

Consumer Financial Regulation Arizona

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A Q&A guide to consumer finance regulation in Arizona. This Q&A addresses state-specific laws governing the offering and sale of consumer financial products and services, including credit cards, residential mortgages, and consumer loans, and covers topics, such as licensing, fair lending, and unfair and deceptive trade practices.

CONSUMER LENDING

1. Does your jurisdiction impose licensing requirements on financial institutions engaged in consumer lending services? If so, please:

- Identify the state agency responsible for enforcing the relevant statute.
- Describe the types of licenses required, such as company, branch, and individual licenses.
- Identify which types of entities are subject to the licensing requirement.
- List any exemptions from the licensing requirement, including minimum loan thresholds.

The following statutes and regulations govern the licensing of non-depository financial institutions engaged in consumer lending services in Arizona:

- Consumer Lenders (A.R.S. §§ 6-601 to 6-675).
- Motor Vehicle Time Sales Disclosure Act (A.R.S. §§ 44-281 to 44-295).
- Premium Finance Companies (A.R.S. §§ 6-1401 to 6-1419).
- Advance Fee Loan Brokers (A.R.S. §§ 6-1301 to 6-1310).
- Commercial Mortgage Bankers (A.R.S. §§ 6-971 to 6-985).

- Mortgage Brokers (A.R.S. §§ 6-901 to 6-913).
- Mortgage Bankers (A.R.S. §§ 6-941 to 6-949).
- Loan Originators (A.R.S. §§ 6-991 to 6-991.22).
- Debt Management Companies (A.R.S. §§ 6-701 to 6-716).
- Credit Service Organizations (A.R.S. §§ 44-1701 to 44-1714).
- Pawnbrokers (A.R.S. §§ 44-1621 to 44-1632).

STATE AGENCY

The superintendent of the Arizona Department of Financial Institutions (AZDFI) enforces the statutes and regulations governing the licensing of most financial institutions engaged in consumer lending services in Arizona. Although credit service organizations are not required to be licensed, the Arizona Attorney General, county attorneys, and city attorneys have enforcement authority. Pawnbrokers are subject to licensing by the county sheriff or other designated law enforcement agency.

TYPES OF LICENSES

The superintendent may issue the following types of licenses:

- Consumer lender license.
- Sales finance company license.
- Advance fee loan broker registration.
- Collection agency license.
- Mortgage banker license.
- Mortgage broker license.
- Mortgage loan originator license.
- Commercial mortgage banker license.
- A premium finance company license.

COVERED ENTITIES

Consumer Lenders: A.R.S. §§ 6-601 to 6-675

A consumer lender is any person advertising to make or procure, solicits, or holds that person out to make or procure, or makes or procures consumer loans to consumers in Arizona (A.R.S. § 6-601(5)). Consumer lender loans include:

- Consumer loans, defined as direct closed-end loans of money in an amount of \$10,000 or less subject to a finance charge. For the purpose of determining whether a consumer loan is \$10,000 or less, only the principal amount of the loan must be considered and not any finance charges or other fees (A.R.S. § 6-601(7)).
- Consumer revolving loans, defined as open-end revolving loans established under an agreement with an agreed on credit limit that does not exceed \$10,000, which allows the consumer to:
 - pay in full at any time but has the privilege of paying in installments; and
 - obtain advances from time to time by using checks, drafts, items, credit access devices, orders for the payment of money, evidences of debt, or similar means, whether or not negotiable.
- (A.R.S. § 6-601(9).)
- Home equity revolving loans, defined as open-end revolving loans made under an agreement with an agreed on credit limit that is not more than \$10,000 as secured by the consumer's principal residence. The consumer may obtain advances from time to time using checks, drafts, items, credit access devices, orders for the payment of money, evidences of debt, or similar means, whether or not negotiable (A.R.S. § 6-601(12)).

Unless exempted from the statute, a person, whether located in Arizona or in another state, must not engage in the business of a consumer lender without first being licensed as a consumer lender (A.R.S. § 6-603(A)).

Motor Vehicle Time Sales Disclosure Act: A.R.S. §§ 44-281 to 44-295

A sales finance company:

- Means a person engaged, in whole or in part, in the business of purchasing retail installment contracts from one or more retail sellers.
- Includes a person engaged, in whole or in part, in the business of creating or holding retail installment contracts that exceed a total aggregate outstanding indebtedness of \$50,000.
- Does not include:
 - the pledgee of an aggregate number of retail installment contracts to secure a bona fide loan; or
 - a motor vehicle dealer creating retail installment contracts and assigning the retail installment contracts to third-party lenders or financial institutions.

(A.R.S. § 44-281(11).)

No person may engage in the business of a sales finance company in Arizona without a license. A motor vehicle dealer must not sell or transfer any contract to a person in Arizona not licensed. (A.R.S. § 44-282(A).)

Premium Finance Companies: A.R.S. §§ 6-1401 to 6-1419

A premium finance company means any person engaged in whole or in part in the business of:

- Financing insurance premiums.
- Entering into premium finance agreements with insureds.

- Otherwise acquiring premium finance agreements from insurance producers or other premium finance companies. (A.R.S. § 6-1401(6).)

A person must not engage in the business of a premium finance company in Arizona without first being licensed as a premium finance company. A person not exempted under this statute and advertises for, solicits, or holds that person out as willing to finance premiums or enter into or acquire premium finance agreements is presumed to be engaged in the business as a premium finance company. (A.R.S. § 6-1402(A).)

Advance Fee Loan Brokers: A.R.S. §§ 6-1301 to 6-1310

An advance fee loan broker is any person that for an advance fee or in the expectation of an advance fee either directly or indirectly makes or procures, attempts to make or procure, or offers to make or procure or attempt to make or procure a loan of money or extension of credit (A.R.S. § 6-1301(2)).

Any person acting as an advance fee loan broker must register with the superintendent of the AZDFI. A person not exempted under this statute and advertising for, soliciting, or purporting to be willing to make or procure a loan or extension of credit for an advance fee is presumed to be engaged in the business of an advance fee loan broker. (A.R.S. § 6-1302(A).)

Collection Agencies: A.R.S. §§ 32-1001 to 32-1057

A collection agency includes:

- All persons engaged directly or indirectly in soliciting claims for collection or in collection of claims owed, due, or asserted to be owed or due.
- Any person that, in the process of collecting debts occurring in the operation of that person's own business, uses any name other than that person's own, which indicates that a third person is collecting or attempting to collect the debts.

(A.R.S. § 32-1001(2).)

