loans originated, purchased or sold.

SCHEDULE K (DIRECTORY OF DIRECTORS, OFFICERS, ETC.): All licensees must enter and save the information required for *all* directors, officers, members, managing members, branch managers and any person (as defined in Financial Code section 22008) owning or controlling directly or indirectly 10 percent or more of the licensee’s outstanding interests or equity securities. If an individual was required to be included in the initial application for a CFL license, or in a subsequent report of changes in personnel, the individual must be included in Schedule K.

For any individual listed in Schedule K who has not submitted an Individual Form (MU2) in NMLS, ensure those individuals complete submit an MU2 Form in NMLS. The MU2 filing guidance is available on the NMLS Resource Center, at [NMLS Resource Center](#).

The information in Schedule K will be maintained as part of the licensee’s DFPI file, and will be treated as confidential and not subject to public inspection.

SCHEDULE L (CFL REPORT ON NON-TRADITIONAL, ADJUSTABLE RATE AND MORTGAGE LOAN PRODUCTS, AND LOAN SURVEY): All licensees are required to complete Schedule L by indicating whether they made or arranged non-traditional mortgage products and adjustable rate mortgage products as defined by the Guidance. The Guidance is available on the DFPI website at www.dfpi.ca.gov. If any loans subject to the Guidance were made or arranged, the licensee also must submit information regarding those loan products in the Loan Survey under Schedule L.

SCHEDULE M (ADDITIONAL INFORMATION): All licensees must complete Schedule M by answering the mortgage-related questions in items A and C, and indicating in item B the type of loan programs that were provided to applicants during the year. Information regarding the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) can be found on the DFPI website at www.dfpi.ca.gov.

SCHEDULE N (LOAN ACTIVITY): All licensees must report activity concerning consumer loans they serviced during the year, by type of security, in item A. Licensees also must provide in items B and C the total number of loans and the total principal amount of loans that were *not* made under the license for both consumer and commercial.

SCHEDULE O (CONFIDENTIAL – DEFAULT RATES BY TYPE OF LOAN): Provide information on default rates for the year by type of loan. The information provided in Schedule O shall remain confidential and not subject to public inspection.

LICENSEES OPERATING IN MULTIPLE STATES: If you conducted business in California and in other states, the following additional requirements must be followed:

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- **SCHEDULE B-1 (BALANCE SHEET)** – Complete the balance sheet in the name of the entity listed on the license. Do not complete the schedule for the California operation only. Complete Line 3, CFL Loan Receivables, in Schedule B-1 only for loans made under the license. Non-CFL license loans and receivables should be reported on Line 4, Other Receivables.
- **SCHEDULE C-1 (STATEMENT OF INCOME AND EXPENSES)** – Complete the Statement of Income and Expense in the name of the entity listed on the license. Do not complete the schedule for the California operation only. **Include on line 1, Gross Income from CFL Loans and CFL Brokered Loans, only income generated under the license.** All other income earned, whether in California or out of state, must be reported on Line 2, Gross Income from All Other Business and Sources.

VERIFICATION: The verification form must be completed in accordance with the instructions by the licensed individual, a general partner if the licensee is a partnership, a manager if the licensee is a limited liability company, or by a corporate officer if the licensee is a corporation. Have the appropriate person sign the page that requires signature and have that page scanned and uploaded to the DFPI's website. **FAILURE TO UPLOAD THE SIGNED VERIFICATION WILL CAUSE THE ANNUAL REPORT TO BE TREATED AS UNFILED.**

FEE: No fee is required to file the annual report.

PUBLIC INSPECTION: The individual annual reports filed pursuant to Financial Code section 22159 shall be made available to the public for inspection, except for Schedule O, which includes proprietary business information and shall remain confidential and not subject to public inspection. The balance sheet contained in the annual report of a sole proprietor or any other non-publicly traded licensee shall be made available to the public unless the licensee requests confidential treatment. "Non-publicly traded" means licensees with securities owned by 35 or fewer individuals.

If a sole proprietor or licensee meeting the definition of non-publicly traded requests confidential treatment of the balance sheet, the Request for Confidential Treatment located in Addendum B must be completed and uploaded in the same manner as the verification form.

For assistance and information regarding the annual report, contact the DFPI at 866-275-2677 or cfl.AnnualReport@dfpi.ca.gov.

Table of Schedules to Be Completed (with Descriptive Title)

Schedule	Descriptive Title	Lender	Broker	Lender & Broker	No Business
Schedule A	General Licensee Information	X	X	X	X
Verification		X	X	X	X
Business/ Confidentiality		X	X	X	X
Schedule B-2	Analysis of Loans and Receivables	X	X	X	X
Schedule D	Schedule of Brokered Loans		X	X	
Schedule C-2	Analysis of Income Received from Lenders and Brokers Loans	X	X	X	X
Schedule C-3	Analysis of Income Received from Other Business and Sources	X	X	X	X
Schedule C-1	Statement of Income and Expenses	X	X	X	X
Schedule B-1	Balance Sheet	X	X	X	X
Schedule B-1(a)	Calculation of Net Worth	X	X	X	X
Schedule G	Loans Made or Refinanced During the Year by Rates Charged	X		X	
Schedule F	Loans Made or Refinanced During the Year by Type of Security	X		X	
Schedule E	Loans Made or Refinanced During the Year by Size of Loan	X		X	
Schedule H	Credit Insurance General Information	X		X	
Schedule I	Sale of Loans to Institutional Investors and Loans Serviced	X		X	
Schedule J	Other Business Activities and Covered Loans	X	X	X	
Schedule K	Directory of Directors, Officers, Members, Managing Members, Branch Managers and any Person Owning or Controlling (Directly or Indirectly) 10% or More of Interest or Equity Securities	X	X	X	X
Schedule L	CFL Report on Non-Traditional, Adjustable Rate and Mortgage Loan Products	X	X	X	
Schedule M	Additional Loan Information	X	X	X	
Schedule N	Schedule of Loan Activity	X		X	X (Part B & C)
Schedule O	Default Rates by Type of Loan	X		X	
Addendum A	Branch Office Locations	X	X	X	X
Addendum B	Document Upload: Verification Form & Request for Confidentiality	X	X	X	X