

2003

ANNUAL REPORT

*Operation of
Finance Companies Licensed
under the
California Finance Lenders Law*



*State of California
Business, Transportation and Housing Agency
Department of Corporations*

STATE OF CALIFORNIA
ARNOLD SCHWARZENEGGER, Governor

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CORPORATIONS

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California Corporations Commissioner

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*Los Angeles, California
May 27, 2004*

This Report includes data submitted by lenders licensed under the Commercial Finance Lenders (CML) law, as well as lenders and brokers licensed under the Personal Property Brokers (PPB) law and Consumer Finance Lenders (CFL) law until July 1, 1995 and Finance Lenders for the balance of the 1995 calendar year.

Effective July 1, 1995, the PPB, CFL, and CML laws were consolidated without substantive change into a single regulatory program, the CALIFORNIA FINANCE LENDERS LAW. This report is a composite of annual reports of California's lender and broker licensees for the calendar year ended December 31, 2003 submitted in compliance with Section 22159 of the California Finance Lenders Law.

This Report is based on unaudited data presented by licensees and submitted in a format prescribed by the Department of Corporations. While the format of the financial information presented in the Report follows that of conventional financial statements, the reader should be aware that the data contained herein is primarily statistical in nature.

Statistical data compilations required of licensees have been modified to provide more meaningful statistics. Comparison of such data with prior years will be left to the reader.

AS OF	NUMBER OF LICENSEES
DECEMBER 31, 1995	4,735
DECEMBER 31, 1996	4,424
DECEMBER 31, 1997	4,404
DECEMBER 31, 1998	4,180
DECEMBER 31, 1999	3,829
DECEMBER 31, 2000	3,789
DECEMBER 31, 2001	3,732
DECEMBER 31, 2002	4,110
DECEMBER 31, 2003	4,608

STATISTICAL INFORMATION
Average Size of Loans

PERSONAL PROPERTY BROKERS						
Calendar Year	Number of Loans Made	Principal Amount of Loans Made	Average Size of Loans Made			
			Consumer Loans	Commercial Loans	All Loans	
1992	587,154	\$ 2,666,084,709	\$ 2,334	\$ 48,184	\$ 4,540	
1993	543,540	2,627,448,351	2,002	44,536	4,834	
1994	337,175	3,298,179,224	17,818	8,513	9,782	

CONSUMER FINANCE LENDERS				
Calendar Year	Number of Loans Made	Principal Amount of Loans Made	Average Size of Loans Made	
1992	836,438	\$ 20,030,605,902	\$	23,947
1993	896,835	23,383,765,928		26,074
1994	1,504,523	24,780,150,081		16,470

COMMERCIAL FINANCE LENDERS				
Calendar Year	Number of Loans Made	Principal Amount of Loans Made	Average Size of Loans Made	
1992	115,717	\$ 29,561,622,940	\$	255,464
1993	64,915	27,736,658,256		427,277
1994	192,420	17,740,069,588		92,195

CALIFORNIA FINANCE LENDERS						
Calendar Year	Number of Loans Made	Principal Amount of Loans Made	Average Size of Loans Made			
			Consumer Loans	Commercial Loans	All Loans	
1995	2,601,815	\$ 53,859,078,047	\$ 10,843	\$ 41,112	\$ 20,701	
1996	2,831,313	56,384,220,436	7,147	46,380	19,915	
1997	3,078,334	79,336,869,590	11,312	47,287	25,773	
1998	2,912,288	96,772,880,848	21,510	45,945	33,229	
1999	3,032,409	106,276,270,474	21,881	56,110	35,047	
2000	3,006,443	87,886,670,201	15,456	48,173	29,233	
2001	3,530,073	137,947,617,838	20,699	64,389	39,078	
2002	3,522,892	179,873,083,672	27,363	78,928	51,058	
2003	5,140,316	278,153,215,784	28,264	96,559	54,112	

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CALIFORNIA FINANCE LENDERS

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EXHIBIT A
CALIFORNIA FINANCE LENDERS
BALANCE SHEET
AS OF DECEMBER 31, 2003
(in thousands)