A collection agency must be licensed in Arizona (A.R.S. § 32-1021).

Commercial Mortgage Bankers: A.R.S. §§ 6-971 to 6-985

A commercial mortgage banker is any person that:

- Originates commercial mortgage loans.
- Services commercial mortgage loans.
- Either directly or indirectly makes, negotiates, or offers to make or negotiate commercial mortgage loans

A commercial mortgage loan is a loan that is directly or indirectly secured by a mortgage or deed of trust or any lien interest on commercial property and created with the consent of the owner of the commercial property. (A.R.S. § 6-971(2), (3).)

A person must not act as a commercial mortgage banker without a license (A.R.S. § 6-973).

Mortgage Brokers: A.R.S. §§ 6-901 to 6-913

A mortgage broker is any person that for compensation or in the expectation of compensation either directly or indirectly

makes, negotiates, or offers to make or negotiate a mortgage loan. A mortgage loan is any loan secured by a mortgage or deed of trust or any lien interest on real estate located in Arizona created with the consent of the owner of the real estate. (A.R.S. § 6-901(11), (12).)

A person must not act as a mortgage broker if the person is not licensed. A person brokering only commercial mortgage loans may obtain either a mortgage broker license or a commercial mortgage broker license. A person brokering residential mortgage loans must obtain a mortgage broker license. (A.R.S. § 6-903(A).)

Mortgage Bankers: A.R.S. §§ 6-941 to 6-949

A mortgage banker is any person that for compensation or in the expectation of compensation either directly or indirectly makes, negotiates, or offers to make or negotiate a mortgage banking loan or a mortgage loan (A.R.S. § 6-941(5)).

A mortgage banking loan is any loan which is funded exclusively from the mortgage banker's own resources, which is directly or indirectly secured by a mortgage or deed of trust or any lien interest on real estate located in Arizona and which is created with the consent of the owner of the real property. Own resources means any of the following:

- Cash, corporate capital, warehouse credit lines at commercial banks, savings banks or savings and loan associations, or other sources that are liability items on the mortgage banker's financial statements for which its assets are pledged.
- Correspondent contracts between the mortgage banker and a bank, savings bank, trust company, savings and loan association, credit union, profit sharing or pension trust, consumer lender, or insurance company.
- The mortgage banker's affiliates' cash, corporate capital, warehouse credit lines at commercial banks, or other sources that are liability items on the affiliates' financial statements for which the affiliates' assets are pledged.

(A.R.S. § 6-941(6).)

A person must not act as a mortgage banker if the person is not licensed (A.R.S. § 6-943(A)).

Loan Originators: A.R.S. §§ 6-991 to 6-991.22

A loan originator:

- Includes any natural person that for compensation or gain or in the expectation of compensation or gain does any of the following:
 - takes a residential mortgage loan application;
 - offers or negotiates terms of a residential mortgage loan; or
 - on behalf of a borrower, negotiates with a lender or noteholder to obtain a temporary or permanent modification in an existing residential mortgage loan agreement.
- Does not include:
 - an individual engaged solely as a loan processor or underwriter;
 - a person only performing real estate brokerage activities and is licensed by the Arizona Department of Real Estate unless the person is compensated by a lender, a mortgage broker, or any other loan originator or by an agent of the lender, mortgage broker, or other loan originator;

- a person solely involved in extensions of credit relating to a timeshare plan;
- a person originating five or fewer mortgage loans per calendar year if the source of the prospective financing also makes five or fewer mortgage loans per calendar year;
- a person taking back a purchase money mortgage in connection with the sale of residential real estate; or
- an employer making a mortgage loan to an employee.

(A.R.S. § 6-991(12).)

A natural person must not act as a loan originator unless the person is licensed (A.R.S. § 6-991.03(A)).

Debt Management Companies: A.R.S. §§ 6-701 to 6-716

Without first obtaining a license, a person must not receive money to act as an agent of a debtor for the purpose of distributing money to creditors in payment or partial payment of the debtor's obligations (A.R.S. § 6-703).

Credit Service Organizations: A.R.S. §§ 44-1701 to 44-1714

Credit services organization means any person that, regarding the extension of credit by others, sells, provides, performs, or represents that the person can or intends to sell, provides or performs any of the following services in return for the payment of monies or other valuable consideration:

- Improving a buyer's credit record, history, or rating.
- Obtaining an extension of credit for a buyer.
- Providing advice or assistance to a buyer with regard to either:
 - improving the buyer's credit record, history, or rating; or
 - obtaining an extension of credit for a buyer.

(A.R.S. § 44-1701(2).)

To charge or receive money or other valuable consideration for performance of the services of a credit service agency, a credit service organization must obtain a surety bond issued by a surety company authorized to do business in Arizona (A.R.S. §§ 44-1703 and 44-1708).

Pawnbrokers: A.R.S. §§ 44-1621 to 44-1632

A pawnbroker is any person engaging in either:

- The business of advancing money on the security of pledged goods.
- The business of purchasing tangible personal property on the condition that it may be redeemed or repurchased by the seller for a fixed or variable price within a fixed or variable period of time.

(A.R.S. § 44-1621(10).)

A person must not act as a pawnbroker until licensed by the sheriff of the county in which the person regularly conducts business. A pawnbroker must obtain a separate license for each pawnshop owned by that pawnbroker. (A.R.S. § 44-1627(A), (B).)

EXEMPTIONS

Consumer Lenders: A.R.S. §§ 6-601 to 6-675

The statute does not apply to:

- A person doing business under any other law of Arizona or any other state while regulated by a state agency of that other state, or of the US, relating to banks, savings banks, trust companies, savings and loan associations, profit sharing and pension trusts, credit unions, insurance companies, or receiverships if the consumer lender loan transactions are regulated by the other law or are under the jurisdiction of a court.
- A licensed pawnbroker.
- A person not regularly engaged in the business of making consumer lender loans.
- Licensed mortgage brokers, mortgage bankers, and loan originators to the extent that the person's activities are governed by Sections 6-901 to 6-991.22 of the Arizona Revised Statutes.

(A.R.S. § 6-602.)

Motor Vehicle Time Sales Disclosure Act: A.R.S. §§ 44-281 to 44-295

The statute exempts:

- Banks.
- Savings banks.
- Savings and loan associations.
- Credit unions.

However, affiliates of these entities must comply with the licensing requirements (A.R.S. § 44-282(J)).

