



Office of the Director
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Douglas A. Ducey, Governor
Evan G. Daniels, Director

REGULATORY BULLETIN 2021-01¹

To: All Collection Agencies and All Other Interested Parties.
From: Evan G. Daniels, Director **EGD**
Date: September 18, 2020
Re: **Collection Agency Licenses; Branches**

Effective September 28, 2020, a collection agency is not required to apply for or renew licenses for any branches it may operate.

BACKGROUND

Arizona Revised Statutes ("A.R.S.") Title 32, Chapter 9 and Arizona Administrative Code (A.A.C.) Title 20, Chapter 4, Article 15 prescribe licensing, renewal and compliance requirements for collection agencies. To obtain a license, a collection agency must submit an application "accompanied by the fees prescribed in section 6-126." A.R.S. § 32-1026(A). Section 6-126(A)(15) establishes the amount for collection agency license, while (A)(17) states that a separate fee must accompany any application "for a branch office of an escrow agent, consumer lender, mortgage banker, trust company, debt management company, **collection agency** or sales finance company[.]" **Emphasis added**. In addition, A.R.S. § 6-126(C)(3) requires an annual renewal fee for a collection agency plus an additional amount for each branch office.

Notwithstanding the fee amounts for collection agencies established by A.R.S. § 6-126, no statute requires collection agencies to submit an application for a separate branch license. Although identifying a fee amount for collection agency branches may have implied that collection agencies needed to apply for, obtain, and renew separate branch location licenses, § 6-126's plain language does not establish any such requirement. This conclusion is bolstered by express requirements for separate branch licenses existing for other license types that have fee amounts established in A.R.S. § 6-126 just like collection agencies. For example:

- A.R.S. § 6-813 requires an **escrow agent** to keep a license "conspicuously posted in all licensed places of business of the licensee," and A.R.S. § 6-814 requires the application for a license include "all branch offices in this state."
- A.R.S. § 6-604(E) requires a **consumer lender** to obtain branch office licenses.
- A.R.S. § 6-944(E) requires a **mortgage banker** to obtain branch office licenses.

¹ This Substantive Policy Statement is advisory only. A Substantive Policy Statement does not include internal procedural documents that only affect the internal procedures of the Agency, and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona Administrative Procedure Act. If you believe that this Substantive Policy Statement does impose additional requirements or penalties on regulated parties you may petition the agency under Arizona Revised Statutes Section 41-1033 for a review of the Statement.

- A.R.S. § 6-855(A) requires an application and fee for a **trust company** branch.
- A.R.S. § 6-705 requires a **debt management company** to apply for branch licenses.
- A.R.S. 44-282(G) requires a **sales finance company** to obtain a license for each separate place of business (branch).

Moreover, the practical policy considerations for requiring separate branch licenses as it relates to these examples are not the same for collection agencies. Escrow agents, consumer lenders, mortgage bankers, trust companies, debt management companies, and sales finance companies frequently operate offices at different locations where customers may visit to obtain financial services products and assistance. The Department may find that operations at a particular branch location do not comply with Arizona law and may take action against the parent license and the branch license, or even just the branch license depending on the circumstances. Collection agencies generally are not similarly situated, particularly because customers are not visiting collection agencies to obtain services in the same way as the other mentioned licensees.

Please direct any questions related to this Regulatory Bulletin to Steven Fromholtz at (602) 364-4455 or steven.fromholtz@difi.az.gov.