ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature – First Regular Session

COMMITTEE ON BANKING AND FINANCIAL SERVICES

Report of Regular Meeting
Tuesday, February 17, 2015
House Hearing Room 3 -- 2:00 p.m.

Convened 2:57 p.m.
Recessed
Reconvened
Adjourned 4:27 p.m.

Members Present
Mr. Allen
Mr. Espinoza
Mr. Farnsworth
Ms. McCune Davis
Mrs. Norgaard
Mr. Weninger, Vice-Chairman
Mrs. Brophy McGee, Chairman

Members Absent
Mrs. Gabaldon

Request to Speak
Report – Attachment 1

Presentations

Name	Organization	Attachments (Handouts)
None		

Committee Action

Bill	Action	Vote	Attachments (Summaries, Amendments, Roll Call)
HB2323	DPA S/E	7-0-0-1	2, 3, 4, 5, 6
HB2416	DP	5-2-0-1	7, 8, 9, 10
HB2591	DP	7-0-0-1	11, 12
HB2611	WITHDRAWN		

Sarah Griffith
Sarah Griffith, Chairman Assistant
February 18, 2015

(Original attachments on file in the Office of the Chief Clerk; video archives available at http://www.azleg.gov)

Information Registered on the Request to Speak System

House Banking and Financial Services (2/17/2015)

HB2323, Arizona job finance bonds

Testified in support:

Marc Osborn, Phoenix Industrial Development Authority

Support:

Courtney Gilstrap LeVinus, Industrial Development Of Authority Of The County Of Maricopa

HB2611, consumer flex loans

Support:

Scot Mussi, Arizona Free Enterprise Club

Neutral:

Louis Dettorre, Arizona Department Of Financial Institutions

Oppose:

Jean Fox, representing self; Kathy Jorgensen, St. Vincent Depaul Society; ellen katz, William E. Morris Institute For Justice; Thomas James Donovan, VALLEY INTERFAITH PROJECT; Cynthia Zwick, Arizona Community Action Association; Thomas James Donovan, Other, VALLEY INTERFAITH PROJECT; Mary Ryan, representing self; virginia brant, AARP Arizona

All Comments:

Jean Fox, Self: Please oppose renewed payday lending in Arizona. The voters rejected triple-digit rate small loans in 2008. This bill brings payday lending back structured as open-end lines of credit up to $3,000.; Kathy Jorgensen, St. Vincent Depaul Society: SVDP is opposed to the Flex Loan proposal. As with all predatory lending plans, The Flex Loans would place an undue burden on those we serve.; ellen katz, William E. Morris Institute For Justice: This bill creates a whole new fee-customary fee- that is 6 times the rate of the finance charge. They are not required to be disclosed and are where the real abuse is in this bill. These are pay day lenders trying to get back into Arizona.; Thomas James Donovan, VALLEY INTERFAITH PROJECT: Another version of payday loan, we oppose; Mary Ryan, Self: This is bad bill- it charges a 182.5% "fee" on top on the 36% APR - the bill does not require any disclosure of the fee- it only requires disclosure of the interest. This is a misleading predatory loan scheme. Please vote No.; virginia brant, AARP Arizona: No Please this goes to three digit fees and interest for people who can not afford this. Not fair period.

Attachment 1

HB2591, securities registration; exemption; website operators.

Testified in support:

Steven Zylstra, representing self; Charles Berry, representing self; Rick Murray, Arizona Small Business Association

Support:

Ronald Joseph Schott, representing self; Eric Emmert, East Valley Chambers Of Commerce Alliance ; Tom Dorn, Arizona Association For Economic Development ; Sam Snyder, representing self; Chris Stachowiak, representing self; Grant Anderson, representing self; Sean Moshir, representing self; Dianne McCallister, AZ TECHNOLOGY COUNCIL; Garrick Taylor, Arizona Chamber Of Commerce And Industry; Ken Quartermain, AZ TECHNOLOGY COUNCIL; Sheila Kloefkorn, representing self; Thomas Hawksworth, representing self; Lyn Harry White, AZ Small Business Association, CLARK HILL PLC; Russell Smoldon, Arizona Data Center Coalition And Digital Realty Trust; Amanda Rusing, Arizona Association For Economic Development

All Comments:

Steven Zylstra, Self: The Arizona Technology Council strongly supports HB2591 enabling intrastate crowdfunding.; Lyn Harry White, AZ Small Business Association, CLARK HILL PLC: Thank you for hearing this is a positive bill for small business job creation.

HOUSE OF REPRESENTATIVES

HB 2323

Arizona job finance bonds

Sponsors: Representatives Weninger: Brophy McGee, Pratt, et al.

X Committee on Banking and Financial Services

Caucus and COW

House Engrossed

OVERVIEW

HB 2264 enables Industrial Development Authorities (IDA) to issue bonds to finance certain projects that create full-time private sector employment.

Summary of the Proposed Strike-Everything Amendment to HB 2323

The proposed strike-everything amendment HB 2323 modifies the definition of *project.*

HISTORY

Title 35, Chapter 5 authorizes municipalities and counties to cause the formation of an IDA upon approval of their governing body. IDAs are political subdivisions of the state. IDAs are authorized to issue revenue bonds and to use the proceeds from the sale of the bonds to finance certain types of projects. Arizona Revised Statutes (A.R.S.) § 35-701 enumerates qualified projects which include, manufacturing facilities, health care institutions, convention facilities, industrial park facilities, and any facilities owned by a nonprofit organization.

Prior to issuance of a bond, statute requires the governing body of an IDA to approve the proceedings under which the bonds are to be issued. Additionally, the IDA is required to notify the attorney general of the intention to issue a bond. The attorney general has 10 days to deny the issuance of the bond after which the IDA may issue the bond (A.R.S. § 35-721).

PROVISIONS

1. Modifies the definition of *project*
   a. Removes items relating to:
      i. Any enterprise for the manufacturing, processing or assembling of any agricultural or manufactured products.
      ii. Any commercial enterprise for the storing, warehousing, distributing, or selling of products of agriculture or mining.
      iii. Any office building for use as corporate or company headquarters.
   b. Clarifies any commercial enterprises, including facilities for manufacturing, office, recreational, hotel, motel and service uses.
2. Deletes the definition of d*esignated area.*
3. Requires the IDA to notify the respective governing body of any lawsuits filed against the IDA or any Securities and Exchange Commission investigations initiated against the IDA.
4. Makes technical and conforming changes.

Attachment 2

Fifty-second Legislature
First Regular Session

BFS
H.B. 2323

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2323

(Reference to printed bill)

Strike everything after the enacting clause and insert:

"Section 1. Section 15-1636, Arizona Revised Statutes, is amended to read:

15-1636. Lease of real property and improvements in research park; prohibited and permitted uses

A. The board shall not lease real property located in an area ~~designated~~ DEFINED as a research park pursuant to section 35-701~~, paragraph 10~~ unless the lease contains a covenant that prohibits unlimited manufacturing on the site and allows the board to enforce the covenant by appropriate means, which may include termination of the lease.

B. The board may take title to and lease improvements constructed on land located in an area defined as a research park pursuant to section 35-701~~, paragraph 10,~~ if the lease contains a covenant that restricts the use of the subject property to the uses permitted under this section. The lease shall allow the board to enforce the covenant by appropriate means, including termination of the lease. The board may lease unimproved lots or parcels located in an area ~~designated~~ DEFINED as a research park pursuant to section 35-701~~, paragraph 10,~~ for any use by a lessee.

C. The requirements of subsection B of this section do not apply to improvements constructed before ~~the effective date of subsection B of this section~~ JULY 20, 1996 or to a lease entered into between the board and a lessee, subsidiary, successor, sublessee or assignee of a lessee, who originally entered into any lease with the board before July 31, 1996.

D. The subject property may be used only for the following purposes:

1. Laboratories, offices and other facilities for testing, consulting and information processing, related to research and development.

2. Production, assembly or sale of products pursuant to research and development activities.

3. Pilot plants in which processes planned for use in production elsewhere can be tested and assembled.

4. Regional or national headquarters of the lessee or its subsidiaries that are engaged in research and development or education activities.

5. Education and training facilities.

Adopted ✓ # of Verbals _____

Failed _____ Withdrawn _____

Not Offered Analysts Initials

Attachment 3

6. Operations required to maintain or support any permitted use, including maintenance shops, power plants, wastewater treatment facilities, the keeping of animals, machine shops, common area improvements and facilities and professional and commercial services supporting permitted uses, such as child development centers, food services and post office and mailing centers.

Sec. 2. Section 35-701, Arizona Revised Statutes, is amended to read:

35-701. Definitions

In this chapter, unless the context otherwise requires:

1. "Corporation" means any corporation organized as an authority as provided in this chapter.