Premium Finance Companies: A.R.S. §§ 6-1401 to 6-1419

The licensing requirements for premium finance companies do not apply to:

- Any savings and loan association, bank, savings bank, trust company, consumer lender, or credit union authorized to do business in Arizona.
- Certain licensed insurance agents or brokers, purchasers of premium finance agreements from a licensee if the licensee retains the right to service the agreements and authorized insurers in connection with commercial insurance policies issued by the insurer.

(A.R.S. § 6-1403(A).)

Advance Fee Loan Brokers: A.R.S. §§ 6-1301 to 6-1310

The statute exempts:

- Banks.
- Savings banks.
- Trust companies.
- Savings and loan associations.
- Credit unions.
- Insurance companies.
- Consumer lenders or profit sharing and pension trusts.
- Licensed mortgage brokers, mortgage bankers or real estate brokers or salespersons.
- Any person making a loan with the person's own money or for the person's own investment.

(A.R.S. § 6-1302.)

Collection Agencies: A.R.S. §§ 32-1001 to 32-1057

The following persons or entities are exempt from the licensing requirements for collection agencies:

- Banks.
- Fiduciaries.
- Financing and lending institutions.
- Attorneys.
- Common carriers.
- Title insurers.
- Title agents and abstract companies while doing an escrow business.
- Licensed mortgage bankers.
- Mortgage brokers.
- Commercial mortgage bankers.
- Premium finance companies.
- Employees of licensees.
- Certain accounting, bookkeeping, or billing service providers and affiliates of depository financial institutions if it only collects for depository institution or affiliates of that depository institution.

(A.R.S. § 32-1004.)

Commercial Mortgage Bankers: A.R.S. §§ 6-971 to 6-985

The following persons do not need to obtain a commercial mortgage banker license:

- Institutional investors that only make commercial mortgage loans of more than \$250,000.
- Certain persons funding a commercial mortgage loan that was originated and processed by a licensee or by an institutional investor.

(A.R.S. § 6-972.)

Mortgage Brokers: A.R.S. §§ 6-901 to 6-913

The mortgage broker licensing requirement does not apply to:

- Banks.
- Savings banks.
- Trust companies.
- Savings and loan associations.
- Profit sharing and pension trusts.
- Credit unions.
- Insurance companies or consumer lenders, or receiverships if the mortgage transactions are regulated by a federal or state law (but subsidiaries or service companies are not exempt unless preempted by federal law).
- A person making a mortgage loan with the person's own monies, for the person's own investment, without intent to resell and not engaged in the business of making mortgage loans or mortgage banking loans.

(A.R.S. § 6-902.)

Mortgage Bankers: A.R.S. §§ 6-941 to 6-949

The mortgage banker licensing requirement does not apply to:

- Banks.
 - Savings banks.
 - Trust companies.
 - Savings and loan associations.
 - Profit sharing and pension trusts.
 - Credit unions.
 - Insurance companies, consumer lenders, or receiverships if the mortgage transactions are regulated by a federal or state law (but subsidiaries or service companies are not exempt unless preempted by federal law).
 - A person making a mortgage loan with the person's own monies for the person's own investment, without intent to resell and not engaged in the business of making mortgage loans or mortgage banking loans.
- (A.R.S. § 6-942.)

Loan Originators: A.R.S. §§ 6-991 to 6-991.22

The loan originator licensing requirement does not apply to:

- Registered loan originators under the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008.
- An employee of a licensed commercial mortgage banker and seller of real property receiving mortgages or deed of trust as security for a purchase money obligation.

(A.R.S. § 6-991.01.)

Debt Management Companies: A.R.S. §§ 6-701 to 6-716

The licensing requirement for debt management companies does not apply to:

- Banks.
- Savings and loan associations.
- Financing and lending institutions licensed under US or Arizona law.
- Attorneys at law if debt management is incidental to regular activities.
- Certain non-profit religious, fraternal, or cooperative organizations.
- Certain bill paying service providers.

(A.R.S. § 6-702.)

Credit Service Organizations: A.R.S. §§ 44-1701 to 44-1714

The licensing requirement for credit service organizations does not apply to:

- Banks or savings and loan associations insured by the Federal Deposit Insurance Corporation.
- Licensed lenders regulated under US or Arizona law.
- Arizona licensed real estate brokers.
- Broker dealers regulated by either the Securities and Exchange Commission or the Commodity Futures Trading Commission.
- Any nonprofit organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

Pawnbrokers: A.R.S. §§ 44-1621 to 44-1632

The statute does not include any exemptions for persons satisfying the definition of a pawnbroker.

2. Does your jurisdiction impose any restrictions on payday lending, deferred presentment services, or other short-term, small-dollar lending activities? If so, please:

- Identify the state agency responsible for enforcing the relevant statute.
- Describe the key substantive provisions of the statute, including the maximum loan term, loan amount, finance charges, and fees permitted by the statute.

Arizona's statute allowing deferred presentment loans (payday loans) expired on June 30, 2010 and payday lending activity became illegal in Arizona as of July 1, 2010.

FOREIGN LANGUAGE DISCLOSURES

3. Must financial institutions provide disclosures in a language other than English to consumers engaged in credit transactions? If so, please:

- Define the relevant statute's key terms.
- Explain which types of credit transactions are subject to the disclosure requirement.
- List any exemptions to the foreign language disclosure requirement.

There is no general requirement under Arizona law that disclosures be provided in a language other than English to consumers engaged in credit transactions.

However, Arizona's statutes governing consumer lenders and premium finance companies require disclosures in Spanish.

KEY TERMS

Consumer Lenders: A.R.S. §§ 6-601 to 6-675

Each note or agreement evidencing a consumer lender loan must contain the following disclosure statement in at least ten-point font in English and in Spanish and in close proximity to the consumer's signature line:

Notice: You may request that the initial disclosures prescribed in the truth in lending act (15 United States Code §§ 1601 through 1666j) be provided in Spanish before signing any loan documents.

(A.R.S. § 6-631(B).)

Premium Finance Companies: A.R.S. §§ 6-1401 to 6-1419

Licensed premium finance companies must make available to agents, brokers, and managing general agents the federal Truth in Lending Act disclosures in both English and Spanish. All premium finance agreements must disclose in English and Spanish, in close proximity to the signature lines, that the borrower may request the Spanish language disclosure before signing any documents. (A.R.S. § 6-1411.)

FAIR LENDING

4. Does your jurisdiction have a fair lending, human rights, civil rights, or comparable anti-discrimination statute that applies to lending or other credit transactions? If so, please:

- Identify the state agency responsible for enforcing the statute.
- Describe the statute's key substantive provisions, including the prohibited bases of discrimination.
- Describe the penalties for statutory violations.
- Describe any significant differences between the statute and any relevant federal law.

