



## RENT-A-BANK LENDERS OPERATING IN ARIZONA

LAST UPDATED IN JULY 2021

Online and storefront nonbank lenders are using a handful of small banks to launder predatory loans to Arizona consumers in an effort to evade Arizona's usury cap and consumer protections that apply to Consumer Lenders licensed by the Arizona Department of Insurance and Financial Institutions.<sup>1</sup>

Banks are generally not subject to state usury laws, so nonbank lenders try to use banks to front for loans and lines of credit, claiming that the bank is the "true lender," not the nonbank online or store operation that markets, services, collects and has the main economic stake in loans.

Federal bank regulators have adopted rules to authorize "rent-a-bank" arrangements despite opposition from state banking regulators, attorneys general, and consumer advocates. The OCC adopted a controversial "true lender" rule that applies to national banks but the FDIC has not adopted a similar rule for state banks. Some states vigorously enforce their state usury laws and are generally avoided by rent-a-bank lenders. Arizona is not one of those states.

Arizona's usury law caps rates at 36% annual interest for Consumer Lender loans and lines of credit up to \$3,000 and at 24% annual interest for loan amounts over \$3,000 up to \$10,000. Consumer Lenders can charge a one-time 5% administrative fee up to \$150. Arizona's maximum legal rates are higher than the national average.<sup>2</sup> Arizona regulators require out-of-state online lenders to comply with the Consumer Lender law.<sup>3</sup>

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<sup>1</sup> [High-Cost Predatory Rent-a-Bank Schemes in Arizona, April 2021](#) (nclc.org)

<sup>2</sup> [State Rate Caps for \\$500 and \\$2,000 Loans, March 2021](#) (nclc.org)

<sup>3</sup> [https://dfi.az.gov/sites/default/files/FE-AD-PO-Regulatory\\_and\\_Consumer\\_Alert\\_CL\\_CO\\_06%2009-16-2016.pdf](https://dfi.az.gov/sites/default/files/FE-AD-PO-Regulatory_and_Consumer_Alert_CL_CO_06%2009-16-2016.pdf)

## RENT-A-BANK PRODUCTS ON THE MARKET IN ARIZONA (JULY 2021)

<b>CC Connect (Check Into Cash)<sup>4</sup>, Cleveland, Tennessee</b>	
<b>URL</b>	<a href="https://checkintocash.com/arizona/cc-connect-loans-in-arizona/">https://checkintocash.com/arizona/cc-connect-loans-in-arizona/</a>
<b>Bank</b>	Capital Community Bank, Provo, UT
<b>Product</b>	Installment loan up to \$2,450, terms of 6 to 24 months, APR 224.99%
<b>Example</b>	A \$1,100 for 12 months at 224.99% APR with monthly payments \$236, total paid of \$2,832
<b>Licenses</b>	Consumer Lender, license CL #0926509. Sales Finance, license SF#0910897

<b>OppFi (Opportunity Financial LLC), Chicago, Illinois</b>	
<b>URL</b>	<a href="https://www.opploans.com/">https://www.opploans.com/</a>
<b>Bank</b>	FinWise Bank, Capital Community Bank, and First Electronic Bank, all in Utah <sup>5</sup>
<b>Product</b>	Installment loans of \$500 to \$4,000 with terms of 9-18 months at 160% APR
<b>Example</b>	A \$4,000 loan at 160% APR repaid in 18 monthly \$595.14 installments, total paid of \$10,712.52
<b>Licenses</b>	Collection Agency, license CA-0945745 No Consumer Lender license

<b>Rise Loans (Elevate Credit), Fort Worth, Texas</b>	
<b>URL</b>	<a href="https://www.risecredit.com/">https://www.risecredit.com/</a>
<b>Bank</b>	FinWise Bank, Utah
<b>Product</b>	Installment loans of \$500 to \$5,000 for 7 to 26 months at 99% to 149% APR interest
<b>Example</b>	\$2,000 loan at 149.36% APR and 26 bi-weekly payments of \$150, total paid \$3,900 <sup>6</sup>
<b>Licenses</b>	No Consumer Lender license

<sup>4</sup> [LoanMe, Inc.](#), CL#0927568 and SunUp Financial, LLC d/b/a [BalanceCredit.com](#), CL#1011822 both offer CC Connect loans to Arizona consumers but do not post loan rates

<sup>5</sup> <https://www.opploans.com/bank-servicing/> viewed 4/22/2021

<sup>6</sup> <https://www.risecredit.com/how-online-loans-work/#WhatItCosts> select Arizona, viewed 4/22/2021

<b>Elastic Credit (Elevate Credit), Fort Worth, Texas</b>	
<b>URL</b>	<a href="https://www.elastic.com/">https://www.elastic.com/</a>
<b>Bank</b>	Republic Bank and Trust, Kentucky
<b>Product</b>	Line of Credit of \$500 to \$4,500. No APR posted but NCLC reports an effective APR up to 109% <sup>7</sup>
<b>Example</b>	\$1,000 loan, repaid over 10 months, total paid \$1,450 (\$1,000 loan plus \$350 Carried Balance Fee plus \$100 Cash Advance Fee) <sup>8</sup>
<b>Licenses</b>	No Consumer Lender license