ASSETS		<u>% of Total Assets</u>
Cash	\$ 79,562,175	3.26
Investments	374,727,573	15.35
California Finance Lender Loan Receivables	115,929,814	4.75
Other Receivables	1,045,256,245	42.82
Reserves and Withholds by Banks and Finance Companies	444,413	0.02
Real and Personal Property (Net)	82,805,826	3.39
Prepaid Expenses and Deferred Charges	6,913,887	0.28
Commissions Receivables	192,558	0.01
Other Assets	<u>735,132,523</u>	<u>30.12</u>
Total Assets	<u>\$ 2,440,965,014</u>	<u>100.00</u>

LIABILITIES AND NET WORTH		<u>% of Total Liabilities and Net Worth</u>
Loans and Notes Payable from Third Parties	\$ 444,039,621	18.19
Loans and Notes Payable from Parent Companies, Affiliates, etc.	455,089,034	18.64
Bonds, Debentures, Notes and Certificates of Indebtedness	506,629,253	20.76
Accounts Payable	148,234,770	6.07
Dealers Reserves and Withholds	2,288,740	0.09
Accrued Taxes Other Than Income Tax	503,527	0.02
Reserve for Income Taxes	41,937,954	1.72
Credit Insurance Premiums Due Insurer	-17,355	0.00
Other Liabilities and Accruals	<u>588,059,941</u>	<u>24.09</u>
Total Liabilities	2,186,765,485	89.59
Net Worth	<u>254,199,529</u>	<u>10.41</u>
Total Liabilities and Net Worth	<u>\$ 2,440,965,014</u>	<u>100.00</u>

EXHIBIT B
CALIFORNIA FINANCE LENDERS
ANALYSIS OF LOANS AND RECEIVABLES OUTSTANDING
AS OF DECEMBER 31, 2003
(in thousands)

	<u>Aggregate Balance</u>	<u>% of Subtotal</u>
<u>CALIFORNIA FINANCE LENDER LOAN RECEIVABLES</u>		
Consumer Loans	\$ 64,692,808	54.16
Commercial Loans	54,757,541	45.84
Subtotal	\$ 119,450,349	<u>100.00</u>
Less: Unearned Pre-computed Charges	1,292,222	
Allowance for Bad Debts	<u>2,228,313</u>	
Net California Finance Lender Loan Receivables	<u>\$ 115,929,814</u>	

OTHER RECEIVABLES

Sales Contracts	\$ 208,546,393	19.52
Leases (True Leases)	80,637,853	7.55
Factoring	11,574,308	1.08
Other	<u>767,782,743</u>	<u>71.85</u>
Subtotal	\$ 1,068,541,297	<u>100.00</u>
Less: Unearned Pre-computed Charges and Discounts	8,548,194	
Allowance for Bad Debts	<u>14,736,858</u>	
Net Other Receivables	<u>\$ 1,045,256,245</u>	

EXHIBIT C
CALIFORNIA FINANCE LENDERS
STATEMENT OF INCOME AND EXPENSES
FOR CALENDAR YEAR 2003
(in thousands)

		<u>% of Total Income</u>
<u>INCOME</u>		
Gross Income from California Finance Lender Loans and California Finance Lender Brokered Loans	\$ 10,756,048	3.67
Gross Income from All Other Business and Sources	<u>282,164,972</u>	<u>96.33</u>
Total Gross Income	<u>\$ 292,921,020</u>	<u>100.00</u>
<u>EXPENSES</u>		
Advertising and Promotion	\$ 2,172,223	0.74
Professional Audit and Accounting Services	862,976	0.29
Insurance and Bond Premiums	626,432	0.21
Legal Services and Expenses	987,059	0.34
Occupancy Expenses	2,024,644	0.69
Provision for Bad Debt Allowance	11,016,851	3.76
Salaries and Bonuses: Employees	34,806,809	11.88
Salaries and Bonuses: Owners, Partners, Executives	737,298	0.25
Depreciation	21,315,980	7.28
License Fees and Taxes	670,387	0.23
Telephone and Utilities	1,326,796	0.45
Travel	801,975	0.27
Other Expenses	<u>117,948,099</u>	<u>40.27</u>
Total Expenses before Interest and Income Taxes	<u>\$ 195,297,529</u>	<u>66.67</u>
Income before Interest and Income Taxes	\$ 97,623,491	33.33
Less: Interest Paid to Bona Fide Third Parties	37,984,009	12.97
Interest Paid to Parent Company, Affiliates and Others	<u>11,893,974</u>	<u>4.06</u>
Income before Income Taxes	\$ 47,745,508	16.30
Less: Provision for Income Taxes	<u>11,887,661</u>	<u>4.06</u>
Net Income	<u>\$ 35,857,847</u>	<u>12.24</u>