~~2. "Designated area" means any area of this state which is either designated pursuant to section 36-1479 as a slum or blighted area as defined in section 36-1471, designated by regulation as a pocket of poverty or a neighborhood strategy area by the United States department of housing and urban development pursuant to title I of the housing and community development act of 1977 (P.L. 95-128; 42 United States Code sections 5301 through 5320), as amended, and the department of housing and urban development act (P.L. 89-174; 42 United States Code section 3535(d)) or designated by the United States department of housing and urban development as an empowerment or enterprise zone pursuant to the federal omnibus budget reconciliation act of 1993 (P.L. 103-66; 26 United States Code section 1391(g)).~~

~~3.~~ 2. "Governing body" means:

(a) The board or body in which the general legislative powers of the municipality or the county are vested.

(b) The Arizona board of regents with respect to a corporation formed with the permission of the Arizona board of regents.

~~4.~~ 3. "Income" means gross earnings from wages, salary, commissions, bonuses or tips from all jobs, net earnings from such person's or family's own nonfarm business, professional practice or partnership, and net earnings from such person's or family's own farm. Income includes income, other than earnings, that consists of amounts received from social security or railroad retirement, interest, dividends, veterans payments, pensions and other regular payments, public assistance or welfare payments, including aid for dependent children, old age assistance and aid to the blind or persons with total disability, but excluding separate payments for hospital or other medical care.

~~5.~~ 4. "Manufactured house" means a structure that is manufactured in a factory after June 15, 1976, that is delivered to a homesite in more than one section and that is placed on a permanent foundation. The dimensions of the completed house shall not be less than twenty feet by forty feet, the roof must be sloping, the siding and roofing must be the same as those found in site-built houses and the house must be eligible for thirty year real estate mortgage financing.

~~6.~~ 5. "Municipality" or "county" means the Arizona board of regents or any incorporated city or town, including charter cities, or any county in this state in which a corporation may be organized and in which it is contemplated the corporation will function.

~~7.~~ 6. "Persons of low and moderate income" means, for the purposes of financing owner-occupied single family dwelling units in areas ~~which~~ THAT the municipality has found, pursuant to section 36-1479, to be slum or blighted areas, as defined in section 36-1471, persons and families whose income does not exceed two and one-half times the median family income of this state. In all other areas it means persons and families whose income does not exceed one and one-half times the median family income of this state.

~~8.~~ 7. "Project" means any land, any building or any other improvement and all real and personal properties, including machinery and equipment whether or not now in existence or under construction and whether located within or without this state or the municipality or county approving the formation of the corporation, that are suitable for any of the following:

(a) With respect to a corporation formed with the permission of a municipality or county other than the Arizona board of regents:

~~(i) Any enterprise for the manufacturing, processing or assembling of any agricultural or manufactured products.~~

~~(ii) Any commercial enterprise for the storing, warehousing, distributing or selling of products of agriculture, mining or industry, or of processes related thereto, including research and development.~~

~~(iii) Any office building or buildings for use as corporate or company headquarters or regional offices or the adaptive use for offices of any building within this state that is on the national register of historic places or rehabilitation of residential buildings located in registered historic neighborhoods.~~

~~(iv)~~ (i) A health care institution as defined in section 36-401.

~~(v)~~ (ii) Residential real property for dwelling units located within the municipality or county approving the formation of the corporation and, in

the case of a county, whether or not also within a municipality that is within the county.

~~(vi)~~ (iii) Repairing or rehabilitating single family dwelling units or constructing or repairing residential fences and walls.

~~(vii)~~ (iv) Convention or trade show facilities.

~~(viii)~~ (v) Airports, docks, wharves, mass commuting facilities, parking facilities or storage or training facilities directly related to any of the facilities as provided in this item.

~~(ix)~~ (vi) Sewage or solid waste disposal facilities or facilities for the furnishing of electric energy, gas or water.

~~(x)~~ (vii) Industrial park facilities.

~~(xi)~~ (viii) Air or water pollution control facilities.

~~(xii)~~ (ix) Any educational institution that is operated by a nonprofit educational organization that is exempt from taxation under section 501(c)(3) of the United States internal revenue code and that is not otherwise funded by state monies, any educational institution or organization that is established under title 15, chapter 1, article 8 and that is owned by a nonprofit organization, any private nonsectarian school or any private nonsectarian organization established for the purpose of funding a joint technical education school district.

~~(xiii)~~ (x) Research and development facilities.

~~(xiv)~~ (xi) ANY commercial enterprises, including facilities for MANUFACTURING, office, recreational, hotel, motel and service uses ~~if the facilities authorized by this item are to be located in a designated area~~.

~~(xv)~~ (xii) A child welfare agency, as defined in section 8-501, owned and operated by a nonprofit organization.

~~(xvi)~~ (xiii) A transportation facility constructed or operated pursuant to title 28, chapter 22.

~~(xvii)~~ (xiv) A museum operated by a nonprofit organization.

~~(xviii)~~ (xv) Facilities owned or operated by a nonprofit organization described in section 501(c) of the United States internal revenue code of 1986.

~~(xix)~~ (xvi) New or existing correctional facilities within this state.

(b) With respect to a corporation formed with the permission of the Arizona board of regents, any facility consisting of classrooms, lecture halls or conference centers or any facility for research and development or for manufacturing, processing, assembling, marketing, storing and

transferring items developed through or connected with research and development or in which the results of such research and development are utilized, but only if the facility is located in an area designated as a research park by the Arizona board of regents.

~~9.~~ 8. "Property" means any land, improvements thereon, buildings and any improvements thereto, machinery and equipment of any and all kinds necessary to a project and any other personal properties deemed necessary in connection with a project.

~~10.~~ 9. "Research park" means an area of land that has been designated by the Arizona board of regents as a research park for a university and that, at the date of designation, is owned by this state or by the Arizona board of regents.

~~11.~~ 10. "Single family dwelling unit" includes any new, used or manufactured house that meets the insuring requirements of the federal housing administration, the United States department of veterans affairs or any other insuring entity of the United States government or any private mortgage insurance or surety company that is approved by the federal home loan mortgage corporation or the federal national mortgage association.

Sec. 3. Section 35-706, Arizona Revised Statutes, is amended to read:

35-706. Corporate powers

A. In addition to the powers granted to an industrial development authority by law, the authority has the following powers, together with all powers incidental or necessary for the performance of those powers:

1. To acquire, whether by purchase, exchange, gift, lease or otherwise establish, construct, improve, maintain, equip and furnish one or more projects.

2. To lease to others any or all of its projects, to charge and collect rent and to terminate any lease ~~upon~~ ON the failure of the lessee to comply with any of the obligations of the lease.

3. To sell, exchange, donate and convey to others any or all of its projects or properties ~~upon~~ ON terms and conditions as its board of directors may deem advisable, including the power to receive for any sale the note or notes of the purchaser of the project or property, whenever its board of directors finds the action to further advance the interest of the corporation.

4. To issue its bonds for the purpose of carrying out any of its powers.

5. To mortgage and pledge any or all of its projects and properties, whether owned or acquired, and to pledge the revenues, proceeds and receipts or any portion of the revenues, proceeds and receipts from a project as security for the payment of the principal of and interest on any bonds so issued and any agreements made in connection therewith.

6. To contract with and employ others to provide and to pay compensation for professional services and other services as the board of directors deems necessary for the financing of projects and for the business of the corporation.

7. To refund outstanding obligations incurred by an enterprise to finance the cost of a project when the board of directors finds that the refinancing is in the public interest.

8. To invest and reinvest funds under the control of the corporation and bond proceeds pending application thereof to the purposes for which the bonds were issued, subject only to the provisions of any bond resolution, lease or other agreement entered into by the board of directors.

9. To make secured or unsecured loans for the purpose of financing or refinancing the acquisition, construction, improvement, equipping or operating of a project and to charge and collect interest on the loans and pledge the proceeds of loan agreements as security for the payment of the principal and interest of any bonds, or designated issues of bonds, issued by the corporation, and any agreements made in connection with the loan, whenever the board of directors finds the loans to further advance the interest of the corporation or the public.

10. To acquire and hold obligations of any kind to carry out any of its purposes.

11. Subject to this section, to make loans to any bank, savings and loan institution, credit union or other mortgage lender, whether organized or existing under the laws of this state, another state or the United States, ~~which~~ THAT is qualified to do business in this state, for the purpose of enabling the institutions to make loans to finance the acquisition, construction, improvement or equipping of projects ~~which~~ THAT are owner-occupied single family dwelling units to be occupied by persons of low and moderate income, as determined by the corporation. The loans shall be fully secured in the same manner as deposits of public funds or by loans secured by mortgages, deeds of trust or other security instruments guaranteed or insured by the United States, or any instrumentality thereof, or by any private mortgage insurance or surety company ~~which~~ THAT is approved by the

federal home loan mortgage corporation or the federal national mortgage association and ~~which~~ THAT is licensed to do business in this state, if the private mortgage insurance shall be in a dollar amount sufficient to satisfy the mortgage insurance requirements for loans eligible to be purchased by the federal home loan mortgage corporation or the federal national mortgage association or any other agency or department of the United States. The security shall not be necessary if the bonds issued to make the loans are guaranteed or insured by an agency, department or instrumentality of the United States. Any bonds issued to make loans shall be ratable as "A" or better by a nationally recognized bond rating agency.