The Arizona Fair Housing Act governs unlawful discriminatory practices in the context of a residential real estate transaction (A.R.S. §§ 41-1491 to 41-1491.37).

STATE AGENCY

The Arizona Attorney General enforces the Arizona Fair Housing Act.

KEY SUBSTANTIVE PROVISIONS

The statute makes it unlawful for a person the business of which includes engaging in residential real estate related transactions to discriminate against a person in making a real estate related transaction available or in the terms or conditions of a real estate related transaction because of the person's:

- Race.
 - Color.
 - Religion.
 - Sex.
 - Disability.
 - Familial status.
 - National origin.
- (A.R.S. § 41-1491.20.)

PENALTIES FOR STATUTORY VIOLATIONS

An aggrieved person may be awarded in a civil action:

- Actual and punitive damages.
 - Reasonable attorneys' fees.
 - Court costs.
 - A permanent or temporary injunction, temporary restraining order, or other order, including an order enjoining the defendant from engaging in the practice or ordering appropriate affirmative action.
- (A.R.S. § 41-1491.33.)

If the Attorney General finds cause to believe that a discriminatory housing practice has occurred or is about to occur and there is no conciliation agreement within 30 days, the Attorney General may immediately file a civil action on behalf of the complainant in superior court against the respondent (A.R.S. § 41-1491.34(A)). In an action brought by the Attorney General, the court may:

- Award on behalf of the complainant actual and punitive damages.
- Issue a permanent or temporary injunction, temporary restraining order or other order, including an order enjoining the defendant from engaging in the practice or ordering affirmative action.

- Award court costs to the Attorney General.
- (A.R.S. § 41-1491.34(C).)

SIGNIFICANT DIFFERENCES FROM FEDERAL LAW

The scope of federal anti-discrimination laws is broader than the scope of the Arizona Fair Housing Act. Federal anti-discrimination laws provide for greater penalties in connection with a violation. For example, the Equal Credit Opportunity Act prohibits discrimination, in addition to the prohibited bases of discrimination under the Arizona Fair Housing Act, based on:

- Age.
 - The receipt of income from a public assistance program.
 - The exercise of any right under the Consumer Credit Protection Act.
- (15 U.S.C. §§ 1691 to 1691f.)

INTEREST RATE AND FEE LIMITATIONS

5. Does your jurisdiction impose restrictions on the maximum interest rate that may be charged on a loan? If so, please:

- Identify the state agency responsible for enforcing the relevant statute.
- Describe the key substantive provisions of the statute, including the types of loans subject to the restrictions.
- Identify any exemptions from the restrictions.
- Describe any significant differences between the statute and any federal law.

The following Arizona statutes impose restrictions on the maximum interest rate that may be charged on a loan:

- General Usury Law (A.R.S. § 44-1201).
- Consumer Lenders (A.R.S. § 6-601).
- Premium Finance Companies (A.R.S. § 6-1412).
- Motor Vehicle Time Sales Disclosure Act (A.R.S. § 44-291).
- Retail Installment Sales Transactions (A.R.S. § 44-6002).
- Pawnbrokers (A.R.S. § 44-1626).

STATE AGENCY

The superintendent of the Arizona Department of Financial Institutions (AZDFI) enforces the maximum interest rate that may be charged on a particular loan for entities subject to its jurisdiction.

KEY TERMS

General Usury Law: A.R.S. § 44-1201

The interest on any loan, indebtedness, or other obligation must not exceed 10% per year, unless a different rate is contracted for in writing, in which event any rate of interest may be agreed to (A.R.S. § 44-1201).

Consumer Lenders: A.R.S. § 6-601

A licensed consumer lender may contract for and receive finance charges on consumer loans that are not more than the following amounts:

- 36% for a consumer loan in an original principal amount of \$3,000 or less.
- 36% on the initial \$3,000 of the original principal amount and a consumer loan rate of 24% on that part of the principal amount greater than \$3,000.
- The single blended consumer loan rate that results from the total amount of finance charges that the licensee receives until the scheduled maturity of the consumer loan at the consumer loan rates that are otherwise applicable to the different portions of the unpaid principal balance, assuming that the consumer loan is to be paid according to its agreed terms.

(A.R.S. § 6-632(A).)

A licensed consumer lender may contract for and receive periodic finance charges on consumer revolving loans and home equity revolving loans that are not more than the following amounts:

- 36% for consumer revolving loans with credit limits of \$3,000 or less on the outstanding balance each monthly billing cycle.
- On consumer revolving loans with credit limits of more than \$3,000 and home equity revolving loans, either:
 - a periodic rate corresponding to an annual percentage rate of 36% on that portion of the outstanding balance each monthly billing cycle that is not more than \$3,000 and a periodic rate corresponding to an annual percentage rate of 24% on that portion of the outstanding balance each monthly billing cycle that is more than \$3,000; or
 - a periodic rate corresponding to the single blended annual percentage rate that results in a periodic finance charge during a monthly billing cycle that is not more than the finance charges that result from the application of the multiple periodic rates authorized above.

(A.R.S. § 6-632(B).)

Premium Finance Companies: A.R.S. § 6-1412

The following interest rates apply to licensed premium finance companies:

- On any premium finance agreement in any original principal amount not exceeding \$1,000, a licensee may contract for and receive an interest charge at a rate not exceeding 3% per month or 36% per year.
- On any premium finance agreement in which the original principal amount exceeds \$1,000, a licensee may contract for and receive an interest charge:
 - at a rate not exceeding 3% per month on that part of the original principal amount not exceeding \$1,000; and
 - 2% per month on that part of the principal exceeding \$1,000.

(A.R.S. § 6-1412.)

Motor Vehicle Time Sales Disclosure Act: A.R.S. § 44-291

The terms of the contract set out what the maximum rates that may be charged on loans for purchase money retail installment transactions under the Motor Vehicle Time Sales Disclosure Act (A.R.S. § 44-291(A)).

A retail installment contract that is a secondary motor vehicle finance transaction is subject to the following monthly maximum finance rates:

- 17% on a secondary motor vehicle finance contract of \$500 or less.
- 15% on a secondary motor vehicle finance contract of more than \$500 but not more than \$2,500.
- 13% on a secondary motor vehicle finance contract of more than \$2,500 but not more than \$5,000.
- 10% on a secondary motor vehicle finance contract of more than \$5,000.

(A.R.S. § 44-291(G).)