EXHIBIT D
CALIFORNIA FINANCE LENDERS
ANALYSIS OF INCOME RECEIVED
FOR CALENDAR YEAR 2003
(in thousands)

<u>CFL LOANS AND CFL BROKERED LOANS</u>	Loans Under \$2,500	Loans \$2,500 and Over	Total
<u>CONSUMER LOANS</u>			
Charges Earned on Loans	\$ 172,435	\$ 5,347,137	\$ 5,519,572
Collection from Charged Off Accounts	1,174	17,455	18,629
Income from Credit Insurance	201	989	1,190
Other Insurance Commissions	41	920	961
Administrative Fees	326	134,745	135,071
Commissions from Loan Brokering	78	177,633	177,711
Other Income	935	785,592	786,527
Income from Consumer Loans	<u>\$ 175,190</u>	<u>\$ 6,464,471</u>	<u>\$ 6,639,661</u>

COMMERCIAL LOANS

Charges Earned on Loans	\$ 3,729,701
Collection from Charged Off Accounts	67,112
Income from Credit Insurance	165
Other Insurance Commissions	236
Commissions from Loan Brokering	5,876
Other Income	313,297
Income from Commercial Loans	<u>\$ 4,116,387</u>
Total Income from All Loans	<u>\$ 10,756,048</u>

ALL OTHER BUSINESS AND SOURCES

Charges Earned on Loans	\$ 68,721,774
Other Interest or Return on Investments	28,640,467
Collection from Charged Off Accounts	220,045
Income from Credit Insurance	4,179
Other Insurance Commissions	84,474
Other Income Relating to Loans	184,494,033
Total Income from All Other Business and Sources	<u>\$ 282,164,972</u>

EXHIBIT E
CALIFORNIA FINANCE LENDERS
LOANS MADE OR REFINANCED BY SIZE
FOR CALENDAR YEAR 2003

Size of Loan	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>CONSUMER LOANS</u>				
\$ 499 or less	985,197	30.84	\$ 170,443	0.19
500 to 1,999	139,717	4.37	159,923	0.18
2,000 to 2,499	27,333	0.86	60,047	0.07
2,500 to 4,999	191,780	6.00	704,780	0.78
5,000 to 9,999	300,618	9.41	1,013,698	1.12
10,000 or more	1,550,175	48.52	88,189,246	97.66
Total Consumer Loans Made	<u>3,194,820</u>	<u>100.00</u>	<u>\$ 90,298,137</u>	<u>100.00</u>
<u>COMMERCIAL LOANS</u>				
\$5,000 or more	<u>1,945,496</u>	<u>100.00</u>	<u>\$ 187,855,079</u>	<u>100.00</u>
Total Commercial Loans Made	<u>1,945,496</u>	<u>100.00</u>	<u>\$ 187,855,079</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>5,140,316</u>		<u>\$ 278,153,216</u>	

