



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

Required to be licensed: Non-bank lenders making at least three consumer 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 CL: licensed pawnbrokers, mortgage brokers, certain educational loans.

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

Maximum loan terms depend on the size of the loan. Loans up to \$1,000: 24 months and 15 days maximum term. Loans up to \$2,500: term of 36 months and 15 days. Loans up to \$4,000: 48 months and 15 days. Loans greater than \$4,000 but no more than \$6,000: term of 60 months and 15 days. Any agreed period for loans of more than \$6,000.

Maximum Interest rates: Rates tiered by size of loan. Loans of \$3,000 or less: 36 percent. Loans greater than \$3,000: 24 percent on amount greater than \$3,000 or equivalent blended rate. Applies same rate cap to open-end loans. There is no usury cap for loans larger than \$10,000. Arizona's criminal usury statute, § 13-2208, only criminalizes charging interest greater than authorized by other 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 of Loans: Cost of sample loans/cash advances at maximum interest rate and administrative fee: \$500 six-month loan/advance: 54% APR. \$2,000 two-year loan/advance:

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 \(azag.gov\)](#)

41% APR.³ Cap for a \$2,000 two-year loan: 41% APR. Thirty-seven states set lower caps than Arizona for a \$2,000 two-year loan.⁴

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. (§ 6-638)

Balloon payments: 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 licenses and supervises Consumer Lenders. As of February 2021, 114 entities are licensed as Consumer Lenders with 254 licensed locations. Most Consumer Lender licensees are headquartered outside Arizona. Only 6 licensed locations are Arizona-based companies.⁵

The largest Consumer Lenders by number of licensed locations are:

Aura Financial ⁶	(37)
OneMain Consumer Loan and OneMain Financial	(35)
Oportun, Inc.	(14)
Lendmark Financial Services	(9)
MoneyMart	(5)

³ National Consumer Law Center, "Predatory Installment Lending in 2017," Appendix C, page 3. <https://www.nclc.org/images/pdf/pr-reports/installment-loans/appendixC-installment-loans.pdf>

⁴ National Consumer Law Center, "Predatory Installment Lending in the States: 2020," February 2020, page 14. <https://www.nclc.org/images/pdf/rpt-InstallmentLoans-feb-2020.pdf>

⁵ Look up Consumer Lender Licensees (CL) by name at [License Search | eLicense \(az.gov\)](#)
File a Public Records request for the roster of licensees.

⁶ Previously licensed as Lendify Financial. Appears to be out of business as of 1/2021, <https://myaura.com/home>

Seventeen Licensed Consumer Lenders Report Rates for \$500 Installment Loans⁷

Licensees as of December 2020 that reported making \$500 unsecured loans, repayable in twelve equal monthly installments, range of APR costs, as of June 30, 2020:

Ajeva LLC	9.99 %	-	29.99 %
Climb Investco LLC	7.59 %	-	20.49 %
Domuso Inc.	10 %	-	30 %
Finco Holding Corp.	35.5 %	-	36 %
Frontera Financial LLC	36 %		
Great Rivers Community	11.92 %	-	12.004 %
IRC's Center for Economic Opportunity Inc., (The)	7.25 %	-	20 %
Kashable LLC	6 %	-	36 %
Lending Solutions of Northern Arizona	22 %		27%
Lendmark Financial Services, LLC	35.99 %		
New Credit America LLC	9.99 %		
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	9 %	-	20 %

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.

⁷ Arizona Department of Insurance and Financial Institutions, "Consumer Loan Standard Rate of Charge Report, Quarterly Report as of 6/30/2020", viewed 2/19/2021
https://dfi.az.gov/sites/default/files/6.30.20_Consumer_Loan_Standard_Rate_of_Charge_Report.pdf
 Lists licensed Consumer Lenders required by ARS § 6-609(D) to file rates for sample loans.