

State of Arizona
Senate
Fifty-second Legislature
First Regular Session
2015

CHAPTER 165
SENATE BILL 1338

AN ACT

AMENDING SECTIONS 6-126, 6-401, 6-402, 6-412, 6-423 AND 6-465, ARIZONA
REVISED STATUTES; RELATING TO FINANCIAL INSTITUTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 6-126, Arizona Revised Statutes, is amended to
3 read:
4 6-126. Application fees for financial institutions and
5 enterprises
6 A. The following nonrefundable fees are payable to the department with
7 the filing of the following applications:
8 1. To apply for a banking permit, ten thousand dollars.
9 2. To apply for an amendment to a banking or savings and loan
10 association permit, one thousand dollars.
11 3. To establish each banking branch office, one thousand five hundred
12 dollars.
13 4. To move a banking office to other than an established office of a
14 bank, one thousand dollars.
15 5. To apply for a savings and loan association permit, ~~ten~~ FIVE
16 thousand dollars.
17 6. To establish each savings and loan association branch office, one
18 thousand five hundred dollars.
19 7. To move an office of a savings and loan association to other than
20 an established office, one thousand dollars.
21 8. To organize and establish a credit union, one hundred dollars.
22 9. To establish each credit union branch or to move a credit union
23 office to other than an established office of a credit union, two hundred
24 fifty dollars.
25 10. To organize and establish any other financial institutions for
26 which an application or investigation fee is not otherwise provided by law,
27 two thousand five hundred dollars.
28 11. To acquire control of a financial institution, other than a
29 consumer lender, five thousand dollars.
30 12. To apply for a trust company license, five thousand dollars.
31 13. To apply for a commercial mortgage banker, mortgage banker, escrow
32 agent or consumer lender license, one thousand five hundred dollars.
33 14. To apply for a mortgage broker, commercial mortgage broker, sales
34 finance company or debt management company license, eight hundred dollars.
35 15. To apply for a collection agency license, one thousand five hundred
36 dollars.
37 16. To apply for a deferred presentment company license, one thousand
38 dollars.
39 17. To apply for a motor vehicle dealer license, three hundred dollars.
40 18. To apply for a branch office of an escrow agent, consumer lender,
41 commercial mortgage banker, mortgage banker, trust company, money
42 transmitter, collection agency or deferred presentment company, five hundred
43 dollars.
44 19. To apply for a branch office of a mortgage broker, commercial
45 mortgage broker, debt management company or sales finance company, two
46 hundred fifty dollars.

- 1 20. To apply for approval of the articles of incorporation of a
2 business development corporation, five hundred dollars.
- 3 21. To apply for approval for the merger or consolidation of two or
4 more financial institutions, five thousand dollars per institution.
- 5 22. To apply for approval to convert from a national bank or federal
6 savings and loan charter to a state chartered institution, five thousand
7 dollars.
- 8 23. To apply for approval to convert from a federal credit union to a
9 state chartered credit union, one thousand dollars.
- 10 24. To apply for approval to merge or consolidate two or more credit
11 unions, five hundred dollars per credit union.
- 12 25. To move an established office of an enterprise to other than an
13 established office, fifty dollars.
- 14 26. To issue a duplicate or replace a lost enterprise's license, one
15 hundred dollars.
- 16 27. To change a responsible person on a mortgage broker's, commercial
17 mortgage broker's, commercial mortgage banker's or a mortgage banker's
18 license, two hundred fifty dollars.
- 19 28. To change an active manager on a collection agency license or a
20 manager of a money transmitter branch office license, two hundred fifty
21 dollars.
- 22 29. To change the licensee name on a financial institution or
23 enterprise license, not more than two hundred fifty dollars.
- 24 30. To apply for a money transmitter license, one thousand five hundred
25 dollars plus twenty-five dollars for each branch office and authorized
26 delegate to a maximum of four thousand five hundred dollars.
- 27 31. To acquire control of any money transmitter or controlling person
28 pursuant to chapter 12 of this title, two thousand five hundred dollars.
- 29 32. To receive the following publications:
- 30 (a) Quarterly bank and savings and loan statement of condition, not
31 more than ten dollars per copy.
- 32 (b) Monthly summary of actions report, not more than five dollars per
33 copy.
- 34 (c) A list of licensees, a monthly pending actions report and all
35 other in-house prepared reports or listings made available to the public, not
36 more than one dollar per page.
- 37 33. To apply for a loan originator license, an amount to be determined
38 by the superintendent.
- 39 34. To apply for a loan originator license transfer, an amount to be
40 determined by the superintendent.
- 41 35. To apply for a conversion from a mortgage banker license to a
42 mortgage broker license, an amount to be determined by the superintendent.
- 43 B. On issuance of a license or permit for a financial institution or
44 enterprise, the superintendent shall collect the first year's annual
45 assessment or renewal fee for the financial institution or enterprise

1 prorated according to the number of quarters remaining until the date of the
2 next annual assessment or renewal.