EXHIBIT F
CALIFORNIA FINANCE LENDERS
LOANS MADE OR REFINANCED BY TYPE OF SECURITY
FOR CALENDAR YEAR 2003

Type of Security	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>CONSUMER LOANS</u>				
<u>LOANS UNDER \$2,500</u>				
Unsecured	1,026,484	89.09	\$ 232,561	59.57
Personal Property	75,885	6.59	50,564	12.95
Automobiles & Other Motor Vehicles	10,686	0.93	11,651	2.98
Wage Assignments	45	0.00	48	0.01
Other Security	39,147	3.40	95,589	24.48
Total Loans Made	<u>1,152,247</u>	<u>100.00</u>	<u>\$ 390,413</u>	<u>100.00</u>
<u>LOANS OF \$2,500 TO \$4,999</u>				
Unsecured	62,300	32.49	\$ 228,822	32.47
Personal Property	30,145	15.72	111,749	15.86
Automobiles & Other Motor Vehicles	14,334	7.47	49,937	7.09
Wage Assignments	19	0.01	52	0.01
Other Security	84,982	44.31	314,220	44.58
Total Loans Made	<u>191,780</u>	<u>100.00</u>	<u>\$ 704,780</u>	<u>100.00</u>
<u>LOANS OF \$5,000 TO \$9,999</u>				
Unsecured	97,818	32.54	\$ 598,468	59.04
Personal Property	20,628	6.86	130,832	12.91
Automobiles & Other Motor Vehicles	24,786	8.25	184,827	18.23
Wage Assignments	0	0.00	0	0.00
Real Property	4,266	1.42	25,165	2.48
Other Security	153,120	50.94	74,406	7.34
Total Loans Made	<u>300,618</u>	<u>100.00</u>	<u>\$ 1,013,698</u>	<u>100.00</u>
<u>LOANS OF \$10,000 AND MORE</u>				
Unsecured	19,296	1.24	\$ 289,019	0.33
Personal Property	1,721	0.11	221,108	0.25
Automobiles & Other Motor Vehicles	266,049	17.16	6,114,432	6.93
Wage Assignments	10,046	0.65	639,402	0.73
Real Property	578,925	37.35	76,594,799	86.85
Other Security	674,138	43.49	4,330,486	4.91
Total Loans Made	<u>1,550,175</u>	<u>100.00</u>	<u>\$ 88,189,246</u>	<u>100.00</u>
Total Consumer Loans Made	<u>3,194,820</u>		<u>\$ 90,298,137</u>	

EXHIBIT F
(Continuation)
CALIFORNIA FINANCE LENDERS
LOANS MADE OR REFINANCED BY TYPE OF SECURITY
FOR CALENDAR YEAR 2003

Type of Security	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>COMMERCIAL LOANS</u>				
Unsecured	90,107	4.63	\$ 3,200,082	1.70
Personal Property	291,132	14.96	47,603,355	25.34
Automobiles & Other Motor Vehicles	1,038,203	53.36	27,695,071	14.74
Business Equipment	37,882	1.95	2,092,352	1.11
Real Property	473,030	24.31	94,282,888	50.19
Other Security	<u>15,142</u>	<u>0.78</u>	<u>12,981,331</u>	<u>6.91</u>
Total Commercial Loans Made	<u>1,945,496</u>	<u>100.00</u>	<u>\$ 187,855,079</u>	<u>100.00</u>
 Total Loans Made, All Categories	 <u>5,140,316</u>		 <u>\$ 278,153,216</u>	

