

2005

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

Preston DuFauchard
California Corporations Commissioner

FINANCIAL SERVICES DIVISION

LOUISA BROUDY, Deputy Commissioner
PATRICIA R. SPEIGHT, Special Administrator

California Finance Lenders Law

1515 K Street, Suite 200
Sacramento, CA 95814

320 West 4th Street, Suite 750
Los Angeles, CA 90013

71 Stevenson Street, Suite 2100
San Francisco, CA 94105

1350 Front Street, Room 2034
San Diego, CA 92101

*Los Angeles, California
July 6, 2006*

This Report is a composite of annual reports of California's lender and broker licensees for the calendar year ended December 31, 2005 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, 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
DECEMBER 31, 2004	5,342
DECEMBER 31, 2005	6,725

STATISTICAL INFORMATION
Average Size of Loans

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
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
2004	4,167,772	246,616,649,910	50,861	68,536	59,172
2005	3,653,036	285,178,701,531	88,605	70,803	78,066

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CALIFORNIA FINANCE LENDERS

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EXHIBIT A
CALIFORNIA FINANCE LENDERS
BALANCE SHEET
AS OF DECEMBER 31, 2005
(in thousands)

<u>ASSETS</u>		% of Total Assets
Cash	\$ 96,957,078	2.93
Investments	836,148,847	25.29
California Finance Lender Loan Receivables	144,468,841	4.37
Other Receivables	1,257,578,074	38.04
Reserves and Withholds by Banks and Finance Companies	3,687,699	0.11
Real and Personal Property (Net)	106,465,249	3.22
Prepaid Expenses and Deferred Charges	7,268,345	0.22
Commissions Receivables	322,448	0.01
Other Assets	852,950,065	25.80
Total Assets	\$ 3,305,846,645	100.00

<u>LIABILITIES AND NET WORTH</u>		% of Total Liabilities and Net Worth
Loans and Notes Payable from Third Parties	\$ 503,288,040	15.22
Loans and Notes Payable from Parent Companies, Affiliates, etc.	610,119,869	18.46
Bonds, Debentures, Notes and Certificates of Indebtedness	538,672,039	16.29
Accounts Payable	209,679,010	6.34
Dealers Reserves and Withholds	1,022,796	0.03
Accrued Taxes Other Than Income Tax	4,502,468	0.14
Reserve for Income Taxes	54,062,044	1.64
Credit Insurance Premiums Due Insurer	61,067	0.00
Other Liabilities and Accruals	1,069,794,552	32.36
Total Liabilities	2,991,201,887	90.48
Net Worth	314,644,758	9.52
Total Liabilities and Net Worth	\$ 3,305,846,645	100.00

EXHIBIT B
CALIFORNIA FINANCE LENDERS
ANALYSIS OF LOANS AND RECEIVABLES OUTSTANDING
AS OF DECEMBER 31, 2005
(in thousands)

	<u>Aggregate Balance</u>	<u>% of Subtotal</u>
<u>CALIFORNIA FINANCE LENDER LOAN RECEIVABLES</u>		
Consumer Loans	\$ 81,239,906	55.11
Commercial Loans	<u>66,182,253</u>	<u>44.89</u>
Subtotal	\$ 147,422,159	<u>100.00</u>
Less: Unearned Pre-computed Charges	1,205,499	
Allowance for Bad Debts	<u>1,747,819</u>	
Net California Finance Lender Loan Receivables	<u>\$ 144,468,841</u>	

OTHER RECEIVABLES

Sales Contracts	\$ 259,116,997	19.85
Leases (True Leases)	118,891,948	9.11
Factoring	13,631,369	1.04
Other	<u>913,418,613</u>	<u>69.99</u>
Subtotal	\$ 1,305,058,927	<u>100.00</u>
Less: Unearned Pre-computed Charges and Discounts	11,707,661	
Allowance for Bad Debts	<u>35,773,193</u>	
Net Other Receivables	<u>\$ 1,257,578,074</u>	

EXHIBIT C
CALIFORNIA FINANCE LENDERS
STATEMENT OF INCOME AND EXPENSES
FOR CALENDAR YEAR 2005
(in thousands)

