



## RENT-A-BANK LENDERS OPERATING IN ARIZONA

LAST UPDATED IN JANUARY 2023

Online and storefront nonbank lenders are using a handful of small banks to launder predatory loans to Arizona consumers in order 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 enable "rent-a-bank" arrangements despite opposition from state banking regulators, attorneys general, and consumer advocates. Currently the banks involved in rent-a-bank lending in Arizona are all overseen by the FDIC.

Some states vigorously enforce their state usury laws and are generally avoided by rent-a-bank lenders. For example, the Attorney General of the District of Columbia settled a case against OppLoans who agreed to pay \$2 million and to stop evading DC's usury laws.<sup>2</sup> **Arizona permits OppLoans to charge 160% APR, over four times the Consumer Lender usury cap.**

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>3</sup> Arizona regulators require out-of-state online lenders to comply with the Consumer Lender law.<sup>4</sup>

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<sup>1</sup> NCLC, Predatory Rent-A-Bank Lending in Arizona, February 2022 at: [https://www.nclc.org/wp-content/uploads/2022/09/FS\\_RAB\\_AZ\\_2022.pdf](https://www.nclc.org/wp-content/uploads/2022/09/FS_RAB_AZ_2022.pdf)

<sup>2</sup> DC Office of Attorney General, Press Release, "AG Racine Announces Over \$2 Million Settlement with Predatory Online Lender Will Compensate Thousands of District Consumers," Nov. 30, 2021 at: <https://oag.dc.gov/release/ag-racine-announces-over-2-million-settlement>

<sup>3</sup> NCLC, State Rate Caps for \$500 & \$2,000 Loans, June 2022 at: <https://www.nclc.org/resources/predatory-installment-lending-in-the-states-2022/>

<sup>4</sup> AZ DFI, Regulatory and Consumer Alert CL/CO-16-01, June 9, 2016 at: [https://dfi.az.gov/sites/default/files/FE-AD-PO-Regulatory\\_and\\_Consumer\\_Alert\\_CL\\_CO\\_06\\_09-16-2016.pdf](https://dfi.az.gov/sites/default/files/FE-AD-PO-Regulatory_and_Consumer_Alert_CL_CO_06_09-16-2016.pdf)

## RENT-A-BANK PRODUCTS ON THE MARKET IN ARIZONA (JANUARY 2023)

<b>CC Connect (SunUp Financial, LLC), Chicago, IL</b>	
<b>URL</b>	<a href="https://www.balancecredit.com/state-disclosures/">https://www.balancecredit.com/state-disclosures/</a>
<b>Bank</b>	Capital Community Bank, Provo, UT
<b>Product</b>	Installment loans of \$500 - \$3,000. No cost information on website.
<b>Example</b>	No loan example posted. See footnote for cost example from another outlet. <sup>5</sup>
<b>Licenses</b>	Consumer Lender, CL #1011822SunUp Financial, LLC d/b/a <a href="https://www.balancecredit.com">BalanceCredit.com</a>

<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>6</sup>
<b>Product</b>	Installment loans of \$500 to \$4,000 with terms of 9-18 months at 160% APR
<b>Example</b>	A \$2,000 loan at 160% APR repaid in 9 monthly \$394.58 installments, total paid of \$3,551.22
<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 36 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>7</sup>
<b>Licenses</b>	No Consumer Lender license

<sup>5</sup> QuickCredit.com discloses APR for CC Connect loans up to 225% APR in Arizona.  
<https://www.quickcredit.com/loan-cost-and-terms> select Arizona, viewed 01/06/2023

<sup>6</sup> <https://www.opploans.com/bank-servicing/> viewed 01/06/2023

<sup>7</sup> <https://www.risecredit.com/how-online-loans-work/> select Arizona, viewed 01/06/2023