EXHIBIT G
CALIFORNIA FINANCE LENDERS
LOANS MADE OR REFINANCED BY RATES CHARGED
FOR CALENDAR YEAR 2003

<u>Rates Charged</u>	<u>Number of Loans</u>	<u>% of Total Number</u>	<u>Principal Amount (in thousands)</u>	<u>% of Total Amount</u>
<u>CONSUMER LOANS</u>				
<u>LOANS UNDER \$2,500</u>				
Step Rate:				
2 1/2 - 2 - 1 1/2 - 1% per month	54,666	4.74	\$ 18,623	4.77
Alternate Rate:				
1.6% per month	0	0.00	0	0.00
Federal Reserve Bank Rate plus 10%	1	0.00	2	0.00
Other Rates:				
Up to 14.999 APR	35,006	3.04	32,676	8.37
15.000 to 19.999 APR	67,619	5.87	65,593	16.80
20.000 to 24.999 APR	914,990	79.41	145,414	37.25
25.000 to 29.999 APR	49,256	4.27	38,165	9.78
30.000 to 34.999 APR	2,986	0.26	2,299	0.59
35.000 to 39.999 APR	744	0.06	626	0.16
40.000 or More APR	214	0.02	260	0.07
Variable Rates Based on Index	26,765	2.32	86,755	22.22
Total Loans Made	<u>1,152,247</u>	<u>100.00</u>	<u>\$ 390,413</u>	<u>100.00</u>
<u>LOANS OF \$2,500 TO \$4,999</u>				
Up to 14.999 APR	4,697	2.45	\$ 16,798	2.38
15.000 to 19.999 APR	20,909	10.90	61,759	8.76
20.000 to 24.999 APR	28,476	14.85	101,402	14.39
25.000 to 29.999 APR	56,621	29.52	210,643	29.89
30.000 to 34.999 APR	4,877	2.54	16,263	2.31
35.000 to 39.999 APR	944	0.49	2,490	0.35
40.000 or More APR	3,044	1.59	9,844	1.40
Variable Rates Based on Index	72,212	37.65	285,581	40.52
Total Loans Made	<u>191,780</u>	<u>100.00</u>	<u>\$ 704,780</u>	<u>100.00</u>
<u>LOANS OF \$5,000 TO \$9,999</u>				
Up to 14.999 APR	14,663	4.88	\$ 112,940	11.14
15.000 to 19.999 APR	12,745	4.24	86,142	8.50
20.000 to 24.999 APR	33,909	11.28	220,737	21.78
25.000 to 29.999 APR	82,349	27.39	499,373	49.26
30.000 to 34.999 APR	270	0.09	1,733	0.17
35.000 to 39.999 APR	2	0.00	14	0.00
40.000 or More APR	1,230	0.41	7,318	0.72
Variable Rates Based on Index	155,450	51.71	85,441	8.43
Total Loans Made	<u>300,618</u>	<u>100.00</u>	<u>\$ 1,013,698</u>	<u>100.00</u>
<u>LOANS OF \$10,000 AND MORE</u>				
Up to 14.999 APR	593,409	38.28	\$ 65,534,869	74.31
15.000 to 19.999 APR	20,463	1.32	340,169	0.39
20.000 to 24.999 APR	176,452	11.38	1,267,884	1.44
25.000 to 29.999 APR	5,347	0.34	71,815	0.08
30.000 to 34.999 APR	1,513	0.10	21,761	0.02
35.000 to 39.999 APR	1,424	0.09	18,960	0.02
40.000 or More APR	24,299	1.57	4,496,272	5.10
Variable Rates Based on Index	727,268	46.92	16,437,516	18.64
Total Loans Made	<u>1,550,175</u>	<u>100.00</u>	<u>\$ 88,189,246</u>	<u>100.00</u>
Total Consumer Loans Made	<u>3,194,820</u>		<u>\$ 90,298,137</u>	

EXHIBIT G
(Continuation)
CALIFORNIA FINANCE LENDERS
LOANS MADE OR REFINANCED BY RATES CHARGED
FOR CALENDAR YEAR 2003

<u>Rates Charged</u>	<u>Number of Loans</u>	<u>% of Total Number</u>	<u>Principal Amount (in thousands)</u>	<u>% of Total Amount</u>
<u>COMMERCIAL LOANS</u>				
Up to 14.999 APR	807,842	41.52	\$ 139,812,847	74.43
15.000 to 19.999 APR	2,204	0.11	428,842	0.23
20.000 to 24.999 APR	1,116	0.06	192,564	0.10
25.000 to 29.999 APR	1,955	0.10	167,668	0.09
30.000 to 34.999 APR	6,835	0.35	181,651	0.10
35.000 to 39.999 APR	509	0.03	37,289	0.02
40.000 or More APR	1,249	0.06	195,575	0.10
Variable Rates Based on Index	<u>1,123,786</u>	<u>57.76</u>	<u>46,838,643</u>	<u>24.93</u>
Total Commercial Loans Made	<u>1,945,496</u>	<u>100.00</u>	<u>\$ 187,855,079</u>	<u>100.00</u>
 Total Loans Made, All Categories	 <u>5,140,316</u>		 <u>\$ 278,153,216</u>	