3 C. The following annual renewal fees shall be paid each year:

4 1. For an escrow agent, or trust company, one thousand dollars plus
5 two hundred fifty dollars for each branch office.

6 2. For a debt management company or sales finance company, five
7 hundred dollars plus two hundred dollars for each branch office.

8 3. For a collection agency, six hundred dollars plus two hundred
9 dollars for each branch office.

10 4. For a motor vehicle dealer, one hundred fifty dollars.

11 5. For an inactive mortgage broker or commercial mortgage broker, two
12 hundred fifty dollars.

13 6. For a mortgage banker that negotiates or closes in the aggregate
14 one hundred loans or less in the immediately preceding calendar year, seven
15 hundred fifty dollars, and for a mortgage banker that negotiates or closes in
16 the aggregate over one hundred loans in the immediately preceding calendar
17 year, one thousand two hundred fifty dollars. In addition, a mortgage banker
18 shall pay two hundred fifty dollars for each branch office.

19 7. For a commercial mortgage banker, one thousand two hundred fifty
20 dollars. In addition, a commercial mortgage banker shall pay two hundred
21 fifty dollars for each branch office.

22 8. For a mortgage broker or commercial mortgage broker that negotiates
23 or closes in the aggregate fifty loans or less in the immediately preceding
24 calendar year, two hundred fifty dollars and for a mortgage broker or
25 commercial mortgage broker that negotiates or closes in the aggregate more
26 than fifty loans in the immediately preceding calendar year, five hundred
27 dollars. In addition, a mortgage broker or commercial mortgage broker shall
28 pay two hundred dollars for each branch office.

29 9. For a consumer lender, one thousand dollars plus two hundred
30 dollars for each branch office.

31 10. For a money transmitter, five hundred dollars plus twenty-five
32 dollars for each branch office and each authorized delegate to a maximum of
33 two thousand five hundred dollars.

34 11. For a deferred presentment company, four hundred dollars. In
35 addition, a deferred presentment company shall pay two hundred dollars for
36 each branch office.

37 12. For a loan originator, an amount to be determined by the
38 superintendent.

39 13. For an inactive status loan originator, an amount to be determined
40 by the superintendent.

41 D. The license, renewal or branch office permit fee for a premium
42 finance company for each calendar year or part thereof shall not be less than
43 one hundred dollars or more than three hundred dollars as set by the
44 superintendent. If the license is issued or the branch office is opened
45 after June 30 in any year, the fees shall not be less than fifty dollars or
46 more than one hundred fifty dollars for that year.

1 Sec. 2. Section 6-401, Arizona Revised Statutes, is amended to read:

2 6-401. Definitions

3 In this chapter, unless the context otherwise requires:

4 1. "Account" means withdrawable capital deposited with or invested in
5 an association in accordance with any plan authorized by the provisions of
6 this chapter unless such term is otherwise designated or qualified.

7 2. "Aggregate withdrawal value" means the sum of all payments made on
8 all accounts of the association, all dividends and bonuses credited or
9 allocated to such accounts and all dividends credited to "divided profits"
10 for subsequent crediting to accounts upon maturity, less all withdrawals,
11 retirements and other proper deductions from accounts and all unpaid charges
12 on the accounts.

13 3. "Association" means every association to which this chapter applies
14 as defined in the section concerning scope of chapter.

15 4. "Community" means a city, incorporated town, unincorporated town,
16 community or village.

17 5. "Continuing association" means the association which continues to
18 exist after a merger of associations has been effected.

19 6. "Federal association" means a savings and loan association or
20 savings association operating under the laws and regulations of the United
21 States.

22 7. "Impaired" or "impairment", with respect to capital, means a
23 condition in which the value of the association's assets is less than the
24 aggregate amount of the association's liabilities to creditors, the aggregate
25 value of its accounts and the aggregate par value of its guaranty capital.

26 8. "Improved real estate" means real estate which is, or which from
27 the proceeds of the loan will become, a home, combination of home and
28 business property or other improved real estate.

29 9. "Insurance corporation" means the federal deposit insurance
30 corporation or such other instrumentality of, or corporation chartered by,
31 the United States as may be established for the purpose of insuring the
32 accounts of savings and loan associations **OR ANY OTHER EQUIVALENT DEPOSIT**
33 **INSURER APPROVED BY THE SUPERINTENDENT.**

34 10. "Insured association" means an association, the accounts of which
35 are insured wholly or in part by an insurance corporation.

36 11. "Investment" means to put funds to use in order to secure profits.