12. Subject to this section, to purchase or enter into advance commitments to purchase loans or any loan interests secured by mortgages, deeds of trust or other security instruments relating to projects ~~which~~ THAT are owner-occupied single family dwelling units from or with any bank, savings and loan institution, credit union or other mortgage lender, whether organized or existing under the laws of this state, another state or the United States, ~~which~~ THAT is qualified to do business in this state, on terms and conditions as may be determined by the corporation. The purpose of the purchases shall be to finance directly or indirectly the acquisition, construction, improvement or equipping of projects ~~which~~ THAT are owner-occupied single family dwelling units to be occupied by persons of low and moderate income. If the bonds issued to make purchases are not guaranteed or insured by an agency, department or instrumentality of the United States or secured by a letter of credit, insurance policy, surety bond or other credit facility from a financial institution or a combination of such instruments, the purchased loans shall be guaranteed or insured by the United States or any agency, department, or instrumentality thereof, or by any private mortgage insurance or surety company ~~which~~ THAT is approved by the federal home loan mortgage corporation or the federal national mortgage association or secured by a letter of credit, insurance policy, surety bond or other credit facility from a financial institution or a combination of such instruments. In the case of private mortgage insurance, the insurance shall be in a dollar amount sufficient to satisfy the mortgage insurance requirements for loans eligible to be purchased by the federal home loan mortgage corporation or the federal national mortgage association or any other agency or department of the United States. Any bonds issued to purchase loans shall be ratable as "A" or better by a nationally recognized bond rating agency. If the purchased loans have not been originated on

behalf of the corporation to directly finance projects, the corporation shall require that the institution receiving proceeds from the sale of the loans use the proceeds to make loans to finance or refinance the acquisition, construction, improvement or equipping of projects ~~which~~ THAT are owner-occupied single family dwelling units to be occupied by persons of low and moderate income, as determined by the corporation.

13. To elect not to issue an amount of qualified mortgage revenue bonds which it may otherwise issue during any calendar year and to issue instead mortgage credit certificates pursuant to a qualified mortgage credit certificate program as defined in section 35-901.

14. To make loans to any person or entity owning residential property or to make loans to any bank, savings and loan association, credit union or other mortgage lender, or to purchase or enter into advance commitments to purchase funding for the repair or improvement of property related to residential or neighborhood improvement projects. An authority may issue its bonds or incur other obligations to fund loans or purchases. An authority shall establish the provisions relating to bonds or other obligations, including the security for the loans, and shall establish the guidelines for the approval, funding, purchasing and security of the loans.

15. To enter into contracts and execute any agreements or instrument and do any other act necessary or appropriate to carry out its purposes.

16. To exercise the powers granted by this chapter, including through the issuance of bonds, to provide financing or refinancing for projects other than a project as defined in section 35-701, paragraph ~~8~~ 7, subdivision (a), item ~~(v)~~ (ii), located in whole or in part outside this state, provided that the board of directors of the corporation has determined that the exercise of such powers will provide a benefit within this state.

B. The corporation shall not have the power to operate any project as a business other than as lessor or seller nor shall any corporation make any loans pursuant to subsection A, paragraph 9 of this section for projects ~~which~~ THAT are owner-occupied single family dwelling units except by utilizing as its contract agent a mortgage lender, whether organized or existing under the laws of this state, another state or the United States, ~~which~~ THAT is qualified to do business in this state. Any project established pursuant to subsection A, paragraph 14 of this section is not required to use a mortgage lender as its contract agent. The corporation shall not permit any funds derived from the sale of its bonds to be used, loaned or provided for the acquisition of any facilities of a public utility

1 or public service corporation, except as provided in section 35-701. The
2 corporation shall comply with title 38, chapter 3, article 3.1.
3 C. A person's or family's eligibility for an owner-occupied single
4 family dwelling unit financed pursuant to subsection A, paragraph 11, 12 or
5 13 of this section shall be determined by considering the person's or
6 family's income. Owner-occupied single family dwelling units shall only be
7 financed as provided in subsection A, paragraphs 11, 12 and 13 of this
8 section unless the owner-occupied single family dwelling units are located in
9 an area designated pursuant to section 36-1479 as a slum or blighted area as
10 defined in section 36-1471 by a municipality having a population of more than
11 two hundred fifty thousand persons according to the most recent United States
12 decennial census or a special census conducted in accordance with section
13 42-5033.
14 D. In the exercise of its powers authorized in this section with
15 respect to projects ~~which~~ THAT are owner-occupied single family dwelling
16 units to be occupied by persons of low and moderate income and financed
17 pursuant to subsection A, paragraphs 11 and 12 of this section, the
18 corporation shall establish, subject to approval by the governing body of the
19 authorizing county or municipality, standards and requirements applicable to
20 the purchase of loans or the making of loans to mortgage lenders, including:
21 1. The eligibility of mortgage lenders, including the requirement that
22 all mortgage lenders be approved as mortgagees by the federal housing
23 administration and the United States department of veterans affairs and be
24 approved as sellers and servicers of mortgage loans by the federal national
25 mortgage association or federal home loan mortgage corporation.
26 2. The time within which mortgage lenders must make commitments and
27 disbursements for mortgage loans.
28 3. The character of residences to be financed by mortgage loans.
29 4. The eligibility of persons of low and moderate income, including
30 the requirement that no person of low and moderate income may receive, more
31 than once in a three year period, a mortgage loan financed directly or
32 indirectly from the proceeds of bonds issued by the corporation.
33 5. The terms and conditions of mortgage loans to be acquired.
34 6. The amounts and types of insurance coverage required on residences,
35 mortgages and bonds.
36 7. The representations and warranties of mortgage lenders confirming
37 compliance with the standards and requirements.

8. Restrictions as to interest rate and other terms of mortgage loans and the return realized on mortgage loans by mortgage lenders.

9. The type and amount of collateral security to be provided to assure repayment of any loans from the corporation and to assure repayment of bonds.

10. Assignment of the mortgage loans to a trustee acting on behalf of the corporation which shall be either a bank or trust company doing business in this state, having an officially reported combined capital surplus, undivided profits and reserves of not less than fifteen million dollars. Trustees must be approved to sell mortgages to and service mortgages for the federal national mortgage association and the federal home loan mortgage corporation.

11. Any other matters related to the purchase of mortgage loans or the making of loans to mortgage lenders deemed relevant by the corporation. In establishing standards and requirements, the corporation shall be guided by the following standards:

(a) The amount of mortgage monies proposed to be made available in the area is to be reasonably related to the demand for mortgage monies.

(b) For projects of owner-occupied single family dwelling units to be occupied by persons of low and moderate income and financed pursuant to subsection A, paragraphs 11 and 12 of this section, at least ten ~~per cent~~ PERCENT of all mortgage monies proposed to be made available by the corporations other than mortgage monies reserved for any period to finance mortgage loans on residences located within an area designated as a slum or blighted area as defined in section 36-1471 shall be reserved for at least a three month period for the financing of mortgage loans on manufactured housing unless the Arizona commerce authority determines that any bonds issued to make loans will not be ratable as "A" or better by a nationally recognized bond rating agency, in which case no such reservation is required. If all the mortgage monies reserved for manufactured housing are not committed or used to make mortgage loans during this three month period, the mortgage lender may allocate the remaining monies to finance mortgage loans on any single family dwelling unit.

(c) Any departure from the level of commitment fees, origination fees or servicing fees normally charged by a mortgage lender is to be justified in the context of the transaction.

(d) The costs, fees and expenditures associated with the issuance of bonds are to be reasonably related to the services provided.

E. Only corporations, the formations of which have been approved by the governing body of a county having a population of more than seven ~~per cent~~ PERCENT of the total state population computed according to the most recent United States decennial census or by the governing body of a municipality having a population of more than seven ~~per cent~~ PERCENT of the total state population computed according to the most recent United States decennial census, shall have the powers granted in subsection A, paragraphs 11, 12 and 13 of this section. Except as provided in section 35-913, subsections E and F, a corporation shall not exercise the powers granted in subsection A, paragraphs 11, 12 and 13 of this section outside of its jurisdiction. For the purposes of a refunding of any mortgage revenue bond issued before January 1, 2000, the proceeds from the refunding may be used outside the jurisdiction of the corporation issuing the refunding bonds except the corporation issuing the refunding bonds shall obtain the consent from another corporation with powers granted in subsection A, paragraphs 11, 12 and 13 of this section if the proceeds of the refunding are to be used within the jurisdiction of that corporation. For the purposes of exercising the powers granted in subsection A, paragraphs 11, 12 and 13 of this section, the jurisdiction of a corporation formed on behalf of a county includes all incorporated and unincorporated territory in the county.