Retail Installment Sales Transactions: A.R.S. § 44-6002

Under a retail installment contract, other than a retail charge account agreement, a finance charge not to exceed a rate set by contract may be charged and received (A.R.S. § 44-6002(A)).

Under a retail charge account agreement, a rate of finance charge not to exceed the maximum rate set by contract may be charged and received on an amount not in excess of the greatest of any of the following:

- The average daily balance in the account in the billing cycle period.
- The balance in the account at the beginning of the billing cycle period, after first deducting payments and credits received during the billing cycle period.
- The median amount within a \$10 range in which the balance as computed above if the seller applies the same finance charge to all these balances within that range.

(A.R.S. § 44-6002(D).)

Pawnbrokers: A.R.S. §§ 44-1621 to 44-1632

A pawnbroker may charge or receive interest at a rate not exceeding 13% per month for the first two months and at a rate not exceeding 11% per month afterwards.

SIGNIFICANT DIFFERENCES FROM FEDERAL LAW

Federal law does not impose a general interest rate limitation on loans. However, certain federal regulations may cap interest rates on particular types of loans. For example, the Federal Credit Union Act mandates that federal credit union loans may not exceed an interest rate of 18% per year (12 U.S.C. § 1757(5)(A)(vi)).

Some mortgage loans are also subject to preemption under the Depository Deregulation and Monetary Control Act of 1980, 12 U.S.C. §§ 1735f-7 and 1831d, and the Alternative Mortgage Transaction Parity Act.

6. Does your jurisdiction limit the maximum finance charge that may be charged on a loan? If so, please:

- Identify the state agency responsible for enforcing the relevant statute.
- Define the relevant statute's key terms.
- Identify the types of loans subject to the statute.
- List any statutory exemptions.
- Describe any significant differences between the statute and any relevant federal law.

Finance charges are considered interest and are therefore subject to Arizona's interest rate restrictions (see Question 5).

7. Does your jurisdiction limit the maximum amount of fees that may be charged on a loan? If so, please:

- Identify the state agency responsible for enforcing the relevant statute.
- Define the relevant statute's key terms.
- Identify the types of loans subject to the statute.
- List any statutory exemptions.
- Describe any significant differences between the statute and any relevant federal law.

Arizona laws governing the following subject matters include certain restrictions on fees that may be charged on a loan:

- Close End Loans of \$5,000 or less (A.R.S. § 44-1205(A)).
- Revolving Accounts of \$10,000 or less (A.R.S. § 44-1205(B)).
- Credit Card Revolving Accounts (A.R.S. § 44-1205(C)).
- Consumer Lenders (A.R.S. §§ 6-601 to 6-675).
- Premium Finance Companies (A.R.S. §§ 6-1401 to 6-1419).
- Motor Vehicle Time Sales Disclosure (A.R.S. §§ 44-281 to 44-295).
- Pawnbrokers (A.R.S. §§ 44-1621 to 44-1632).

STATE AGENCY

The superintendent of the Arizona Department of Financial Institutions (AZDFI) enforces the statutes governing the maximum interest rates that may be charged on a particular loan for entities subject to its jurisdiction.

KEY SUBSTANTIVE PROVISIONS

Close End Loans of \$5,000 or Less: A.R.S. § 44-1205(A) and Revolving Accounts of \$10,000 or Less: A.R.S. § 44-1205(B)

The lender may charge:

- A late payment or delinquency charge on each installment not paid in full within ten days of the due date. The late payment or delinquency charge must not exceed 5% of the installment or \$10, whichever is less.
- The lawful fees actually paid by the lender for:
 - filing or recording in a public office;
 - motor vehicle title, registration, assessor's fees, and lien filing fees;
 - escrow fees of an escrow agent,
 - acknowledging the instrument securing the loan; and
 - costs of obtaining a preliminary title report and title insurance policy.
- Court costs, expenses, and reasonable attorneys' fees if the loan is referred for collection to an attorney other than a salaried employee of the lender or holder.

(A.R.S. § 44-1205.)

Credit Card Revolving Accounts: A.R.S. § 44-1205(C)

If the contract provides, the issuer or holder of a credit card revolving account may charge and collect any of the following:

- An annual or other periodic charge.

- A transaction charge for each separate purchase or loan.
- A minimum interest charge for each regular billing date on which interest charges are due on the unpaid balances.
- A late payment or delinquency charge.
- A returned payment charge.
- A stop payment charge.
- An over-limit charge.
- A charge for providing invoices, checks, or documentary evidence.
- A fee incident to the application for and the opening and administration of the credit card account.
- An automated teller machine or similar electronic or interchange fee or charge.

(A.R.S. § 44-1205(C).)

Consumer Lenders: A.R.S. §§ 6-601 to 6-675

A licensed consumer lender may charge the following fees on a loan:

- A 5% delinquency charge of the amount of any installment not paid in full within seven days after its due date.
- The actual costs of charges that are paid to a third party that is not an employee of the licensee and that are incurred in making consumer lender loans secured in whole or in part by real property, including the charges for:
 - a preliminary title search;
 - title examination and report;
 - title insurance premiums;
 - property survey; and
 - appraisal fees.
- Lawful fees acknowledging, filing and recording, continuing or releasing in any public office of any instrument or financing statement evidencing or perfecting a lien or security interest in real or personal property securing a consumer lender loan or the premiums paid for insurance in lieu of filing or recording that must not exceed the filing or recording fee.
- A loan origination fee of not more than 5% of a closed end consumer loan or the agreed credit limit of a consumer revolving loan but in no event in an amount that is more than \$150. A licensee must not charge a loan origination fee:
 - for the refinancing of a closed end consumer loan or the renegotiating of an agreed credit limit of a consumer revolving loan if the refinancing or renegotiating occurs within one year of the collection of a prior loan origination fee; or
 - if the licensee charges prepaid finance charges.
- Deferral fees.
- Insurance premiums.
- Court costs.
- Reasonable attorneys' fees if the consumer lender loan is referred for collection to an attorney other than a salaried employee of the licensee.
- Costs, expenses, and fees authorized for reinstatement of a deed of trust encumbering real property that secures a consumer lender loan.
- Costs and expenses of exercising the power of sale in a deed of trust encumbering real property that secures a consumer lender

loan and costs and expenses of a sale that are included in a credit bid or that are applied from the proceeds of a trustee's sale, including the payment of trustee fees and reasonable attorneys' fees actually incurred.

- Costs and expenses of retaking, holding, preparing for sale, and selling any personal property.

(A.R.S. § 6-635(A).)