		<u>% of Total Income</u>
<u>INCOME</u>		
Gross Income from California Finance Lender Loans and California Finance Lender Brokered Loans	\$ 12,125,326	2.70
Gross Income from All Other Business and Sources	<u>437,272,274</u>	<u>97.30</u>
Total Gross Income	<u>\$ 449,397,600</u>	<u>100.00</u>
<u>EXPENSES</u>		
Advertising and Promotion	\$ 3,673,428	0.82
Professional Audit and Accounting Services	1,290,284	0.29
Insurance and Bond Premiums	647,428	0.14
Legal Services and Expenses	1,400,000	0.31
Occupancy Expenses	4,340,041	0.97
Provision for Bad Debt Allowance	7,852,981	1.75
Salaries and Bonuses: Employees	52,773,810	11.74
Salaries and Bonuses: Owners, Partners, Executives	1,107,552	0.25
Depreciation	23,873,347	5.31
License Fees and Taxes	(1,138,404) *	(0.25)
Telephone and Utilities	1,326,432	0.30
Travel	1,320,342	0.29
Other Expenses	<u>197,503,917</u>	<u>43.95</u>
Total Expenses before Interest and Income Taxes	<u>\$ 295,971,156</u>	<u>65.86</u>
Income before Interest and Income Taxes	\$ 153,426,444	34.14
Less: Interest Paid to Bona Fide Third Parties	70,005,664	15.58
Interest Paid to Parent Company, Affiliates and Others	<u>28,296,607</u>	<u>6.30</u>
Income before Income Taxes	\$ 55,124,173	12.27
Less: Provision for Income Taxes	<u>13,242,105</u>	<u>2.95</u>
Net Income	<u>\$ 41,882,068</u>	<u>9.32</u>

* = A large company reported a tax credit of \$1.9 billion.

EXHIBIT D
CALIFORNIA FINANCE LENDERS
ANALYSIS OF INCOME RECEIVED
FOR CALENDAR YEAR 2005
(in thousands)

<u>CFL LOANS AND CFL BROKERED LOANS</u>	<u>Loans Under \$2,500</u>	<u>Loans \$2,500 and Over</u>	<u>Total</u>
<u>CONSUMER LOANS</u>			
Charges Earned on Loans	\$ 100,710	\$ 5,662,625	\$ 5,763,335
Collection from Charged Off Accounts	1,041	23,769	24,810
Income from Credit Insurance	18	578	596
Other Insurance Commissions	26	871	897
Administrative Fees	337	314,972	315,309
Commissions from Loan Brokering	213	342,265	342,478
Other Income	642	602,577	603,219
Income from Consumer Loans	<u>\$ 102,986</u>	<u>\$ 6,947,658</u>	<u>\$ 7,050,644</u>
<u>COMMERCIAL LOANS</u>			
Charges Earned on Loans			\$ 4,479,950
Collection from Charged Off Accounts			55,647
Income from Credit Insurance			1
Other Insurance Commissions			407
Commissions from Loan Brokering			20,572
Other Income			518,104
Income from Commercial Loans			<u>\$ 5,074,682</u>
Total Income from All Loans			<u>\$ 12,125,326</u>
<hr style="border-top: 1px dashed black;"/>			
<u>ALL OTHER BUSINESS AND SOURCES</u>			
Charges Earned on Loans			\$ 89,401,174
Other Interest or Return on Investments			31,793,812
Collection from Charged Off Accounts			136,482
Income from Credit Insurance			1,973
Other Insurance Commissions			37,911
Other Income Relating to Loans			315,900,922
Total Income from All Other Business and Sources			<u>\$ 437,272,274</u>

EXHIBIT E
CALIFORNIA FINANCE LENDERS
LOANS MADE OR REFINANCED BY SIZE
FOR CALENDAR YEAR 2005

Size of Loan	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>CONSUMER LOANS</u>				
\$ 499 or less	67,404	4.52	\$ 14,981	0.01
500 to 1,999	83,803	5.62	97,707	0.07
2,000 to 2,499	66,851	4.49	86,447	0.07
2,500 to 4,999	162,668	10.91	529,434	0.40
5,000 to 9,999	237,599	15.94	1,568,149	1.19
10,000 or more	<u>872,083</u>	<u>58.51</u>	<u>129,760,448</u>	<u>98.26</u>
Total Consumer Loans Made	<u>1,490,408</u>	<u>100.00</u>	<u>\$ 132,057,167</u>	<u>100.00</u>
<u>COMMERCIAL LOANS</u>				
\$5,000 or more	<u>2,162,628</u>	<u>100.00</u>	<u>\$ 153,121,535</u>	<u>100.00</u>
Total Commercial Loans Made	<u>2,162,628</u>	<u>100.00</u>	<u>\$ 153,121,535</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>3,653,036</u>		<u>\$ 285,178,702</u>	