F. A corporation may not permit proceeds of bonds or a qualified mortgage credit certificate program to be used to finance projects ~~which~~ THAT are owner-occupied single family dwelling units within the corporate limits of an incorporated city or town unless the governing body of the city or town has approved the general location and character of the residences to be financed. The corporation, prior to the issuance of bonds or mortgage credit certificates for that purpose, shall give written notice to the governing body of each city or town in which it intends to permit proceeds of an issue of bonds or mortgage credit certificates to be used to finance projects ~~which~~ THAT are owner-occupied single family dwelling units and of the general location and character of the residences ~~which~~ THAT may be financed. The governing body of the city or town shall be deemed to have given its approval unless it has denied approval by formal action of the governing body within twenty-one days after receiving the written notice from the corporation. Approvals given or deemed to have been given with respect to use of proceeds of an issue of bonds or mortgage credit certificates under this subsection may not be withdrawn. Denials may be withdrawn by the governing body of a city or town and approval may be given thereafter if the corporation issuing

the bonds or mortgage credit certificates approves the withdrawal of the denial.

G. Two or more corporations with the powers granted by subsection E of this section may provide:

1. That a corporation, the formation of which was approved by the governing body of a county or city, may exercise the powers granted in subsection A, paragraphs 11, 12 and 13 of this section, with respect to owner-occupied single family dwelling units located in all counties and cities ~~which~~ THAT are parties to a cooperative agreement.

2. For the joint exercise by two or more corporations, each formed with the approval of a governing body executing the cooperative agreement, of the powers granted in subsection A, paragraphs 11, 12 and 13 of this section, with respect to owner-occupied single family dwelling units located in all counties and cities ~~which~~ THAT are parties to the cooperative agreement. The agreement shall specify the calendar year or years for which it is effective, the means by which the agreement may be terminated prior to the expiration of the calendar year or years and the aggregate principal amount of bonds ~~which~~ THAT may be issued by the designated corporation or corporations to exercise the powers pursuant to the agreement. The corporation or corporations designated in the agreement to exercise the powers in the counties and cities ~~which~~ THAT are parties to the agreement are the only corporation or corporations authorized and having jurisdiction to exercise the powers and to issue bonds to carry out the powers in the counties and cities while the agreement is in effect. The combined jurisdictions of all the counties and cities ~~which~~ THAT are parties to the cooperative agreement are the jurisdictions of the corporation or corporations designated to exercise the powers granted in subsection A, paragraphs 11, 12 and 13 of this section within the meaning of the mortgage subsidy bond tax act of 1980 (P.L. 96-499; 26 United States Code section 103A).

H. It shall not be a conflict of interest under title 38, chapter 3, article 8, and this chapter, for any trustee or any mortgage lender to enter into loan agreements with, or to sell mortgage loans to, the corporation as contemplated in subsection A, paragraphs 11, 12 and 13 of this section, act for or under contract with the corporation as a mortgage originator, servicer, paying agent or depository, act as holder or dealer of bonds of the corporation or have as a director, officer or employee any member of the board of directors of the corporation or any combination.

I. The department of economic security shall once in each calendar year on or before March 1 determine the median family income of this state for the purposes of this chapter.

J. All areas in this state ~~which~~ THAT are either designated pursuant to section 36-1479 as slum or blighted areas as defined in section 36-1471 or designated as pockets of poverty by the United States department of housing and urban development are designated as areas of chronic economic distress within the meaning of the mortgage subsidy bond tax act of 1980 (P.L. 96-499; 26 United States Code section 103A).

K. Any corporation that is described in subsection E of this section and that desires to exercise the powers granted in subsection A, paragraphs 11, 12 and 13 of this section, with respect to owner-occupied single family dwelling units located in two or more counties, may do so if the corporation, before issuing bonds or mortgage credit certificates for that purpose, gives written notice to the governing bodies of the other counties and their respective corporations, if any, of its intent to permit the proceeds of an issue of bonds or mortgage credit certificates to finance projects within its jurisdiction ~~which~~ THAT are owner-occupied single family dwelling units. The governing body of a county and its respective corporation, if any, ~~which~~ THAT have been given notice are deemed to have approved the use of the proceeds or mortgage credit certificates for owner-occupied single family dwelling units within their jurisdiction and approved the use of any state ceiling, as defined in section 35-901, unless approval is denied by formal action of the governing body or the board of directors of the corporation, if any, within twenty-one days after receiving written notice from the corporation. Absent a denial of approval as stated in this subsection, a cooperative agreement providing for the exercise of the powers granted in subsection A, paragraphs 11, 12 and 13 of this section is deemed to exist among the applicable counties or corporations. Approvals given or deemed to have been given with respect to the matters stated in this subsection may not be withdrawn. Denials by the governing body of a county apply only to the unincorporated areas of the county. Denials may be withdrawn by the governing body of a county and approval may be given thereafter if the corporation issuing the bonds or mortgage credit certificates approves the withdrawal of the denial. Mortgage credit certificates and bond proceeds issued pursuant to this subsection shall be available on an equitable basis within each of the participating counties.

L. THE CORPORATION SHALL PROMPTLY NOTIFY THE GOVERNING BODY OF:

1. ANY LAWSUIT FILED AGAINST THE CORPORATION.

2. ANY INVESTIGATION OF THE CORPORATION INITIATED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

Sec. 4. Section 35-708, Arizona Revised Statutes, is amended to read:

35-708. Financing certain owner-occupied single family dwellings; exception

A. For purposes of section 35-701, paragraph ~~7~~ 6, in areas other than a slum or blighted area, the authority undertaking the bond issue shall set aside for sixty days thirty ~~per cent~~ PERCENT of the mortgages for owner-occupied single family dwelling units for persons and families whose income is below the median family income of this state.

B. This section does not apply to projects described in section 35-701, paragraph ~~8~~ 7, subdivision (a), item ~~(vi)~~ (iii) or programs established pursuant to section 35-706, subsection A, paragraph 14.

Sec. 5. Section 35-901, Arizona Revised Statutes, is amended to read:

35-901. Definitions

In this chapter, unless the context otherwise requires:

1. "Authority" means the Arizona commerce authority.

2. "Bond" means any obligation ~~which~~ THAT is subject to the provisions of section 146 of the code, excluding obligations that received a carry-forward allocation in a prior year.

3. "Business day" means between the hours of 8:00 a.m. and 5:00 p.m., mountain standard time, any day of the week other than a Saturday, a Sunday or a legal holiday or a day on which the authority is authorized or obligated by law or executive order to close.

4. "Carry-forward project" means any project receiving a carry-forward allocation pursuant to section 35-907.

5. "Certificate of closing" means the certificate of closing adopted for use by and to be filed with the authority declaring that bonds were issued or that a qualified mortgage credit certificate program has been established.

6. "Chief executive officer" means the chief executive officer of the authority.

7. "Code" means the United States internal revenue code of 1986, as amended, and its applicable regulations.

8. "Confirmation" means the allocation confirmation ~~which~~ THAT confirms an allocation to a project in the form adopted for use by the authority.

9. "Issued" means, with respect to a bond or bonds, either of the following:

(a) The bond or bonds have been delivered and paid for in full.

(b) For bonds issued pursuant to a draw-down loan for which a bond purchaser has agreed to receive and pay for the bonds of the issue in increments from time to time, all of the bonds are treated as issued on the first date on which the aggregate principal amount of such bonds delivered and paid for exceeds the lesser of fifty thousand dollars or five ~~per cent~~ PERCENT of the aggregate issue price of the issue.

10. "Issuer" means an entity or person issuing bonds.

11. "Manufacturing project" means a project as described in section 35-701, paragraph ~~8~~ 7, subdivision (a), item ~~(i), (ii), (x)~~ (vii) or ~~(xiii)~~ (x).

12. "Mortgage credit certificate" means a certificate as described in section 25(c)(1) of the code.

13. "Nonurban area" means all areas of this state not within the boundaries of the urban cities.

14. "Notice of intent" means the notice of intent to be filed with the authority in the form adopted for use by the authority.