Premium Finance Companies: A.R.S. §§ 6-1401 to 6-1419

Licensed premium finance companies may charge the following fees:

- A service charge not to exceed \$10.
- A delinquency charge equal to the lesser of \$10 or 5% of installment on a contract providing insurance coverage for an individual, family, or household purpose on any installment which is in default for a period of five days or more.
- A delinquency charge equal to the lesser of 5% of installment on a contract providing insurance coverage for any entity involved in transactions solely for business purposes on any installment which is in default for a period of five days or more.

(A.R.S. § 6-1413.)

Motor Vehicle Time Sales Disclosure: A.R.S. §§ 44-281 to 44-295

If provided by the contract or refinancing agreement, the holder may, regarding any delinquent contract, recover one or more of the following:

- A reasonable amount for the holder's cost of collection.
- Attorneys' fees in a reasonable amount where the contract is referred for collection to an attorney not a salaried employee of the holder.
- Court costs.

(A.R.S. § 44-289(A).)

The seller or holder may also charge:

- A late payment or delinquency charge on each installment not paid in full ten days after the due date. The late payment or delinquency charge must not exceed 5% of the unpaid balance of the installment.
- Insurance premiums incurred in connection with the retail installment transaction.

(A.R.S. § 44-291.)

Retail Installment Sales Transactions: A.R.S. §§ 44-6001 and 44-6006

A retail charge account agreement may provide for the following fees:

- A late payment or delinquency charge on each installment not paid in full ten days after the due date. The late payment or delinquency charge must not exceed:
 - \$5 on an installment of \$25 or less; and
 - \$10 on an installment greater than \$25.
- Court costs and reasonable attorneys' fees if it is referred for collection to an attorney other than a salaried employee of the holder of the retail charge account agreement.

(A.R.S. § 44-6002(B), (I).)

Pawnbrokers: A.R.S. §§ 44-1621 to 44-1632

A pawnbroker may charge and collect at redemption or renewal the following fees:

- A firearm fee that does not exceed \$5 for handling each firearm.
- A lost claim ticket fee that does not exceed \$7.50.
- An initial setup fee of not more than \$5.
- A storage fee for each pledged item exceeding one cubic foot in volume of \$5 per month.
- A vehicle storage fee that does not exceed \$5 per day.
- Any fee, tax, imposition, or assessment levied or imposed by any governmental agency for reportable transaction.

(A.R.S. § 44-1626(B).)

EXEMPTIONS

The laws do not specify any exemptions.

SIGNIFICANT DIFFERENCES FROM FEDERAL LAW

Federal law does not have statutes that regulate installment sales contracts.

Federal law also provides that the total amount of fees a consumer must pay for a credit card account under an open-end (not home-secured) consumer credit plan during the first year after account opening must not exceed 25% of the credit limit in effect when the account is opened (12 C.F.R. § 1026.52(a)(1)). However, this limitation does not apply to late payment fees, over-the-limit fees, returned-payment fees, or optional fees.

UNFAIR AND DECEPTIVE PRACTICES

8. Does your jurisdiction prohibit financial institutions from engaging in unfair, deceptive, or abusive acts or practices? If so, please:

- Identify the state agency responsible for enforcing the relevant statute and describe any key agency guidance regarding the statute.
- Define the relevant statute's key terms.
- Describe the penalties for statutory violations.
- Describe any significant differences between the statute and relevant federal law.

Arizona's Consumer Fraud Act (AZCFA) prohibits unfair or deceptive acts or practices in connection with consumer transactions (A.R.S. §§ 44-1521 to 44-1534).

STATE AGENCY

The Arizona Attorney General enforces the statutes prohibiting deceptive business acts or practices.

KEY TERMS

The AZCFA prohibits deceptive and unfair trade practices in connection with the sale or advertisement of a good or service, specifically the act, use, or employment of any:

- Deception.
- Deceptive or unfair act or practice.

- Fraud.
- False pretense.
- False promise.
- Misrepresentation.
- Concealment, suppression, or omission of any material fact with the intent that others rely on the concealment, suppression, or omission.

(A.R.S. § 44-1522(A).)

Penalties

Available remedies under the AZCFA include:

- Injunctive relief.
- Monetary damages.
- Punitive damages.

(*Sellinger v. Freeway Mobile Home Sales, Inc.*, 521 P.2d 1119, 1121-23 (Ariz. 1974).)

The Attorney General may also file for an injunction in state court. The court may make orders or judgments to:

- Prevent a person's use or employment of unlawful practices.
- Restore to any interested person any money or real or personal property that may have been acquired by a violation of the AZCFA, including the appointment of a receiver.
- Disgorge any profits or other benefit obtained by a violation of the AZCFA.

(A.R.S. § 44-1528(A).)

If a court finds that the violation was willful, the Attorney General on petition to the court may recover from the person on behalf of the state a civil penalty of not more than \$10,000 per violation. A willful violation occurs when the party committing the violation knew or should have known that the party's conduct was of the nature prohibited by the AZCFA. (A.R.S. § 44-1531.)

SIGNIFICANT DIFFERENCES FROM FEDERAL LAW

Title X of the Dodd-Frank Act (Consumer Financial Protection Act) prohibits abusive acts or practices in addition to unfair or deceptive acts or practices. The prohibition of the Arizona statute is limited to unfair and deceptive practices similar to Section 5 of the Federal Trade Commission Act. Unlike Federal law, Arizona allows for a private right of action under the AZCFA (*Sellinger*, 521 P.2d at 1121-22).

For more information about the federal Consumer Financial Protection Act, see Practice Note, Summary of the Dodd-Frank Act: Consumer Financial Protection ([2-543-6265](#)).

DEBT COLLECTION

9. Does your jurisdiction have a statute governing debt collection activities? If so, please:

- Identify the key agency responsible for enforcing the statute.
- Describe the key substantive provision of the statute.
- Describe any significant differences between the statute and any relevant federal law, including the Fair Debt Collection Practices Act.

Sections 32-1001 to 32-1057 of the Arizona Revised Statutes govern debt collection activities in Arizona.

STATE AGENCY

The superintendent of the Arizona Department of Financial Institutions (AZDFI) enforces the statutes and regulations governing debt collection activities in Arizona.

KEY SUBSTANTIVE PROVISIONS

A collection agency means:

- All persons engaged directly or indirectly in soliciting claims for collection or in collection of claims owed, due, or asserted to be owed or due.
- Any person that, in the process of collecting debts occurring in the operation of that person's own business, uses any name other than that person's own, which indicates that a third person is collecting or attempting to collect the debts.