EXHIBIT F
CALIFORNIA FINANCE LENDERS
LOANS MADE OR REFINANCED BY TYPE OF SECURITY
FOR CALENDAR YEAR 2005

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	193,406	88.69	\$ 173,181	86.97
Personal Property	8,707	3.99	9,620	4.83
Automobiles & Other Motor Vehicles	4,118	1.89	5,895	2.96
Wage Assignments	414	0.19	134	0.07
Other Security	<u>11,413</u>	<u>5.23</u>	<u>10,305</u>	<u>5.18</u>
Total Loans Made	<u>218,058</u>	<u>100.00</u>	<u>\$ 199,136</u>	<u>100.00</u>
<u>LOANS OF \$2,500 TO \$4,999</u>				
Unsecured	120,437	74.04	\$ 376,567	71.13
Personal Property	20,879	12.84	75,859	14.33
Automobiles & Other Motor Vehicles	14,772	9.08	53,504	10.11
Wage Assignments	19	0.01	51	0.01
Other Security	<u>6,561</u>	<u>4.03</u>	<u>23,454</u>	<u>4.43</u>
Total Loans Made	<u>162,668</u>	<u>100.00</u>	<u>\$ 529,434</u>	<u>100.00</u>
<u>LOANS OF \$5,000 TO \$9,999</u>				
Unsecured	186,908	78.67	\$ 1,210,097	77.17
Personal Property	11,225	4.72	70,208	4.48
Automobiles & Other Motor Vehicles	35,197	14.81	259,394	16.54
Wage Assignments	3	0.00	20	0.00
Real Property	3,117	1.31	20,240	1.29
Other Security	<u>1,149</u>	<u>0.48</u>	<u>8,191</u>	<u>0.52</u>
Total Loans Made	<u>237,599</u>	<u>100.00</u>	<u>\$ 1,568,149</u>	<u>100.00</u>
<u>LOANS OF \$10,000 AND MORE</u>				
Unsecured	45,040	5.16	\$ 978,250	0.75
Personal Property	717	0.08	22,029	0.02
Automobiles & Other Motor Vehicles	294,967	33.82	6,735,467	5.19
Wage Assignments	3,128	0.36	63,745	0.05
Real Property	474,267	54.38	119,378,859	92.00
Other Security	<u>53,964</u>	<u>6.19</u>	<u>2,582,098</u>	<u>1.99</u>
Total Loans Made	<u>872,083</u>	<u>100.00</u>	<u>\$ 129,760,448</u>	<u>100.00</u>
Total Consumer Loans Made	<u>1,490,408</u>		<u>\$ 132,057,167</u>	

EXHIBIT F
(Continuation)
CALIFORNIA FINANCE LENDERS
LOANS MADE OR REFINANCED BY TYPE OF SECURITY
FOR CALENDAR YEAR 2005

Type of Security	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<u>COMMERCIAL LOANS</u>				
Unsecured	69,104	3.20	\$ 4,336,964	2.83
Personal Property	1,638	0.08	1,322,310	0.86
Automobiles & Other Motor Vehicles	1,327,582	61.39	34,942,904	22.82
Business Equipment	84,938	3.93	5,682,687	3.71
Real Property	306,796	14.19	87,407,050	57.08
Other Security	<u>372,570</u>	<u>17.23</u>	<u>19,429,620</u>	<u>12.69</u>
Total Commercial Loans Made	<u>2,162,628</u>	<u>100.00</u>	<u>\$ 153,121,535</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>3,653,036</u>		<u>\$ 285,178,702</u>	