15. "Project" means a qualified mortgage credit certificate program or any construction, acquisition, planned expenditure or other activity, including all phases of a multiphased project ~~which~~ THAT requests allocations in the same year and including costs of issuance, capitalized interest and discounts, financed with bonds and located in this state or directly benefiting residents of this state. All qualified mortgage credit certificate programs and qualified mortgage revenue bonds, or combinations of such programs and bonds, of a single issuer or group of issuers acting together, constitute a single project for the purposes of this paragraph.

16. "Qualified mortgage credit certificate program" means a qualified mortgage credit certificate program as described in section 25(c)(2) of the code.

17. "Qualified mortgage revenue bonds" means an issue of bonds as described in section 143(a) of the code.

18. "Qualified student loan project" means an issue of bonds as described in section 144(b) of the code.

19. "Request" means the request for allocation to be filed with the authority in the form adopted for use by the authority.

20. "Security deposit" means cash, a bank cashier's check, a surety bond, a letter of credit or any other form of security approved by the chief executive officer in favor of the authority that is received by the authority from an issuer or user to secure or extend an allocation.

21. "State ceiling" means the dollar limit of the aggregate amount of private activity bonds ~~which~~ THAT may be issued in this state pursuant to section 146 of the code for each calendar year, beginning in 1988.

22. "Tax reform act of 1986" means P.L. 99-514 enacted by the ninety-ninth Congress, second session in 1986.

23. "Urban city" means a city having a population of not less than one hundred thousand persons according to the most recent United States decennial or special census. The area of each urban city is the boundary of the city as of January 1 of the current calendar year.

24. "Year" means the calendar year.

Sec. 6. Section 36-1474, Arizona Revised Statutes, is amended to read:

36-1474. Powers of municipalities

A. Every municipality shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this article, including the following powers in addition to others granted by this article:

1. To prepare or cause to be prepared redevelopment plans and to undertake and carry out redevelopment projects within its area of operation.

2. To arrange or contract for the furnishing or repair, by any person or agency, public or private, of services, privileges, works, streets, roads, public utilities or other facilities for or in connection with a redevelopment project, and anything to the contrary contained in this article or any other provision of law notwithstanding, to agree to any conditions that it deems reasonable and appropriate attached to federal financial assistance and imposed pursuant to federal law relating to the determination of prevailing salaries or wages or compliance with labor standards, in the undertaking or carrying out of a redevelopment project, and to include in any contract let in connection with a redevelopment project, provisions to fulfill the conditions as it deems reasonable and appropriate.

3. Within its area of operation:

(a) To purchase, lease, obtain options ~~upon~~ ON, acquire by gift, grant, bequest, devise, eminent domain or otherwise, any real or personal

1 property or any interest in the property, together with any improvements on
2 the property, necessary or incidental to a redevelopment project.
3 (b) To hold, improve, clear or prepare for redevelopment any such
4 property.
5 (c) To sell, lease, exchange, transfer, assign, subdivide, retain for
6 its own use, mortgage, pledge, hypothecate or otherwise encumber or dispose
7 of any real or personal property or any interest in the property in a
8 redevelopment project.
9 (d) To enter into contracts with redevelopers of property containing
10 covenants, restrictions and conditions regarding the use of the property for
11 residential, commercial, industrial, recreational or other purposes or for
12 public purposes in accordance with a redevelopment plan and the other
13 covenants, restrictions and conditions as the municipality deems necessary to
14 prevent a recurrence of conditions that qualify an area as a slum or blighted
15 area or to effectuate the purposes of this article. A municipality may not
16 exercise the power of eminent domain unless the municipality makes a separate
17 determination by a two-thirds vote of the local governing body that the
18 property is critical to the project and the existing use of the property is
19 not compatible with the proposed use and cannot be incorporated into or
20 excluded from the proposed redevelopment project.
21 (e) To make any of the covenants, restrictions or conditions of the
22 foregoing contracts covenants running with the land and to provide
23 appropriate remedies for any breach of these covenants or conditions,
24 including the right in the municipality to terminate these contracts and any
25 interest in the property created pursuant thereto.
26 (f) To borrow money and issue bonds and provide security for loans or
27 bonds.
28 (g) To insure or provide for the insurance of any real or personal
29 property or operations of the municipality in a redevelopment project of the
30 municipality against any risks or hazards, including the power to pay
31 premiums on the insurance.
32 (h) To enter into any contracts necessary to effectuate the purposes
33 of this article.
34 No statutory provision with respect to the acquisition, clearance or
35 disposition of property by public bodies shall restrict a municipality in
36 these functions with respect to a redevelopment project, unless the
37 legislature specifically so states.

4. To invest any redevelopment project funds held in reserves or sinking funds or any redevelopment project funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control and to redeem the bonds ~~which~~ THAT have been issued pursuant to section 36-1481 at the redemption price established therein or to purchase the bonds at less than redemption price, all bonds so redeemed or purchased to be cancelled.

5. To borrow money and to apply for and accept advances, loans, grants, contributions and any other form of financial assistance from the federal government, the state, county or other public body or from any sources, public or private, for the purposes of this article, to give such security as may be required and to enter into and carry out contracts in connection therewith. Notwithstanding any other law, a municipality may include in any contract for financial assistance with the federal government for a redevelopment project conditions imposed pursuant to federal law THAT the municipality deems reasonable and appropriate and ~~which~~ THAT are not inconsistent with the purposes of this article.

6. Within its area of operation, to make or have made all surveys, appraisals, studies and plans, including the preparation of a general plan for the development of the municipality, necessary to carry out the purposes of this article and to contract or cooperate with any and all persons or agencies, public or private, to make and to carry out the surveys, appraisals, studies and plans.

7. To prepare plans and provide reasonable assistance for the relocation of families displaced from a redevelopment project area to the extent essential for acquiring possession of and clearing the area or parts of the area to permit the carrying out of the redevelopment project.

8. To appropriate funds and make expenditures necessary to carry out the purposes of this article and to make expenditures from funds obtained from the federal government without regard to any other laws pertaining to the making and approval of appropriations and expenditures.

9. To exercise all or any part or combination of powers granted by this section.

B. A municipality must notify each owner of real property located within the boundaries of a proposed redevelopment project area of the time, date and location of a public meeting concerning the proposed adoption of the redevelopment plan if the municipality intends to acquire that owner's property or any interest in that property. The municipality must provide

1 this notice by first class mail to the address stated on the most recent
2 records of the county assessor.
3 C. The designation of an area as a slum or blighted area terminates
4 ten years after this designation unless substantial action has been taken to
5 remove the slum or blighted conditions. The termination does not affect
6 existing projects as described in section 35-701, paragraph ~~8~~ 7, subdivision
7 (a), item ~~(xiv)~~ (xi) that are within that designated area."
8 Amend title to conform

JEFF WENINGER

2323jw
02/13/2015
1:49 PM
C: meb

Fifty-second Legislature
First Regular Session

BFS
H.B. 2323

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2323

(Reference to Weninger 19-page s/e amendment dated 02/13/15)

1 Page 3, strike lines 26 through 30, insert:
2 "(i) Any enterprise for the manufacturing, processing or assembling of
3 any agricultural or manufactured products.
4 (ii) Any commercial enterprise for the storing, warehousing,
5 distributing or selling of products of agriculture, mining or industry, or of
6 processes related thereto, including research and development."
7 Renumber to conform
8 Page 14, line 1, strike "SHALL PROMPTLY" insert "WITHIN 30 DAYS SHALL UPON ACTUAL
9 NOTICE"
10 Line 2, after "CORPORATION" insert "RELATED TO THE ISSUANCE OF BONDS"
1 Line 3, after "ANY" insert "FORMAL"
12 Amend title to conform

JEFF WENINGER

2323-p1-weninger
2/16/15
10:21 AM
H:laa

Attachment 4

Adopted ✓ # of Verbals _____
Failed _____ Withdrawn _____
Not Offered ____ Analysts Initials ___

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON BANKING AND FINANCIAL SERVICES BILL NO. HB 2323

DATE February 17, 2015 MOTION: DPA S/E

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Allen J		✓			
Mr. Espinoza		✓			
Mr. Farnsworth E		✓			
Mrs. Gabaldón					✓
Ms. McCune Davis		✓			
Mrs. Norgaard		✓			
Mr. Weninger, Vice-Chairman		✓			
Mrs. Brophy McGee, Chairman		✓			
		7	0	0	1

APPROVED:

KATE BROPHY MCGEE, Chairman
JEFF WENINGER, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 5

Local Business San Antonio Express-News

LOCAL BUSINESS

MassVenture jump starts Texas crowdfunding

By David Hendricks | February 16, 2015

0

A San Antonio startup firm, MassVenture, last week became the state's first approved crowdfunding online portal under Texas' new crowdfunding system, MassVenture announced Monday.

