

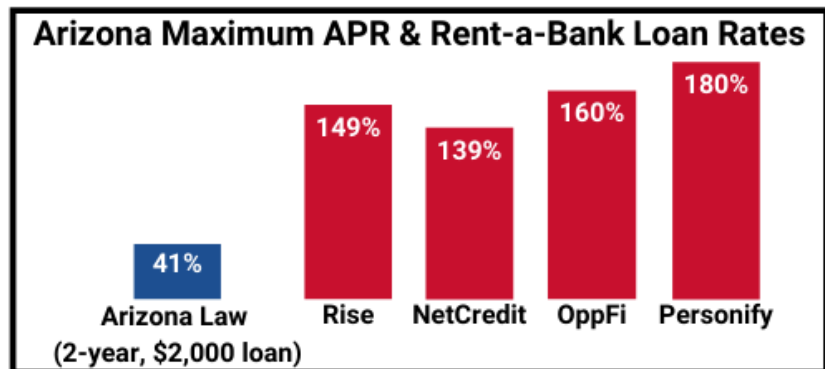


Arizona law limits interest rates to protect its residents from predatory lending. Under Arizona law, the [maximum annual percentage rate](#) (APR) including fees is 41% for a \$2,000, two-year installment loan. In 2008, a strong [60% of Arizona voters](#) rejected a payday lender ballot initiative that would have overturned the state's rate caps.

But high-cost online lenders are evading Arizona law by laundering loans through rogue, out-of-state banks not subject to state rate caps. In a "rent-a-bank" scheme, a loan program is designed and run by a nonbank lender that charges and collects interest and makes the bulk of the profits. But a bank's name is on the paperwork, and the lender claims it is a "bank loan" exempt from state law. Rent-a-bank lending hurts consumers, [disabled veterans](#) and [small business owners](#), who can lose their homes to 121% APR loans.

Online installment lenders are using rent-a-bank schemes to evade Arizona law:

- Elevate's [Rise](#) uses FinWise Bank or CC Bank, both of Utah, to make \$500 to \$5,000 loans with **APRs of 99% to 149%**.
- Enova, which operates the [CashNetUSA](#) payday loan stores, uses [NetCredit](#) to make installment loans of \$2,500 to \$10,000 with **APRs up to 99.99%** through Republic Bank & Trust of Kentucky.
- [OppLoans](#) (aka OppFi) make \$400 to \$4,000 loans at **160% APR** through FinWise Bank, First Electronic Bank of Utah, or CC Bank.
- [Personify Financial](#) makes \$500 to \$10,000 loans with **APRs as high as 179.99%** through First Electronic Bank.



In addition, CURO, which operates the Speedy Cash and Todd Car Title car title lenders and Rapid Cash payday lenders, is piloting rent-a-bank loans that may expand to Arizona through Stride Bank of Oklahoma. [Avio Credit](#) offers loans [up to 130% APR](#) and [VergeCredit](#) charges [up to 179% APR](#). Curo has [told investors](#) that the Stride Bank program "will help us expand geographically, online and in some states where we — where we don't operate right now."

Rent-a-bank schemes are of [questionable legality](#). But in 2020, the Office of the Comptroller of the Currency (OCC) approved a "true lender" rule that would overturn 200 years of case law allowing courts to follow the money to prevent usury evasions. A second set of OCC and FDIC rules preempting state rate caps on assigned loans also help [protect high-cost loans](#) laundered through banks. Both rules have been [challenged in court](#).

To preserve Arizona's authority to protect its residents from predatory lending, we must:

- **Overturn recent FDIC and OCC rules** that protect "rent-a-bank" schemes.
- **Stop banks from helping high-cost nonbank lenders evade state law.**
- **Enact a [national 36% interest rate cap](#)** covering all lenders, including banks.