

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians*

Jan Lynn Owen
Commissioner of Business Oversight

IN REPLY REFER TO:

FILE NO: ALPHA

February 24, 2014

**TO: ALL LICENSEES PURSUANT TO THE CALIFORNIA RESIDENTIAL
MORTGAGE LENDING ACT**

The reports listed below must be completed and returned to the Department of Business Oversight by the corresponding due dates in accordance with Financial Code sections 50307 and 50401. These reports must be filed by every licensee, even if no business was conducted under the authority of the license in 2013. The Report forms are available on the Department's website at http://www.dbo.ca.gov/Licensees/Residential_Mortgage/Forms.asp

<i>Report</i>	<i>Due</i>
CRMLA Annual Report, including the following sections: <ul style="list-style-type: none"> • Report of Principal Amount of Loans Originated and Aggregate Amount of Loans Serviced for the 12 Month Period Ended December 31, 2013 • Report on Non-traditional, Adjustable Rate and Mortgage Loan Products • California Foreclosure Reduction Act • Non-Traditional, Adjustable Rate and Mortgage Loan Survey 	March 1, 2014

Pursuant to Section 50326 of the Financial Code, failure to file the reports within ten (10) days of the due date or any extension of time granted by the commissioner, or failure to include any matter required in the report, will result in a penalty of \$100 for everyday up to the tenth day.

Due to the delayed of this notice, the Commissioner hereby grants an extension until April 4, 2014, before the Commissioner will impose the penalty for a late filing. (Financial Code Section 50326.) Thereafter, any failure shall constitute grounds for the suspension or revocation of the license.

California Foreclosure Reduction Act

The California Foreclosure Reduction Act (AB 268 (Ch. 86, Stats. 2012) and SB 900 (Ch. 87, Stats. 2012)) includes specific requirements for licensees that conducted more than 175 foreclosures during the previous calendar year. The Department has included an addendum to the Report of Principal Amount of Loans Originated and Aggregate Amount of Loans Serviced

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 (916) 445-2705

One Sansome Street, Suite 600
 San Francisco, CA 94104-4428
 (415) 972-8565

320 West 4th Street, Suite 750
 Los Angeles, CA 90013-2344
 (213) 576-7500

1350 Front Street, Room 2034
 San Diego, CA 92101-3697
 (619) 525-4233

45 Fremont Street, Suite 1700
 San Francisco, CA 94105
 (415) 263-8500

300 S. Spring Street, Suite 15513
 Los Angeles, CA 90013
 (213) 897-2085

7575 Metropolitan Drive, Suite 108
 San Diego, CA 92108
 (619) 682-7227

for the 12 Month Period Ended December 31, 2013 to collect the number of foreclosures completed during the 2013 calendar year.

Report on Non-traditional, Adjustable Rate and Mortgage Loan Products

California Code of Regulations Title 10, Section 1950.314.8 requires every licensee to implement best practices to manage loan product risk on a continuous basis. These best practices include practices set forth in the Guidance on Nontraditional Mortgage Product Risks published on November 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. Both publications collectively referred to herein as the “Guidance,” are available on the Department’s website at www.dbo.ca.gov. “Best practices” means lawful processes, policies, and procedures to manage risks associated with use of nontraditional mortgage products and adjustable rate mortgage products as defined and prescribed by the Guidance.

In a separate written document submitted as an addendum to its annual financial report, every licensee must state whether it made or arranged nontraditional mortgage products and adjustable rate mortgage products, as defined by the Guidance, during the reporting period covered by the annual report. If any such loans were made or arranged, the licensee must also explain how it has implemented best practices and explain whether and how it has put into effect the following internal controls or procedures during the reporting period:

- adopted processes, policies and procedures to ensure compliance with the Guidance;
- designated a compliance officer (including contact information of that officer) to ensure compliance with the Guidance;
- implemented a consumer complaint process to resolve consumer complaints involving loans covered by the Guidance; and
- educated employees and agents to help them understand how to apply the best practices.

In addition, the licensee must indicate the number of any consumer complaints it received during the reporting period regarding loans that are subject to the Guidance, including the number of resolved complaints and unresolved complaints and the number of workout arrangements used for resolved complaints. “Workout arrangement” means a modified or converted loan product with predictable payment requirements to help the financially-stressed borrower. Attached for your convenience is a suggested format for reporting this data.

If any nontraditional mortgage loans or adjustable rate mortgage loans subject to the Guidance were made or arranged, the licensee must also submit information regarding those loan products on the form entitled Non-traditional, Adjustable Rate and Mortgage Loan Survey (Survey). The Survey and the definitions of these products are contained in an attachment to the report. The CRMLA Survey form is available on the Department’s website.

**Report of Principal Amount of Loans Originated and Aggregate Amount of Loans Serviced
for the 12 Month Period Ended December 31, 2013**

Please report the **California** loans originated, serviced, processed and underwritten and brokered. Your annual assessment for the fiscal year July 1, 2014 through June 30, 2015 as provided by Financial Code Section 50401 will be calculated from the information provided in this report. Improper reporting will result in an incorrect assessment.

INSTRUCTIONS FOR COMPLETION

***PLEASE REVIEW THESE INSTRUCTIONS PRIOR TO COMPLETING THE REPORTS.
If you have any questions or these instructions are not clear please email
CRMLA.Inquiries@dbo.ca.gov or call (866)275-2677 prior to completing the report.
Frequently asked questions are also posted on the Department's website at www.dbo.ca.gov.***

LOANS PROCESSED AND UNDERWRITTEN

As required by Section 50129, each licensee must report the number and principal amount of **California** loans processed and underwritten. The loans to be reported are those loans which, pursuant to a written agency contract with another institutional lender, the licensee engages in the business of soliciting, processing applications, or applying residential loan underwriting criteria for residential mortgage loans for that lender, using or advancing the funds of that lender.

LOANS ORIGINATED

Please include the number and the principal amount of **California** mortgage loans originated each month. "Principal Amount" means the initial total amount a borrower is obligated to repay the lender. The loans to be reported are those which the licensee made with its own funds, including funds obtained from warehouse credit lines.

LOANS BROKERED

Section 50702 authorizes a residential mortgage lender to provide brokerage services pursuant to a written brokerage agreement with the borrower under the authority of its license. Please report the number and aggregate principal amount of closed **California** residential mortgage loans secured by residential real estate in which the licensee provided brokerage services under the authority of its residential mortgage lender license issued by the Department of Business Oversight.

LOANS SERVICED

"Aggregate Amount of Loans Serviced" means the aggregate dollar value of all mortgage loans secured by residential real property serviced by a licensee, calculated as of the last day of each month in the 2013 calendar year.

SUBMITTING THE REPORTS

Reporting forms can be found and downloaded from the DBO website at the link below:

http://www.dbo.ca.gov/Licensees/Residential_Mortgage/Forms.asp

Completed reports can be scanned and emailed to CRMLA.Inquiries@dbo.ca.gov
or mailed to:

Department of Business Oversight
ATTN: DiAun Burns
320 West 4th Street, Suite 750
Los Angeles, CA 90013

Sincerely,

Jan Lynn Owen
Commissioner
Department of Business Oversight

By

DiAun M. Burns
Special Administrator