

Monthly Bulletin

California Department of Business Oversight



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2016 Annual Reports for DBO Lending Programs Published

Annual reports for three major lending programs overseen by the DBO have been published and posted to the department's website.

The [2016 Consolidated Annual Report and Industry Survey for Payday Lenders \(California Deferred Deposit Transaction Law\)](#) showed that payday lending slowed in California in 2016 although it increased dramatically among senior citizens, who for the first time took out more of the loans than any other age group. After peaking at \$4.17 billion in 2015, the total amount of payday loans dropped nearly 25 percent to \$3.14 billion in 2016, the lowest level since 2010, according to a survey of DBO-licensed payday lenders included in the report.

The [2016 Annual Report for the California Finance Lenders Law \(CFLL\)](#) showed that installment consumer lending by non-banks in California increased more than 21 percent, to \$41.3 billion in 2016, while the number of those loans grew nearly 6 percent.

The CFLL report also showed a significant increase in the number and total principal of unsecured consumer loans under \$2,500, where interest rates are capped. The number of such loans increased 11.4 percent, to more than 501,000, while the aggregate principal increased 9.5 percent, to almost \$342 million.

1515 K Street, Suite 200
Sacramento, CA 95814-4052
(916) 445-7205

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

Department of Business Oversight Consumer Services Office – 1 (866) 275-2677

The [2016 Annual Report for the California Residential Mortgage Lending Act](#) (CRMLA) showed that the number of loans originated by licensees increased 12 percent in 2016, while the aggregate principal amount of loans originated increased 15.6 percent to \$207.3 billion, a 437 percent increase from the 2008 low of \$38.6 billion.

The CRMLA report also showed the number of loans brokered in 2016 increased slightly, up 4.59 percent over 2015. The aggregate average amount of loans serviced monthly by California licensees increased 11.5 percent in 2016, to \$854.1 billion.



DBO Wins State Government Award for Efficiency

Building on efforts to make state government more efficient, [the Governor's Office of Business and Economic Development](#) (GO-Biz) on July 28 [awarded 20 state officials](#) certificates of completion for Lean 6-Sigma Green Belt projects that streamlined government processes to make them more business friendly.

The DBO was recognized for slashing the processing of applications to amend financial services licenses from an average of 100 days to 1.9 days.

The GO-Biz [Lean 6-Sigma program](#) has long been used by corporations such as Toyota, Motorola and General Electric to increase efficiency. To receive a certificate, participants must complete a real-life six-month project that demonstrates vastly improved efficiency.

Moreover, the program teaches participants complex analytical and statistical skills that they can use to identify waste and inefficiencies throughout their respective organizations. The resulting efficiencies have a positive impact on governments' interaction with the public by improving the customer service experience.



Melinda Lee Selected as New Student Loan Servicing Manager

Melinda Lee, who previously served as a Financial Institutions Manager in the DFI Bank Examination program, was chosen to be the Financial Institutions Manager for the new Student Loan Servicing Program (SLSP). Melinda's transfer was effective August 1.

Melinda has been with the DBO since September 1992 and completed the department's *Leadership Challenge* in 2005. She holds a business administration degree from California State University, Fresno, an MBA from San Jose State University, and also graduated from the University of Colorado's Graduate School of Banking. Melinda is a Conference of State Bank Supervisors Certified Examinations Manager and completed her certification with the Association of Certified Anti-Money Laundering Specialists in 2008.

The Student Loan Servicing Program was created by Assembly Bill 2251, the "Student Loan Servicing Act," which passed and was signed into law last year. The law is detailed in a new [Division 12.5 of the California Financial Code](#) and requires servicers to adhere to specified borrower protections involving student loans. The act expands the Commissioner of Business Oversight's authority to include the licensure, regulation, supervision, and enforcement of student loan servicers. The SLSP will be located in the DBO's Sacramento Office.