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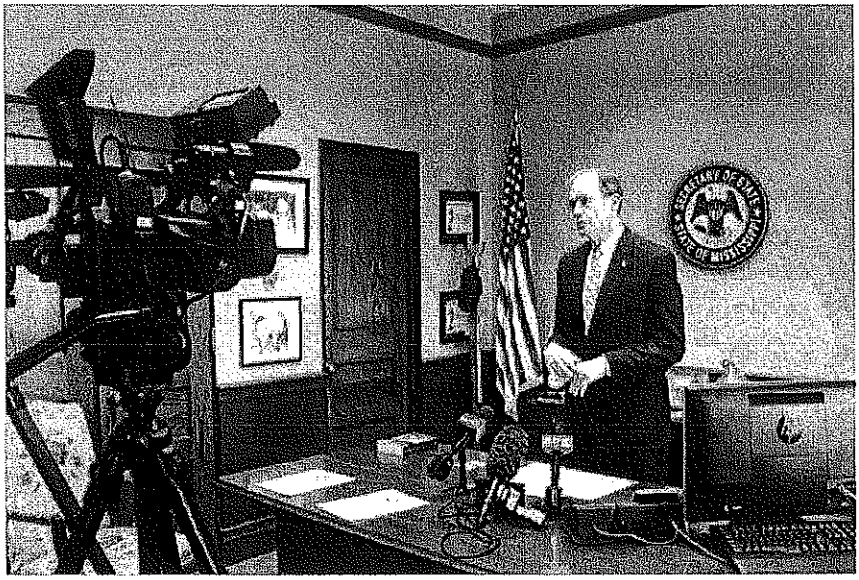
Attachment 6

CROWDFUND INSIDER®

Mississippi Joins the Growing List of States Legalizing Crowdfunding

Tweet

February 16, 2015 @ 8:38 am By JD Alois



Late last year Delbert Hosemann, the Secretary of State of Mississippi, convened a crowdfunding study group to review the potential of allowing investment crowdfunding in their state. According to an announcement lastFriday, Mississippi will be next on the list to legalize the new approach to capital formation. Secretary Hosemann noted the extended delay by the SEC in finalizing rules has become a catalyst for Mississippi to push forward on its own.

Hosemann called the new regulations "a very strong asset for small businesses in Mississippi". Hosemann has been very supportive of the state initiative and the importance of supporting the states entrepreneurs and small businesses.

Investors will be able to commit up to $50,000 for crowdfunding businesses. Companies crowdfunding in the state will not pay any fee to do so (to the state) – the lowest fee in the country. Money may be raised in-state, as well as out of state, according to a statement by Hosemann.

Regulations will be published and available for comments for 30 days and if there are no further issues the regulations will be made final.

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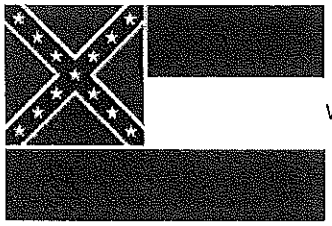
tkeyless.com
Industry Leaders. 75%Off Dealership Prices. Satisfaction Guaranteed!

Bicycle Depot of Arizona
How to Do It Yourself
Subaru 2014 Clearance
2015 Grant Money
Business Plan Template
Cheap Michelin Tires
Forester Clearance 2014
U.S. Veteran ID Card
Kitchen Remodeling Deals

"Crowdfunding is proven way to raise funds to start or expand a small business through the internet, typically through small individual contributions from a large number of investors," said Hosemann. "Mississippi is once again leading the way to encourage small business development, growth for economic development, and create jobs for Mississippians."

While many states have gone the legislative route, Mississippi avoided a convoluted legislative process and created administrative rules.

"In addition to our traditional lending and investment resources, crowdfunding provides greater access to capital for those Mississippi entrepreneurs who are looking for alternative ways to turn their dreams of business ownership into reality," says John Brandon, Manager of the Entrepreneur Center at the Mississippi Development Authority.



While the JOBS Act was signed into law in 2012, final rules for both Title III (Retail Crowdfunding) and Title IV (Reg A+) remain in limbo. The ongoing delay is widely viewed as a failure in the rule making process. The SEC has been criticized in its inability to come together and create workable rules more than two years following signing of the law.

HOUSE OF REPRESENTATIVES

HB 2416

annual report; licensee; filing extension
Sponsor: Representative Stevens

X Committee on Banking and Financial Services

Caucus and COW

House Engrossed

OVERVIEW

HB 2416 increases the time a consumer lender has to file an annual report to not more than 70 days.

HISTORY

The Arizona Department of Financial Institutions (DFI) was established in 1973 and is responsible for licensing, examining, and supervising financial institutions and enterprises in compliance with state laws that are designed to protect consumers, prevent financial crime, and help ensure sound business operations.

Arizona Revised Statutes § 6-608 requires consumer lenders to submit a report by October 1 of each year to the superintendent of DFI concerning the business and operations of the prior fiscal year. The superintendent may extend the time for filing the report for a period of not more than 60 days.

PROVISIONS

1. Increases the time the superintendent may extend to file an annual report from not more than 60 days to not more than 70 days.

Attachment 7

Fifty-second Legislature
First Regular Session

Analyst Initials _____
February 12, 2015

Fifty-second Legislature
First Regular Session

BFS
H.B. 2416

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2416

(Reference to printed bill)

1 Page 1, after line 22, insert:
2 "Sec. 2. Section 6-122, Arizona Revised Statutes, is amended to read:
3 6-122. Superintendent; authority; duties; exemption
4 A. The superintendent has the authority and responsibility for the
5 discharge of all duties imposed by law on the department.
6 B. The superintendent shall:
7 1. Examine or cause to be examined each financial institution
8 annually, except financial institution holding companies, banks, savings and
9 loan associations, credit unions and consumer lenders, and more frequently if
10 the superintendent considers it necessary.
11 2. Examine or cause to be examined each bank, credit union and savings
12 and loan association at the superintendent's discretion but at least once in
13 every twenty-four month period.
14 3. Examine or cause to be examined the business and affairs of any
15 enterprise and any consumer lender for the purpose of administering and
16 enforcing this title at the superintendent's discretion but at least once in
17 a five year period.
18 4. Examine or cause to be examined financial institution holding
19 companies as frequently as the superintendent considers necessary to
20 administer and enforce this title.
21 5. Notwithstanding paragraph 3 OF THIS SUBSECTION, examine or cause to
22 be examined the accounts held in trust by each escrow agent at least once in
23 every two year period ~~in accordance with~~ PURSUANT TO section 20-1593 and
24 examine or cause to be examined each escrow agent at least once in every four
25 year period or more frequently if the superintendent considers it necessary.
26 6. Notwithstanding paragraph 3 OF THIS SUBSECTION, examine or cause to
27 be examined each premium finance company at least once in every three year
28 period and more frequently if the superintendent considers it necessary.

Attachment 8

Adopted ____ # of Verbals ____
Failed ✓ Withdrawn ____
Not Offered ____ Analysts Initials ____

1 7. Publish a consumer information brochure that includes:
2 (a) The finance charges permitted by this state.
3 (b) The types of insurance that may be offered but that are not
4 required by law to be purchased with the granting of a loan.
5 (c) Interest rate limitations on all lenders including amounts that
6 may not be charged to borrowers.
7 (d) Consumer rights and means of recourse from unfair practitioners.
8 8. ENFORCE SECTION 670 OF THE JOHN WARNER NATIONAL DEFENSE
9 AUTHORIZATION ACT FOR FISCAL YEAR 2007 (P.L. 109-364; 120 STAT. 2083; 10
10 UNITED STATES CODE SECTION 987) OR ANY REGULATION ADOPTED PURSUANT TO THAT
11 ACT, INCLUDING 32 CODE OF FEDERAL REGULATIONS PART 232.
12 C. Notwithstanding subsection B, paragraph 5 of this section, an
13 escrow agent shall be examined within twelve months when an escrow agent's
14 license is transferred or assigned pursuant to section 6-813 or when control
15 of the license is otherwise acquired.
16 D. Subsection B, paragraph 3 of this section does not apply to motor
17 vehicle dealers, sales finance companies or persons licensed under chapter 12
18 of this title.
19 Sec. 3. Section 6-123, Arizona Revised Statutes, is amended to read:
20 6-123. Superintendent; powers
21 In addition to the other powers, express or implied, the superintendent
22 may:
23 1. Exercise all powers that are necessary for the administration and
24 enforcement of the laws and rules relating to financial institutions and
25 enterprises.
26 2. ~~In accordance with~~ PURSUANT TO title 41, chapter 6, adopt rules
27 that are necessary or appropriate to administer, enforce and accomplish the
28 purposes of this title and adopt rules and issue orders that limit
29 transactions between financial institutions or enterprises and the directors,
30 officers or employees of the financial institutions or enterprises.
31 3. Require appropriate records, documents, information and reports
32 from any financial institution or enterprise.

