



ARIZONA CONSUMER LENDERS

USURY CAP PROTECTS BORROWERS WHILE MAKING CREDIT AVAILABLE

Arizona Consumer Lenders¹ (CL) are licensed and regulated by the Arizona Department of Insurance and Financial Institutions. Lenders that would otherwise need a license may be accepted to enter the Attorney General’s Regulatory Sandbox Program to test “innovative” products and services.²

Loans covered: Loans of \$10,000 or less subject to statute. Closed or open-end loans.

Required to be licensed:	Non-bank lenders offering, making, or procuring at least three consumer lender loans per calendar year to state residents
Excluded	Banks, savings banks, trust companies, savings and loan associations, credit unions, etc.
Not required to be licensed as Consumer Lender	Licensed pawnbrokers, mortgage brokers, certain educational loan lenders

Maximum loan terms depend on the size of the loan.

Loan amount	Maximum term
Up to \$1,000	24 months and 15 days
Up to \$2,500	36 months and 15 days
Up to \$4,000	48 months and 15 days
Greater than \$4,000 up to \$6,000	60 months and 15 days
More than \$6,000	Any agreed period

Maximum Interest rates are tiered by the size of the loan.

Loan amount	Maximum interest rate
Up to \$3,000	36%
Greater than \$3,000 up to \$10,000	Blended rate with 36% on first \$3,000 and 24% thereafter up to \$10,000
Larger than \$10,000	No usury cap ³

¹ Ariz. Rev. Stat. Ann. §§ 6-601 to 6-638 (Consumer Lenders Act), See Chapter 5 Consumer Lenders at: <https://www.azleg.gov/arsDetail/?title=6>

² Sandbox Participants | Arizona Attorney General at: <https://www.azag.gov/fintech/participants>

³ Arizona’s criminal usury statute, § 13-2208, only criminalizes charging interest greater than authorized by other law, such as the Consumer Lender law.

Fees: Loan origination fee of 5 percent of loan, up to \$150. Fee cannot be charged if loan is refinanced within one year. Recording fees or cost of non-filing insurance up to the amount for recording fees. Statute prohibits all fees not specifically authorized.

Total Cost (as APR) of Loans / Cash advances at maximum interest rate and administrative fee:

Note: Thirty-seven states set lower caps than Arizona for a \$2,000 two-year loan.⁴

Loan / Cash advance	Term	APR
\$500	Six months	54%
\$2,000	Two years	41% ⁵
\$10,000	Five years	30% ⁶

Insurance: Lenders can sell property insurance on collateral for loans, credit life insurance, credit disability insurance, and credit unemployment insurance. Consumer Lender licensees are permitted to sell non-credit insurance including life insurance, accidental death and dismemberment insurance or disability income protection insurance. (A.R.S. § 6-638)

Balloon payments are prohibited. Loan notes must provide approximately equal periodic installments.

Arizona Department of Insurance and Financial Institutions Consumer Lender Licensees

The Arizona Department of Insurance and Financial Institutions (DIFI) licenses and supervises Consumer Lenders. As of March 2022, 130 entities are licensed as Consumer Lenders with 262 licensed locations. Most Consumer Lender licensees are headquartered outside Arizona. Only ten licensed Consumer Lenders are Arizona-based companies.⁷

The largest Consumer Lenders by number of licensed locations are:

Oportun, Inc.	(40)	Lendmark Financial Services	(12)
OneMain Consumer Loan and OneMain Financial	(33)	Finance of America Mortgage LLC	(6)
Buckeye Check Cashing of Arizona, Inc. d/b/a Check Into Cash	(21)	MoneyMart	(5)

⁴ National Consumer Law Center (NCLC), "Predatory Installment Lending in the States," May 2021 <https://www.nclc.org/issues/high-cost-small-loans/predatory-installment-lending-in-the-states.html>

⁵ NCLC, *ibid*

⁶ A Larger and Longer Debt Trap? Analysis of States' APR Caps for a \$10,000 Five-Year Installment Loan, at: <https://www.nclc.org/issues/a-larger-and-longer-debt-trap-installment-loan.html#map>

⁷ DIFI Consumer Lender Licensee list obtained January 2022 via public records request, updated with DIFI CL company by company search by CEI, March 2022, at: https://elicense.az.gov/ARDC_LicenseSearch

Eighteen Licensed Consumer Lenders Report Rates for \$500 Installment Loans⁸

Range of APR costs for licensees as of December 2021 that reported making \$500 unsecured loans, repayable in twelve equal monthly installments:

Frontera Financial LLC	36 %		
Great Rivers Community	11.92 %	-	12.004 %
IRC's Center for Economic Opportunity Inc., (The)	0.0 %	-	19.56 %
Kashable LLC	6 %	-	36 %
Lending Solutions of Northern Arizona	22 %	-	27%
Lendmark Financial Services, LLC	35.99 %		
MoneyLion of Arizona LLC	5.99 %	-	29.99 %
New Credit America LLC	9.99 %		
Opportun, Inc.	35.9%	-	36%
Pioneer Military Credit LLC	9.9 %	-	35.99 %
Scratch Financial LLC	5.9 %	-	28.9 %
Simple Path Financial, LLC	4.9 %	-	36 %
Sonariz Financial & Mortgage, Inc.	18 %	-	36 %
Southwest Financial Services of Arizona, Inc.	18 %	-	45.9 %
Southwest Financial Services of Phoenix, Inc.	18 %	-	45.9 %
Square Capital, LLC	0.0 %	-	30 %
Synapse Credit LLC	0.0 %	-	24 %
Uplift Travel Services, Inc.	0.0 %	-	36 %

Lenders are not required to report on standard rates of charge for larger unsecured closed-end installment loans or for \$500 loans with terms shorter than twelve months.

Twelve licensed Consumer Lenders report rates for a \$2,500 loan secured by a motor vehicle, payable in 36 equal monthly installments.

⁸ Arizona Department of Insurance and Financial Institutions, "Consumer Loan Standard Rate of Charge Report, Quarterly Report as of 12/31/2021", viewed 3/14/2022
<https://difi.az.gov/sites/default/files/12.31.21%20Consumer%20Loan%20Standard%20Rate%20of%20Charge%20Report%20WITH%20EXCEL.pdf>

Lists licensed Consumer Lenders required by ARS § 6-609(D) to file rates for sample loans.