(A.R.S. § 32-1001(2).)

It is unlawful for a person to conduct a collection agency in Arizona without having first applied for and obtained a license (A.R.S. § 32-1055(A)).

Collections agencies must also not:

- Directly or indirectly aid, abet, or receive compensation from an unlicensed person. However, this does not prevent a licensed agency from accepting, as forwarder, claims for collection from a collection agency or attorney the place of business which is Arizona.
- Advertise a claim for sale or threaten to so advertise a claim as a means of endeavoring to enforce payment. A licensee must also not agree to do so to solicit claims. This prohibition does not affect a licensee from acting as assignee for the benefit of a creditor or acting under a court order.

(A.R.S. § 32-1055(B), (C).)

It is also unlawful for a person conducting a collection agency in Arizona to:

- Fail to render an account of and pay to the client for which collection has been made the proceeds collected, less collection charges as agreed to by the person and the client, within 30 days from the last day of the month in which the proceeds were collected. If the amount due the client is less than \$5, payment may be deferred for an additional 30 days.
- Fail to deposit with a local depository all monies collected by the person and due to the person's clients and to fail to keep these monies deposited until these monies or equivalent amounts are remitted to the person's clients. Despite this paragraph, if a person conducting a collection agency does not maintain an office in Arizona, the person may deposit and keep these monies in a depository in a state where the person maintains the person's principal office.
- Fail to keep a record of monies collected and the remittance of these monies.
- Fail to notify the AZDFI within ten days of any change of name under which the person does business as a collection agency or address at which the person conducts business.

- Aid or abet, directly, or indirectly, any person, persons or organizations in evading or violating any of the provisions regarding collection agencies.

(A.R.S. § 32-1055(D).)

In all communications with debtors, either orally or in writing, a collection agency must:

- Represent itself as a collection agency.
- Not directly or indirectly claim to be a credit reporting agency or credit bureau if it is not.
- Not directly or indirectly claim to be a law enforcement agency.
- Not directly or indirectly claim to be a law firm.

(Ariz. Admin. Code § R20-4-1507.)

A collection agency must give copies of its evidence of the debt to the debtor or the debtor's attorney on request. After providing the evidence, but before continuing its collection efforts against the debtor, the collection agency must investigate any claim by the debtor or the debtor's attorney that:

- The debtor has been misidentified.
- The debt has been paid.
- The debt has been discharged in bankruptcy.
- Based on any other reasonable claim, the debt is not owed.

(Ariz. Admin. Code § R20-4-1521.)

SIGNIFICANT DIFFERENCES FROM FEDERAL LAW

There are no significant differences between Arizona and federal law regarding debt collection practices. Permissible and prohibited activities of Arizona licensed collection agencies are generally patterned after and consistent with the federal Fair Debt Collection Practices Act (A.R.S. § 32-1051; Ariz. Admin. Code §§ R20-4-1507 to R20-4-1516, R20-4-1520, and R20-4-1521).

For more information on federal law governing debt collection activities, see Practice Note, Consumer Regulations Governing Debt Collection ([1-538-2786](#)).

10. Please describe any circumstances under which financial institutions or collection agencies in your jurisdiction are prohibited from collecting a debt from a consumer.

Arizona law does not specify any circumstances in which a financial institution or collection agency cannot collect a debt from a consumer. However, licensees must comply with the limitations in the federal Fair Debt Collection Act and the Arizona Collection Agency Law (see Question 9).

11. Please describe any statute of limitations for collecting unpaid debts, including credit card debt.

The statutes of limitations are:

- Six years to collect unpaid debts under a written contract executed in Arizona (A.R.S. § 12-548).
- Four years for a non-credit card writing executed outside of Arizona (A.R.S. § 12-544).
- Three years on a debt on a stated or open account (A.R.S. § 12-543).

GIFT CARDS AND PREPAID CARDS

12. Does your jurisdiction impose any restrictions on the offering of gifts cards, gift certificates, or other general-use prepaid cards? If so, please describe the key substantive provisions, including any provisions governing expiration dates, fees, or disclosures.

Arizona law imposes restrictions on the offering of gifts cards, gift certificates, or other general-use prepaid cards (A.R.S. §§ 44-7401 and 44-7402).

A gift card is defined as any gift certificate, gift card, or electronic gift card or any other medium issued or sold after October 31, 2005 for which the issuer has received payment for the full face value or full banked dollar value of the card for the future purchase or delivery of goods or services (A.R.S. § 44-7401).

Key substantive provisions include:

- Any gift card subject to an expiration date or a fee, or both, must clearly and conspicuously disclose:
 - the expiration date;
 - the amount of the fee; and
 - when the fee is incurred.
- The disclosure must be clearly visible to a consumer before the purchase is made. In the case of a paper gift certificate, the information must be disclosed on the front of the gift certificate.
- For a gift card purchase via electronic or computer means, the existence of an expiration date and the amount of the fee and when the fee is incurred must be conspicuously disclosed to the consumer before the purchase via the means used to purchase the gift card.
- For a gift card purchase via a telephone, the existence of an expiration date and the amount of the fee and when the fee is incurred must be disclosed verbally to the consumer before the purchase.

(A.R.S. § 44-7402(A)-(C).)

The disclosure requirement does not apply to:

- A gift card distributed to a consumer under an awards, loyalty, or promotional program if no money or other thing of value has been given by the consumer in exchange for the gift card.
- A gift card that is sold below face value to a nonprofit or charitable organization or donated to a nonprofit or charitable organization for fund raising purposes.
- A card for prepaid telecommunication services, a debit card connected to a person's bank account, or an electronic funds transfer card.

(A.R.S. § 44-7402(D).)

ANCILLARY CREDIT PRODUCTS

13. Does your jurisdiction regulate any ancillary credit products offered by financial institutions, such as debt cancellation or guaranteed asset protection, as insurance products? If so, please:

- Identify the state agency responsible for regulation of these credit products.
- Describe the key substantive provisions of the relevant regulation.

The Arizona Department of Insurance regulates:

- Consumer credit insurance sold or made effective in connection with a loan or other credit transaction for personal, family, or household purposes (A.R.S. §§ 20-1602 to 20-1616.01).
- Credit property insurance written in connection with credit transactions for personal purposes (A.R.S. §§ 20-1621 to 20-1621.11).

Arizona does not regulate debt cancellation contracts as insurance.

STATE AGENCY

The Director of the Arizona Department of Insurance enforces the statutes and regulations that regulate insurance products.