4. Submit to the department of public safety, or the nationwide mortgage licensing system and registry established by the secure and fair enforcement for mortgage licensing act of 2008 (P.L. 110-289; 122 Stat. 2810; 12 United States Code sections 5101 through 5116) or its successor, the name and fingerprints of any applicant, licensee, active manager or responsible individual or the name and fingerprints of any organizer, director or officer of any corporate applicant or licensee for:

(a) A banking permit.

(b) Permission to organize a savings and loan association or credit union.

(c) Any license.

(d) Any certificate.

(e) Authority to engage in interstate banking and branching in this state.

The department of public safety shall report the criminal record, if any, of such applicant, licensee or organizer, director or officer of such corporate applicant or licensee within ninety days ~~of~~ AFTER receipt of the request of the superintendent.

5. Employ appraisers to appraise any property that is owned or held as security by any financial institution or enterprise. The reasonable expenses and compensation of such appraisers shall be paid by the financial institution or enterprise.

6. Hold membership in, pay dues to and attend the convention of the national and regional organizations of state officials occupying like offices or performing similar functions.

7. Cooperate with other regulatory agencies and professional associations to promote the efficient, safe and sound operation and regulation of interstate banking and branching activities, including the formulation of interstate examination policies and procedures and the drafting of model rules and agreements.

8. Participate in the nationwide mortgage licensing system and registry established by the secure and fair enforcement for mortgage

1 licensing act of 2008 (P.L. 110-289; 122 Stat. 2810; 12 United States Code
2 sections 5101 through 5116) or its successor. The superintendent may allow
3 the system to collect licensing fees on behalf of the superintendent, to
4 collect a processing fee for the services of the system directly from each
5 applicant for a license or licensee and to process and maintain records on
6 behalf of the superintendent, including information collected pursuant to
7 this section and section 6-123.01. This paragraph does not affect the
8 records disclosure requirements and limitations prescribed in section
9 6-129.01.
10 9. TO ASSIST IN ENFORCEMENT THAT IS REQUIRED PURSUANT TO SECTION
11 6-122, SUBSECTION B, PARAGRAPH 8, ENTER INTO AN AGREEMENT WITH THE FEDERAL
12 TRADE COMMISSION TO ALLOW THE SUPERINTENDENT TO ACCESS THE MILITARY SENTINEL
13 NETWORK THAT IS MAINTAINED BY THE FEDERAL TRADE COMMISSION.
14 Sec. 4. Section 44-283, Arizona Revised Statutes, is amended to read:
15 44-283. Denial, suspension or revocation of licenses
16 A. The administrator may deny a license applied for under this chapter
17 or suspend or revoke a license issued under this chapter on any of the
18 following grounds:
19 1. Material misstatement in the application for a license.
20 2. A violation, either knowingly or without the exercise of due care
21 to prevent the violation, of this chapter or of any rule or order adopted or
22 issued pursuant to this chapter.
23 3. Defrauding any retail buyer to the buyer's damage.
24 4. Fraudulent misrepresentation, circumvention or concealment by the
25 licensee through whatever subterfuge or device of any of the material
26 particulars or the nature thereof required to be stated or furnished to the
27 retail buyer under this article.
28 5. Conviction in any state of a felony or a misdemeanor involving
29 breach of trust or dishonesty.
30 6. Having a judgment or order entered against the licensee or
31 applicant by an administrative agency of this or any other state or by the
32 federal government in which one of the bases of the judgment or order is

1 fraud, deceit or misrepresentation, if the conduct was engaged in directly by
2 the licensee or applicant or was authorized, solicited, commanded or
3 knowingly permitted by the directors or senior management of the licensee or
4 applicant.

5 7. FOR GOOD CAUSE, INCLUDING A VIOLATION OF ANY STATUTE, RULE, ORDER
6 OR WRITTEN CONDITION OF THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS OR ANY
7 FEDERAL STATUTE, RULE OR REGULATION RELATING TO A SECONDARY MOTOR VEHICLE
8 FINANCE TRANSACTION.

9 B. If a licensee is a firm, association or corporation, it is
10 sufficient cause for the suspension or revocation of a license that any
11 officer, director or trustee of a licensed firm, association or corporation,
12 or any member of a licensed partnership, has so acted or failed to act as
13 would be cause for suspending or revoking a license to such party as an
14 individual. Each licensee is responsible for the acts of any or all of the
15 licensee's employees while acting as the licensee's agent, if the licensee
16 after actual knowledge of the acts retained the benefits, proceeds, profits
17 or advantages accruing from the acts or otherwise ratified the acts.

18 C. IF A PERSON HAS A LICENSE SUSPENDED OR REVOKED PURSUANT TO THIS
19 SECTION, THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS MAY SUSPEND OR REVOKE
20 ANY OTHER LICENSE THAT THE DEPARTMENT OF FINANCIAL INSTITUTIONS HAS ISSUED TO
21 THE PERSON.

22 ~~C.~~ D. Hearings on the denial, suspension or revocation of a license
23 shall be conducted pursuant to title 41, chapter 6, article 10. No
24 revocation, suspension or surrender of any license shall impair or affect the
25 obligation of any lawful retail installment contract acquired by the licensee
26 before the revocation, suspension or surrender of the license.

27 Sec. 5. Section 44-291, Arizona Revised Statutes, is amended to read:

28 44-291. <u>Computation of interest; prepayment rebate; additional</u>
29 <u>charges; secondary motor vehicle finance</u>
30 <u>transaction; definitions</u>

A. Except as provided in subsections G and H of this section, under a retail installment contract it is lawful to charge and receive interest not to exceed the maximum rate set by contract.

B. The finance charge may be computed either at a single annual percentage rate using the actuarial method or it may be precomputed on the assumption that all payments will be made in the amount and on the dates scheduled. If the finance charge is precomputed, the fact that payments are made either before or after the date due does not affect the amount of finance charge ~~which~~ THAT the seller or holder may charge or receive. If the precomputed contract balance is prepaid in full by cash, a new loan, refinancing or otherwise, the seller or holder shall charge only for the finance charge ~~which~~ THAT has been earned and unpaid late payment or delinquency charges as of the date of prepayment, and the buyer shall receive a rebate of that portion of the precomputed finance charge ~~which~~ THAT is the difference between the total precomputed finance charges and the charges at the contract finance charge computed on the unpaid principal balance based on the number of days or months to maturity based on either a thirty day month - three hundred sixty day year or daily three hundred sixty-five or three hundred sixty-six day year on the number of days remaining to final maturity, except that the number of days shall be the same as that used in calculating the finance charge as prescribed in subsection C of this section. The amount of such rebate shall not be computed pursuant to the method commonly known as the "rule of 78's". To simplify the calculation of earned finance charge, it is permissible to assume that all payments were made as originally scheduled or as otherwise mutually agreed.

C. It is permissible to calculate a finance charge on an annual basis of twelve months of thirty days each, or on a daily basis if a day is counted as 1/360th, 1/365th~~,~~ or 1/366th of a year, as the buyer and seller or holder may agree by writing. The seller or holder may also charge a late payment or delinquency charge, in addition to all finance charges permitted, on each installment not paid in full on the tenth day after its due date in an amount not to exceed five ~~per cent~~ PERCENT of the unpaid balance of the installment.

1 D. In addition to the cash sale price of the vehicle, the seller may
2 charge for any insurance premiums incurred in connection with the retail
3 installment transaction.
4 E. Notwithstanding the late payment or delinquency charge provided in
5 subsection C of this section, in a commercial transaction, the seller or
6 holder may charge a late payment or delinquency charge, in addition to all
7 finance charges permitted, on each installment not paid in full on the tenth
8 day after its due date in an amount of not more than five ~~per cent~~ PERCENT of
9 the unpaid balance of the installment.
10 F. Any sales finance company may purchase or acquire or agree to
11 purchase or acquire from any seller any contract on such terms and conditions
12 as may be agreed on between them. Filing of the assignment notice to the
13 buyer of the assignment and any requirement that the holder maintain dominion
14 over the payments or the motor vehicle if repossessed is not necessary to the
15 validity of a written assignment of a contract as against creditors,
16 subsequent purchasers, pledgees, mortgagees and lien claimants of the seller.
17 Unless the buyer has notice of the assignment of his contract, payment under
18 the contract made by the buyer to the last known holder of such contract is
19 binding on all subsequent holders.
20 G. If the retail installment contract is a secondary motor vehicle
21 finance transaction, the seller, bailor, lender or lessor shall determine the
22 annual secondary motor vehicle finance rate and all charges relating to the
23 sale, conditional sale, bailment or lease and repurchase of the vehicle. The
24 seller, bailor, lender or lessor shall calculate the annual secondary motor
25 vehicle finance rate by multiplying the monthly secondary motor vehicle
26 finance rate by twelve. A retail installment contract that is a secondary
27 motor vehicle finance transaction is subject to the following maximum finance
28 rates on a secondary motor vehicle finance contract in the original principal
29 amount of:
30 1. Five hundred dollars or less, a monthly finance rate of seventeen
31 ~~per cent~~ PERCENT.