Notice of Proposed Regulations: Credit Union Bylaws Repeal

The DBO has filed a [Notice of Proposed Rulemaking Action](#) (Notice) with the Office of Administrative Law. The proposed regulatory action would repeal [section 30.105 of title 10 of the California Code of Regulations](#), which requires credit union bylaw amendments to be approved by the Commissioner of Business Oversight. This proposed regulation would also amend [section 30.60, subdivision \(d\) \(2\)](#) to remove the reference to section 30.105.

The DBO is reposting this Notice because the time period for submitting written comments on the proposed regulations has been changed. The Notice, originally posted on the DBO's website on June 23, 2017, included incorrect dates for the written comment period.

The new 45-day written comment period began on July 12, 2017 and ends on August 28, 2017. The Notice has been revised to include the new written comment period. No other changes have been made to the Notice, [Initial Statement of Reasons](#), or proposed [Text](#).



Mariposa County Fire Response

On July 18, 2017, Governor Edmund G. Brown, Jr. [proclaimed a state of emergency](#) in Mariposa County, where the Detwiler Fire burned more than 81,000 acres, destroyed 63 homes, and caused extensive damage to power, water and communication infrastructure. Pursuant to authority under the [Bank Extraordinary Situation Closing Act](#), Commissioner of Business Oversight Jan Lynn Owen determined that an extraordinary situation exists in Mariposa County and issued a [proclamation](#) authorizing state-chartered banks to close any or all of their offices in affected areas until the Commissioner determines the extraordinary condition has ended.



SCO Unclaimed Property Division Summer 2017 Newsletter for Holders

The [Summer 2017 Unclaimed Property Division Quarterly Newsletter](#) for Holders has been released by the State Controller's Office. This quarter's newsletter includes information of interest to DBO licensees that are holders of unclaimed property, including banks and credit unions. The newsletter includes these topics:

- Holder Notice Report Checklist
- Optimizing Owner Reunification Efforts
- Ask an Analyst: Priority Rules of Jurisdiction
- Remitting Safekeeping Properties

Commercial Bank Activity

Merger

Capital Bank, San Juan Capistrano, to merge with and into Seacoast
Commerce Bank, San Diego
Approved: 7/10/17

Community 1st Bank, Auburn, to merge with and into First Foundation Bank, Irvine
Filed: 7/07/17

Acquisition of Control

Basswood Capital Management, to acquire control of CommerceWest Bank
Filed: 6/30/17
Approved: 7/10/17

CBB Bancorp, Inc., to acquire control of Commonwealth Business Bank
Approved: 7/11/17

Sale of Partial Business Unit

Opus Bank, Irvine, California, to sell its Clearview, Woodinville, Smokey Point and
Lake Stevens branches to First Financial Northwest Bank, Renton, Washington
Approved: 6/27/17

Opus Bank, Irvine, California, to sell its El Cajon Branch to HomeStreet Bank,
Seattle, Washington
Approved: 7/10/17

Credit Union Activity

Merger

Daijo Federal Credit Union, Los Angeles, to merge with and into Nikkei Credit
Union, Gardena
Effectuated: 7/31/17

Pacific Community Credit Union, Fullerton, to merge with and into Credit Union
of Southern California, Anaheim
Filed: 6/19/17

Merger (cont.)

RAFE Federal Credit Union, Riverside, to merge with and into Financial Partners Credit Union, Downey
Filed: 7/24/17

Premium Finance Company Activity**New Premium Finance Company**

TAFS Premium Finance California, Inc.
6200 Canoga Avenue, Woodland Hills
Opened: 7/14/17

Money Transmitter Activity**Acquisition of Control**

Moneycorp, Inc., to acquire control of Commonwealth Foreign Exchange, Inc.
Filed: 7/27/17

PayPal, Inc., to acquire control of Softgate Systems of California, Inc.
Approved: 7/10/17

Voluntary Surrender of License

Swanson Services Corporation
Effected: 5/25/17

JAN LYNN OWEN

Commissioner of Business Oversight