EXHIBIT G
CALIFORNIA FINANCE LENDERS
LOANS MADE OR REFINANCED BY RATES CHARGED
FOR CALENDAR YEAR 2005

<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	19,948	9.15	\$ 12,189	6.12
Alternate Rate:				
1.6% per month	10,959	5.03	3,936	1.98
Federal Reserve Bank Rate plus 10%	0	0.00	0	0.00
Other Rates:				
Up to 14.999 APR	43,968	20.16	48,456	24.33
15.000 to 19.999 APR	54,904	25.18	56,726	28.49
20.000 to 24.999 APR	17,477	8.01	24,056	12.08
25.000 to 29.999 APR	21,934	10.06	23,607	11.85
30.000 to 34.999 APR	47,167	21.63	29,490	14.81
35.000 to 39.999 APR	360	0.17	303	0.15
40.000 or 99.999 APR	64	0.03	43	0.02
100.000 or More APR	0	0.00	0	0.00
Variable Rates Based on Index	1,277	0.59	330	0.17
Total Loans Made	<u>218,058</u>	<u>100.00</u>	<u>\$ 199,136</u>	<u>100.00</u>
<u>LOANS OF \$2,500 TO \$4,999</u>				
Up to 14.999 APR	21,595	13.28	\$ 82,511	15.58
15.000 to 19.999 APR	13,368	8.22	49,641	9.38
20.000 to 24.999 APR	17,373	10.68	62,201	11.75
25.000 to 29.999 APR	54,082	33.25	183,433	34.65
30.000 to 34.999 APR	4,750	2.92	15,512	2.93
35.000 to 39.999 APR	602	0.37	1,965	0.37
40.000 or 99.999 APR	2,072	1.27	6,622	1.25
100.000 or More APR	48,345	29.72	125,834	23.77
Variable Rates Based on Index	481	0.30	1,716	0.32
Total Loans Made	<u>162,668</u>	<u>100.00</u>	<u>\$ 529,435</u>	<u>100.00</u>
<u>LOANS OF \$5,000 TO \$9,999</u>				
Up to 14.999 APR	54,803	23.07	\$ 391,417	24.96
15.000 to 19.999 APR	19,882	8.37	138,195	8.81
20.000 to 24.999 APR	22,792	9.59	151,454	9.66
25.000 to 29.999 APR	123,502	51.98	798,972	50.95
30.000 to 34.999 APR	270	0.11	1,639	0.10
35.000 to 39.999 APR	20	0.01	112	0.01
40.000 or 99.999 APR	13,902	5.85	71,365	4.55
100.000 or More APR	45	0.02	294	0.02
Variable Rates Based on Index	2,383	1.00	14,701	0.94
Total Loans Made	<u>237,599</u>	<u>100.00</u>	<u>\$ 1,568,149</u>	<u>100.00</u>
<u>LOANS OF \$10,000 AND MORE</u>				
Up to 14.999 APR	676,685	77.59	\$ 100,143,081	77.18
15.000 to 19.999 APR	22,184	2.54	503,307	0.39
20.000 to 24.999 APR	7,340	0.84	152,412	0.12
25.000 to 29.999 APR	16,056	1.84	221,399	0.17
30.000 to 34.999 APR	491	0.06	11,199	0.01
35.000 to 39.999 APR	7,253	0.83	73,709	0.06
40.000 or 99.999 APR	581	0.07	74,485	0.06
100.000 or More APR	2,498	0.29	865,178	0.67
Variable Rates Based on Index	138,995	15.94	27,715,678	21.36
Total Loans Made	<u>872,083</u>	<u>100.00</u>	<u>\$ 129,760,448</u>	<u>100.00</u>
Total Consumer Loans Made	<u>1,490,408</u>	12	<u>\$ 132,057,167</u>	

EXHIBIT G
(Continuation)
CALIFORNIA FINANCE LENDERS
LOANS MADE OR REFINANCED BY RATES CHARGED
FOR CALENDAR YEAR 2005

<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	374,980	17.34	\$ 87,522,087	57.16
15.000 to 19.999 APR	19,216	0.89	952,618	0.62
20.000 to 24.999 APR	24,188	1.12	276,238	0.18
25.000 to 29.999 APR	9,623	0.44	146,149	0.10
30.000 to 34.999 APR	587	0.03	83,217	0.05
35.000 to 39.999 APR	818	0.04	51,171	0.03
40.000 or 99.999 APR	1,848	0.09	177,725	0.12
100.000 or More APR	625	0.03	610,602	0.40
Variable Rates Based on Index	<u>1,730,743</u>	<u>80.03</u>	<u>63,301,729</u>	<u>41.34</u>
Total Commercial Loans Made	<u>2,162,628</u>	<u>100.00</u>	<u>\$ 153,121,535</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>3,653,036</u>		<u>\$ 285,178,702</u>	