<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 of 109% <sup>8</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>9</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 and Transportation Alliance Bank, Inc. (TAB Bank), Utah
<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. Also offers a Line of Credit product.
<b>Example</b>	Installment loan \$4,500 loan at 65% APR repaid in 50 \$262.53 monthly payments, total paid \$13,126.50 <sup>10</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 19% to 179.50% 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>11</sup>
<b>Licenses</b>	Consumer Lender, CL-1000273 and CL-1000275 (Applied Data Finance)

<sup>8</sup> NCLC Issue Brief, "Stop Payday Lenders' Rent-A-Bank Schemes", November 2019, at: <https://www.nclc.org/images/Rent-a-bank-one-pager.pdf> viewed 01/06/2023

<sup>9</sup> <https://www.elastic.com/what-it-costs/> viewed 01/06/2023

<sup>10</sup> <https://www.netcredit.com/rates-and-terms/arizona> viewed 01/06/2023

<sup>11</sup> <https://www.personifyfinancial.com/rates-terms-and-licensing-information> select Arizona, viewed 01/06/2023

Simple Fast Loans, Atlanta, Georgia	
URL	<a href="https://www.simplefastloans.com">https://www.simplefastloans.com</a>
Bank	Bank Capital Community Bank, Provo, UT (CC Connect)
Product	Installment loans of \$200 to \$3,000. No collateral required. <sup>12</sup>
Example	None. No cost information. Visit <a href="https://www.quickcredit.com/loan-cost-and-terms">https://www.quickcredit.com/loan-cost-and-terms</a> for CC Connect loan costs.
Licenses	Sales Finance (Car Title Loan), SF-1001084

Xact (Axxess Financial), Cincinnati, Ohio	
URL	<a href="https://www.xact.com">https://www.xact.com</a>
Bank	Capital Community Bank., Utah
Product	Installment loans of \$1,00 to \$5,000 repaid in 18 months at 145% to 225% APR <sup>13</sup>
Example	"As an illustrative example, if you borrow \$1,400 with a 192.77% Annual Percentage Rate (APR) and an 18-month term, your payments would be \$119.42 biweekly for a total cost of \$4,417.69" <sup>14</sup>
Licenses	None

#### FILE A COMPLAINT:

To file a complaint with the Arizona **Office of Attorney General** regarding predatory lending, use the consumer complaint portal<sup>15</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>16</sup>.

Complain to the federal **Consumer Financial Protection Bureau**<sup>17</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>12</sup> <https://www.simplefastloans.com/installment-loans-online/> viewed 01/06/2023

<sup>13</sup> <https://www.xact.com> viewed 01/06/2023

<sup>14</sup> <https://www.xact.com/get-answers> under "Consumer Notice", viewed 01/06/2023

<sup>15</sup> AZ AG, "File a Consumer Complaint" at <https://www.azag.gov/complaints/consumer>

<sup>16</sup> AZ DIFI, "File a Complaint - Financial Institution or Enterprise", at: <https://difi.az.gov/complaint>

<sup>17</sup> CFPB, "Submit a Complaint" at: <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 **High-Cost Rent-a-Bank Loan Watch List**.<sup>18</sup> To follow Arizona advocacy around rent-a-bank lending, see the **Arizonans for Responsible Lending** website.<sup>19</sup> To learn more about licensed Consumer Lenders in Arizona, see CEI’s Brief on **Consumer Lenders**.<sup>20</sup>

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<sup>18</sup> NCLC, High-Cost Rent-A-Bank Loan Watch List” Issue Brief at:

<https://www.nclc.org/resources/high-cost-rent-a-bank-loan-watch-list/>

<sup>19</sup> Arizonans for Responsible Lending coalition, No More Loan Sharks AZ website at:

<https://nomoreloansharksaz.org/Rent-A-Bank/>

<sup>20</sup> CEI, “Arizona Consumer Lenders” Factsheet, at:

<https://nomoreloansharksaz.org/gallery/2022%20AZ%20Factsheet%20Consumer%20Lenders.pdf>