2. More than five hundred dollars but not more than two thousand five hundred dollars, a monthly finance rate of fifteen ~~per cent~~ PERCENT.

3. More than two thousand five hundred dollars but not more than five thousand dollars, a monthly finance rate of thirteen ~~per cent~~ PERCENT.

4. More than five thousand dollars, a monthly finance rate of ten ~~per cent~~ PERCENT.

H. Except as the result of an accidental or bona fide error, if the licensee charges, contracts for or receives any amount in excess of the finance charges and other fees expressly permitted by this chapter, the secondary motor vehicle transaction is voidable and the licensee has no right to collect or receive any principal, finance charges or other fees in connection with that secondary motor vehicle finance transaction. Any secondary motor vehicle finance transaction that is made by a person who is required to be licensed pursuant to this chapter but who is not licensed is void, and the person has no right to collect, receive or retain any principal, finance charges or other fees in connection with that secondary motor vehicle finance transaction.

I. Section 44-287, subsection B does not apply to a secondary motor vehicle finance transaction if the contract complies with the disclosure requirements prescribed in federal law. The seller shall conspicuously disclose in the contract the annual secondary motor vehicle finance rate.

J. FOR SECONDARY MOTOR VEHICLE FINANCE TRANSACTIONS, A VIOLATION OF SECTION 670 OF THE JOHN WARNER NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2007 (P.L. 109-364; 120 STAT. 2083; 10 UNITED STATES CODE SECTION 987) OR ANY REGULATION ADOPTED PURSUANT TO THAT ACT, INCLUDING 32 CODE OF FEDERAL REGULATIONS PART 232, IS A VIOLATION OF THIS SECTION.

~~J.~~ K For the purposes of this section:

1. "Actuarial method" means the method of allocating payments made on a debt between the unpaid principal balance and the finance charge pursuant to which a payment is applied first to the finance charge due and any remainder is subtracted from the unpaid principal balance.

1 2. "Commercial transaction" means a transaction in which the motor
2 vehicle is intended by the borrower for use primarily for other than
3 personal, family or household purposes."
4 Amend title to conform

DEBBIE McCUNE DAVIS

2416-p1-mccunedavis
2/16/15
10:06 AM
H:laa

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON BANKING AND FINANCIAL SERVICES BILL NO. 2416 S1E

DATE February 17, 2015 MOTION: FAILED

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Allen J			✓		
Mr. Espinoza		✓			
Mr. Farnsworth E			✓		
Mrs. Gabaldón					✓
Ms. McCune Davis		✓			
Mrs. Norgaard			✓		
Mr. Weninger, Vice-Chairman			✓		
Mrs. Brophy McGee, Chairman			✓		
		2	5	0	1

APPROVED:

KATE BROPHY MCGEE, Chairman
JEFF WENINGER, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 9

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON BANKING AND FINANCIAL SERVICES BILL NO. HB 2416

DATE February 17, 2015 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Allen J		✓			
Mr. Espinoza			✓		
Mr. Farnsworth E		✓			
Mrs. Gabaldón					✓
Ms. McCune Davis			✓		
Mrs. Norgaard		✓			
Mr. Weninger, Vice-Chairman		✓			
Mrs. Brophy McGee, Chairman		✓			
		5	2	0	1

APPROVED:

KATE BROPHY MCGEE, Chairman
JEFF WENINGER, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 12

HOUSE OF REPRESENTATIVES

HB 2591

securities registration; exemption; website operators.
Sponsors: Representatives Weninger, Cardenas, Cobb, et al.

X Committee on Banking and Financial Services

Caucus and COW

House Engrossed

OVERVIEW

HB 2591 provides an exemption for a certain type of securities transaction from statutory registration requirements.

HISTORY

Statute defines *security* in part as any note, stock, treasury stock, bond, commodity investment contract, commodity option, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, or investment contract.

Arizona Revised Statutes, Title 44, Chapter 12 governs the sale or offer for sale of securities within or from Arizona, requires registration of dealers and salesmen, and prohibits fraudulent activity. The Arizona Corporation Commission (Commission) Securities Division provides oversight of securities, securities dealers and salespersons, and investment advisers and their representatives. Additionally, the Securities Division investigates securities violations involving individuals and companies who are not licensed to sell securities.

The Securities Act (Securities Act) of 1933 provides federal oversight in the sale or offer for sale of securities. Enacted in 2012, the Jumpstart Our Business Startups Act (JOBS Act) amended the Securities Act to create a new exemption for offerings of "crowdfunded" securities. Specifically, the JOBS Act provides certain exemptions for issuers when they offer and sell up to $1 million in securities, provided that individual investments do not exceed certain thresholds and the issuer satisfies other conditions in the JOBS Act.

PROVISIONS

1. Exempts a securities transaction from statutory registration requirements relating to the sale of securities if the following criteria are met:
   a. The issuer of the security is a business entity organized under Arizona laws, authorized to do business in the state, and does business pursuant to the Securities Act.
   b. The transaction meets the requirement of the federal exemption for intrastate offerings pursuant to the Securities Act.
   c. The aggregate offering price of the securities complies with the following:
      i. The sum of all cash and other consideration to be received for all sales of securities does not exceed $1M in a 12-month period, if the issuer has not undergone a financial audit of the prior fiscal year,

Attachment 11

ii. The sum of all cash and other consideration to be received for all sales of securities does not exceed $2.5M in a 12-month period, if the issuer has undergone a financial audit of the prior fiscal year,
iii. An offer or sale to an individual occupying similar status as the issuer does not count towards the monetary limitations.

d. All sales that are part of the same offering, made in reliance on the exemption, meet all the terms and conditions of the exemption.

e. The issuer does not accept more than $10,000 from any single purchaser with exception.

f. The issuer submits the following information to the Commission, unless waived, at least 10 days prior to the commencement of an offering of securities:
   i. A notice filing,
   ii. A copy of the disclosure document,
   iii. A copy of the escrow agreement,
   iv. Any other documents or information as required by the Commission.

g. All cash and other consideration paid for securities sold in relating to the exemption are deposited into a single escrow account maintained by a state authorized financial institution.

h. Offers made in relation to the exemption state a target offering amount and an offering deadline of not less than 21 days and not more than 1 year from the date the offer is made.

i. The sum of all cash and other consideration received held in escrow does not equal or exceed 80% of the target offering amount on expiration of the offering deadline or the early closing of the offering.

j. A purchaser is permitted to cancel the commitment to invest at a defined time if certain conditions are met.

k. At least 5 days before the early closing, the issuer closes an offering before the offering deadline after notice of the closing is delivered to each purchaser and posts the notice of closing on applicable websites.

l. Before or as a result of the offering, the issuer is not a certain type of company as outline in this act or subject to the reporting requirements of the Securities Exchange Act of 1934.

m. The issuer informs all prospective purchasers of securities that the securities have not been registered under federal or state laws and that the securities are subject to the limitations on resale.

n. The issuer displays a notice regarding making an investment decision on the disclosure document.

o. The issuer requires each purchaser to certify in writing an understanding and acknowledgement statement.

p. The issuer obtains evidence from a prospective purchaser show in-state residency and investor accreditation.

q. The issuer provides a disclosure document to each prospective purchaser at the time the offer of securities is made containing information which includes, a description of the

company, terms and conditions of the securities and price per unit being offered, and any additional information material to the offering.

r. The exemption is not used if an issuer or person affiliated with the issuer or offering is subject to disqualification.

s. The Commission may set aside disqualification if certain conditions are met.

t. The sale is made exclusively through one or more internet websites that are operated by a dealer who is registered pursuant to statute and complies with the requirements for the offering or sale of securities on the website.

u. The issuer makes and keeps all accounts and other records that the Commission prescribes by rule or order.

v. The issuer provides a quarterly report to the purchasers until no securities issued under the exemption are outstanding.

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON BANKING AND FINANCIAL SERVICES BILL NO. HB 2591

DATE February 17, 2015 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Allen J		✓			
Mr. Espinoza		✓			
Mr. Farnsworth E		✓			
Mrs. Gabaldón					✓
Ms. McCune Davis		✓			
Mrs. Norgaard		✓			
Mr. Weninger, Vice-Chairman		✓			
Mrs. Brophy McGee, Chairman		✓			
		7	0	0	1

APPROVED:

KATE BROPHY MCGEE, Chairman
JEFF WENINGER, Vice-Chairman

COMMITTEE SECRETARY

ATTACHMENT 12