<b>NetCredit (Enova), Chicago, Illinois</b>	
<b>URL</b>	<a href="https://www.netcredit.com">https://www.netcredit.com</a>
<b>Bank</b>	Republic Bank and Trust, Kentucky
<b>Product</b>	Installment loans of \$1,000 to \$10,000 for terms of 12 to 60 months at 34.99% to 99.99% APR plus a \$25 late fee if all or part of a scheduled installment payment is not made within 15 days
<b>Example</b>	\$4,500 loan at 65% APR repaid in 50 \$262.53 monthly payments, total paid \$13,126.50 <sup>9</sup>
<b>Licenses</b>	Consumer Lender, CL-0936848 and Collection Agency, CA-0937430

<b>Personify Financial, Dallas, TX (Applied Data Finance), San Diego, CA</b>	
<b>URL</b>	<a href="https://www.personifyfinancial.com">https://www.personifyfinancial.com</a>
<b>Bank</b>	First Electronic Bank, Utah
<b>Product</b>	Installment loans of \$500 to \$15,000 for terms of 12, 18, 24, 36, or 48 months at 35 to 179.99% APR plus a 5% loan origination fee added to the loan
<b>Example</b>	\$2,500 36-month loan at 176.84% APR plus a \$125 fee. Over the term of the loan, a borrower would repay \$13,086.36 which includes a finance charge of \$10,586.36 <sup>10</sup>
<b>Licenses</b>	Consumer Lender, CL-1000273 and CL-1000275 (Applied Data Finance)

<sup>7</sup> National Consumer Law Center Issue Brief, "Stop Payday Lenders' Rent-A-Bank Schemes," <https://www.nclc.org/images/Rent-a-bank-one-pager.pdf> viewed 3/30/2021

<sup>8</sup> <https://www.elastic.com/what-it-costs/> viewed 3/30/2021

<sup>9</sup> <https://www.netcredit.com/rates-and-terms/arizona> viewed 4/22/2021

<sup>10</sup> <https://www.personifyfinancial.com/rates-terms-and-licensing-information> select "Arizona", viewed 4/22/2021

<b>Verge Credit (CURO Financial Technologies Corp.) Wichita Falls, Kansas</b>	
<b>URL</b>	<a href="https://www.vergecredit.com">https://www.vergecredit.com</a>
<b>Bank</b>	Stride Bank, N.A., Utah
<b>Product</b>	Installment loans of \$500 to \$5,000 for 6 to 60 months at 37% to 92% APR <sup>11</sup>
<b>Example</b>	\$2,000 18-month loan at 84.915% APR. Total paid \$3,632.47 which includes a finance charge of \$1,632.47 <sup>12</sup>
<b>Licenses</b>	Escrow Agent, EA-1007370 (Verge Credit via Avio Credit, Inc.)

<b>Xact (Axxess Financial), Cincinnati, Ohio</b>	
<b>URL</b>	<a href="https://www.xact.com">https://www.xact.com</a>
<b>Bank</b>	Capital Community Bank, Utah
<b>Product</b>	Installment loan of \$1,000 to \$5,000, repaid in 18 months. 145% to 225% <sup>13</sup>
<b>Example</b>	\$1,500 loan, 157.42% APR, 18-month term, \$159.97 monthly payment, total paid \$2,879.46
<b>Licenses</b>	None

#### FILE A COMPLAINT:

To file a complaint with the Arizona **Office of Attorney General** regarding predatory lending, use the consumer complaint portal<sup>14</sup>. To report an unlicensed lender or a lender charging unlawful rates, file a complaint with the **Arizona Department of Insurance and Financial Institutions**<sup>15</sup>.

Complain to the federal **Consumer Financial Protection Bureau**<sup>16</sup> if an unlicensed lender is attempting to collect a debt from you, if cost disclosures are deceptive, or if you are required to permit electronic payments from your bank account in order to get an installment loan.

<sup>11</sup> Verge Credit was charging up to 179% APR but recently stopped accepting applications.

<sup>12</sup> <https://www.vergecredit.com/rates-and-terms/> viewed 04/22/2021

<sup>13</sup> <https://www.xact.com/how-it-works> viewed 07/22/2021

<sup>14</sup> <https://www.azag.gov/complaints/consumer>

<sup>15</sup> <https://dfi.az.gov/complaints>

<sup>16</sup> <https://www.consumerfinance.gov/complaint/>

FOR MORE INFORMATION:

To monitor the national scope of rent-a-bank lending, see the National Consumer Law Center's "**Predatory Rent-a-Bank Loan Watch List by State**"<sup>17</sup>. To follow Arizona advocacy around rent-a-bank lending, see the **Arizonans for Responsible Lending** website.<sup>18</sup>

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<sup>17</sup> <https://www.nclc.org/issues/high-cost-small-loans/rent-a-bank-loan-watch-list.html>

<sup>18</sup> No More Loan Sharks AZ at <https://nomoreloansharksaz.org/Rent-A-Bank/>