37 12. "Mail" or "mailed" means, with respect to a writing or notice,
38 deposit in a United States post-office mailing facility in this state with
39 postage prepaid and correctly addressed to the proper person at his address
40 stated on the association's records or otherwise agreed upon or if no address
41 has been so established then to the last known address.

42 13. "Merger" includes consolidation.

43 14. "Merging association" means an association which plans or effects a
44 merger with one or more other associations in accordance with the provisions
45 of this chapter concerning merger.

1 Sec. 4. Section 6-412, Arizona Revised Statutes, is amended to read:

2 6-412. Completion of organization

3 A. When the board of directors has organized as provided in this
4 chapter and the report of such organization has been filed with the
5 superintendent, he shall make a thorough examination into the affairs of the
6 proposed association, and if he approves the articles of incorporation and is
7 satisfied that all the requirements of this chapter have been complied with,
8 and that no intervening circumstance has occurred to change the
9 superintendent's findings made pursuant to this chapter, upon payment into
10 the superintendent's office of the fees for such examination, he shall issue
11 a certificate authorizing the filing of the articles of incorporation with
12 the corporation commission and the taking of the other steps required by
13 title 10, to complete the formation of a corporation. Upon the appointment of
14 a statutory agent and the issuance of a certificate of incorporation by the
15 corporation commission and the payment into escrow with a responsible
16 corporate escrow agent approved by the superintendent of the amount of the
17 initial capital required by this chapter, the superintendent shall issue a
18 permit conditioned upon the association securing within twelve months from
19 the date of such permit insurance of its insurable accounts by ~~the federal~~
20 ~~deposit insurance corporation, or any successor instrumentality, pursuant to~~
21 ~~the laws of the United States~~ AN INSURANCE CORPORATION and the rules and
22 regulations of such corporation.

23 B. Unless such insurance is secured within such period the permit
24 shall be deemed revoked unless the superintendent, upon good cause shown,
25 shall extend the time for securing such insurance for a single fixed period
26 which shall not exceed six months. The association shall not operate as a
27 savings and loan association under the laws of this state or transact any
28 other business than that necessary to secure such insurance until it has
29 secured such insurance. If such insurance is not secured within the time
30 provided by this chapter or as extended by the superintendent, all amounts
31 collected as subscriptions to the required capital shall be returned to the
32 subscribers without reduction.

33 ~~C. All existing associations doing business under this chapter shall,~~
34 ~~within one year from the effective date of this chapter, submit to the~~
35 ~~superintendent evidence of their having insurance of accounts with an~~
36 ~~instrumentality of the United States; provided, however, that if an existing~~
37 ~~association has filed a bona fide application for such insurance after the~~
38 ~~effective date of this chapter and diligently pursues its application, and~~
39 ~~additional time is required for the granting of such insurance, the~~
40 ~~superintendent may extend said one-year period for not to exceed an~~
41 ~~additional six months.~~

42 Sec. 5. Section 6-423, Arizona Revised Statutes, is amended to read:

43 6-423. Accounts

44 A. An association may maintain all types of deposit accounts and
45 prescribe those terms and conditions relating to the accounts as are

1 permissible for the association to maintain the insurance of its deposits by
2 ~~the federal deposit~~ AN insurance corporation.

3 B. Accounts are:

4 1. Withdrawable and subject to enforced retirement as provided in this
5 article. This chapter does not prevent the withdrawal of funds from an
6 association by negotiable or nonnegotiable order.

7 2. Entitled to dividends as provided in this article.

8 3. Nonassessable for either debts or losses of the association.

9 4. Issued on such plan or plans of payment and in such series or
10 classes as the bylaws may provide, which plan or plans of payment may
11 include:

12 (a) Regular installment plan with agreed weekly or monthly payments,
13 with dividends credited to or in behalf of the account until the ultimate
14 value agreed upon in the subscription is reached.

15 (b) Full paid plan with one single payment of one hundred dollars per
16 unit and dividends payable in cash unless by agreement credited to the
17 account.

18 (c) Prepaid plan with one single payment in such amount per unit as is
19 set forth in the bylaws and dividends credited to such account until the
20 ultimate value of one hundred dollars per unit is reached.

21 (d) Optional plan with payments in such amount or amounts and at such
22 times as the holder may elect and dividends credited to such account unless
23 by agreement payable in cash.

24 (e) Any other plan of payment which the superintendent may approve as
25 conforming to sound savings and loan practice.

26 Sec. 6. Section 6-465, Arizona Revised Statutes, is amended to read:
27 6-465. Merger of associations or corporations

28 A. An association operating under this chapter may merge into or with
29 one or more associations, whether operating under this chapter or otherwise,
30 or into or with any other corporation, except a corporation or association
31 operating an insurance business, other than title insurance, pursuant to
32 title 20. The board of directors of each merging association or corporation,
33 by resolution adopted by a majority vote of all members of such board, must
34 approve the plan of merger, which shall set forth:

35 1. The name of each merging association or corporation, and the name
36 of the continuing association or corporation and the location of its
37 principal office.

