

**DEPARTMENT OF BUSINESS OVERSIGHT***Ensuring a Fair and Secure Financial Services Marketplace for all Californians***JAN LYNN OWEN****Commissioner of Business Oversight****For Immediate Release**

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## **Auto Title Lending Continued California Surge in 2014, DBO Report Shows**

### *Number, Aggregate Principal Grow by Double Digits*

SACRAMENTO – The number and total dollar value of California auto title loans in 2014 grew by more than 10 percent from 2013, according to a [report](#) published today by the Department of Business Oversight (DBO). The state's auto title loan market has more than doubled since 2011.

Auto title loans effectively require borrowers to put up as collateral their car ownership. The lender can take possession of the vehicle if the borrower fails to make payments as required by the loan contract.

The DBO last December issued a consumer alert about the dangers of such loans. The alert noted lenders can charge unlimited interest rates on almost all of the loans and that some firms use devices that remotely disable car engines when borrowers miss payments.

In 2014, the number of auto title loans increased 16.2 percent from, to 106,373. The aggregate principal on such loans grew 14.1 percent over the same period, to \$381.9 million. From 2011-2014, the number of auto title loans increased 178.8 percent. The total principal went up 185.2 percent.

State law limits interest rates on consumer loans under \$2,500, but imposes no restrictions on loans of \$2,500 or more. In 2014, of all auto title loans made, 99 percent were for \$2,500 or more.

The [top 10 auto title lenders](#) in 2014 accounted for 65.7 percent of these loans (69,849) and 51.6 percent of the total principal (\$197.1 million).

The No. 1 auto title lender was LoanMart.com, with 9,827 loans and \$38.7 million of total principal. The firm that operates LoanMart.com – Wheels Financial Group, LLC – is headquartered in Encino, CA. LoanMart.com also has offices in Riverside and Van Nuys.

To access a list of locations for the other top 10 lenders, go to <http://www.dbo.ca.gov/FSD/Licensees/default.asp> and type the name into the box labeled "Company Name." The list also will provide the names under which the top 10 lenders do business.

The aggregate auto title lender data comes from the consolidated 2014 annual report of finance companies licensed by the DBO under the California Finance Lenders Law. That's the report released today. It aggregates unaudited data submitted by licensees for all types of consumer and commercial loans, both secured and unsecured. The top 10 data comes from the individual annual reports submitted by the lenders to the DBO.

(MORE)

Other highlights from the 2014 consolidated report:

- The total number of all consumer loans in 2014 increased 22 percent from 2013, to 1,108,345. The aggregate principal, however, fell 42 percent, to \$22.9 billion.
- The number and aggregate principal of loans which have interest-rate caps – those under \$2,500 – both increased over the one-year period. The number went up 23.3 percent, to 361,405, and the principal grew 21.1 percent, to \$264.9 million. Under-\$2,500 loans accounted for 32.6 percent of all consumer loans, but just 1.2 percent of the total principal for all consumer loans.

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