KEY SUBSTANTIVE PROVISIONS

Consumer credit insurance includes credit life insurance, credit disability insurance, and credit unemployment insurance.

Credit Life Insurance

Credit life insurance is insurance on the life of a debtor under or in connection with a specific loan or other credit transaction that provides for the satisfaction of a debt, in whole or in part, on the death of an insured debtor (A.R.S. § 20-1603(3)).

The initial amount of credit life insurance must not exceed the gross debt (A.R.S. § 20-1605).

Credit Disability Insurance

Credit disability insurance is insurance on a debtor to provide indemnity for payments becoming due or outstanding on a specific loan or other credit transaction while the debtor is a person with a disability as defined in the policy or certificate (A.R.S. § 20-1603(2)).

The total amount of credit disability insurance must not exceed the total of the periodic scheduled unpaid installments of the gross debt (A.R.S. § 20-1606).

Credit Unemployment Insurance

Credit unemployment insurance is casualty insurance on a debtor to provide indemnity for payments or debt becoming due on a specific loan or other credit transaction while the debtor is involuntarily unemployed as defined in the policy (A.R.S. § 20-1603(5)).

The total amount of credit unemployment insurance must not exceed the total of the periodic scheduled unpaid installments of the gross debt (A.R.S. § 20-1606).

A credit unemployment insurance policy must contain benefits that are at least as favorable to insureds as the following provisions:

- The policy must provide coverage for unemployment for any reason, except that coverage may be excluded for unemployment due to:
 - voluntary forfeiture of salary, wage, or other employment income;
 - resignation;
 - retirement;
 - general strike;
 - illegal walk out;

- war;
- separation from the military;
- willful misconduct, criminal misconduct, or unlawful behavior; and
- disability caused by injury, sickness, or pregnancy.
- For credit unemployment insurance that provides a monthly benefit, benefits must start after a waiting period of no more than 30 days, but need not be retroactive to the first day of unemployment and must have a maximum benefit period of at least six months.

(A.R.S. § 20-1606.01.)

MONEY TRANSMISSION

14. Does your jurisdiction impose licensing requirements on entities engaged in money transmission services? If so, please:

- Identify the state agency responsible for enforcing the relevant statute.
- Identify which types of entities are subject to the licensing requirement.
- Describe the criteria the entity must meet to apply for a license, including any minimum net worth, security, or permissible investment requirements.

Arizona imposes licensing restrictions on money transmitters.

STATE AGENCY

The superintendent of the Arizona Department of Financial Institutions (AZDFI) enforces the statutes and regulations governing the licensing of money transmitters in Arizona.

COVERED ENTITIES

A money transmitter is any person located in or doing business in Arizona, including a check casher and a foreign money exchanger, and that does any of the following:

- Sells or issues payment instruments.
- Engages in the business of receiving money for the transmission of or transmitting money.
- Engages in the business of exchanging payment instruments or money into any form of money or payment instrument.
- Engages in the business of receiving money for obligors for the purpose of paying that obligor's bills, invoices, or accounts.
- Meets the definition of a bank, financial agency, or financial institution as prescribed by 31 United States Code § 5312 or 31 Code of Federal Regulations § 1010.100.

(A.R.S. § 6-1201(11).)

A person must not engage in any of the following activities without obtaining a money transmitter's license or becoming an authorized delegate of a licensee:

- Sell or issue payment instruments.
- Receive money for transmission or transmitting money.
- Exchange payment instruments or money into any form of money or payment instrument.

- Receive money for an obligor to pay that obligor's bills, invoices, or accounts.

(A.R.S. § 6-1202(A).)

APPLICATION CRITERIA

Each application for a license must be made in writing, under oath and in the form prescribed by the AZDFI (A.R.S. § 6-1204). The application must contain at least the following:

- Copies of the articles of incorporation for the applicant, a listing of all trade names or fictitious names used by the applicant and other information concerning the corporate status of the applicant.
- The address of the applicant's principal place of business, the address of each location where the applicant intends to transact business in Arizona, including any branch offices, and the name and address of each location of any authorized delegates.
- A statement of personal history in the form prescribed by the AZDFI for each executive officer and director of the applicant and for each executive officer and director of any controlling person, unless the controlling person is a publicly traded company on a recognized national exchange and has assets in excess of \$400 million.
- An identification statement for each branch manager and responsible individual including all of the following:
 - name and any aliases or previous names used;
 - date and place of birth;
 - alien registration information, if applicable;
 - employment history and residence addresses for the preceding 15 years;
 - Social Security number;
 - criminal convictions, excluding traffic offenses;
 - the name and address of each authorized delegate;
 - the identity of any account in any financial institution the applicant intends to conduct any business with as regulated under this law; and
 - a financial statement audited by a licensed independent certified public accountant.

Each application must be accompanied by a nonrefundable application fee and an annual fee. (A.R.S. § 6-1204.)

Each applicant for a money transmitter's license must have and each licensee must maintain at all times a net worth of at least \$100,000 (A.R.S. § 6-1205.01(A)). These net worth requirements also apply:

- If the licensee has more than one location, the licensee must have an additional net worth of \$50,000 up to a maximum of \$500,000 for each location or authorized delegate located Arizona (A.R.S. § 6-1205.01(B)).

- If a licensee conducts a total of more \$500,000 in transactions that involve transmitting money in an amount of \$1,000 or more during the preceding year, the licensee must have a net worth not less than 10% of the total of the transactions conducted in Arizona up to a maximum of \$500,000 (A.R.S. § 6-1205.01(C)).

STATE LAW PREEMPTION

15. Has a federal court or federal agency evaluated any statute of your jurisdiction to determine whether the statute is preempted by a federal consumer financial law? If so, please describe the holding of each federal court or federal agency decision.

The Federal Reserve Board determined that the Truth in Lending Act and Regulation Z preempted disclosure requirements in the Arizona Motor Vehicle Time Sales Disclosure Act and the Arizona Small Lender Law then in effect. These preemption determinations are included in the Regulation Z Official Interpretation of the Consumer Financial Protection Bureau (See paras. 28(a)(8) and 28(a)(13) of the Supplement I to § 1026.28(a)).

The Arizona Consumer Reporting Agencies and Fair Credit Reporting Act is preempted by Section 625(b) of the federal Fair Credit Reporting Act (*Loomis v. U.S. Bank Home Mortg.*, 912 F. Supp. 2d 848, 858-59 (D. Ariz. 2012); *Warring v. Green Tree Servicing LLC*, 2014 WL 2605425, at *4 (D. Ariz. June 11, 2014)).

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