38 2. The amount of capital, reserves, and undivided profits of the
39 continuing association or corporation, and the kinds of shares and other
40 types of capital to be issued thereby.

41 3. The articles of incorporation of the continuing association or
42 corporation.

43 4. A detailed pro forma financial statement of the assets and
44 liabilities of the continuing association or corporation.

1 5. The manner and basis of converting the capital of each merging
2 association or corporation into capital of the continuing association or
3 corporation.

4 6. The other terms and conditions of the merger and the method of
5 effectuating the same.

6 7. Such other provisions with respect to the merger as appear
7 necessary or desirable, or as the superintendent may reasonably require to
8 enable him to discharge his duties with respect to such merger.

9 B. The plan of merger adopted shall be submitted to the superintendent
10 for approval, together with a certified copy of the authorizing resolution of
11 each board of directors, showing approval by a majority of the entire board
12 of each merging association operating under this chapter and evidence of
13 proper action by the board of any other merging association or
14 corporation. The superintendent may make or cause to be made an examination
15 of the affairs of each of the merging associations or corporations. The
16 superintendent may approve the plan of merger if, after appropriate inquiry
17 into the affairs of each of the merging associations or corporations, he
18 finds that:

19 1. If the resulting association or corporation is an association
20 operating under this chapter, the continuing association meets the
21 requirements of this chapter as to the organization of a new association
22 ~~including insurance of accounts as required by section 6-412, subsection C.~~

23 2. The plan provides an adequate capital structure.

24 3. The plan is fair to all persons affected.

25 4. The plan meets the approval of the insurance corporation, if such
26 approval is required.

27 C. If the superintendent disapproves the plan of merger, he shall
28 state his objections in writing and give the merging associations or
29 corporations an opportunity to amend the plan of merger to eliminate such
30 objections.

31 D. Except as provided by subsection F of this section, after approval
32 by the superintendent, the plan of merger shall be submitted to a vote of the
33 members of each merging association operating under this chapter and to the
34 members or stockholders of any other merging association or corporation to
35 the extent required by the laws and rules applicable to the other merging
36 association or corporation. Each meeting of the members of an association
37 operating under this chapter shall be called and held in accordance with
38 section 6-415. The plan shall be approved by the members of an association
39 operating under this chapter if the plan receives, in the affirmative, a
40 majority of the total number of votes which all members of the association
41 are entitled to cast or such greater percentage of the votes as the articles
42 of incorporation of the association require. Each meeting of any other
43 association or corporation shall be called and held, and the required
44 majority must be obtained, in accordance with the law and regulations
45 applicable to such association or corporation.

1 E. A report of proceedings at the meeting of the members or
2 stockholders of each association or corporation, certified by the president
3 or a vice-president and attested by the secretary thereof, and setting forth
4 the notice given and time of mailing thereof, the vote on the plan of merger,
5 and the total number of votes which all members or stockholders of the
6 association or corporation were entitled to cast thereon, shall be filed in
7 duplicate with the superintendent, except that if no member or stockholder
8 vote is required by an association or corporation, the association or
9 corporation shall file a report to that effect, in duplicate, certified by
10 the president or vice-president and attested by the secretary of the
11 association or corporation. Any report filed under this subsection shall be
12 accompanied by the plan of merger, duly executed by each merging association
13 or corporation. The superintendent thereupon shall issue to the continuing
14 association or corporation a certificate of merger, setting forth the name of
15 each merging association or corporation and the name of the continuing
16 association or corporation, and the articles of incorporation of the
17 continuing association or corporation.

18 F. Unless required by its articles of incorporation, a vote of the
19 members of the continuing association or corporation is not necessary to
20 authorize a merger if either:

21 1. No shares of common stock are to be issued by the continuing
22 association or corporation and no shares, securities or obligations
23 convertible into such stock are to be issued or delivered under the plan of
24 merger.

25 2. The authorized but unissued shares or the treasury shares of common
26 stock of the continuing association or corporation to be issued or delivered
27 under the plan of merger plus those initially issuable on conversion of any
28 other shares, securities and obligations to be issued or delivered under the
29 plan do not exceed twenty per cent of the shares of common stock of the
30 association or corporation outstanding immediately before the effective date
31 of the merger. If a plan of merger is adopted pursuant to this subsection, a
32 statement that the plan has been so adopted and that, as of the date of the
33 statement, the outstanding shares of the continuing association or
34 corporation were such as to render this subsection applicable shall be
35 certified by the president or vice-president and attested by the secretary
36 and shall be attached to the plan of merger. The plan so approved and the
37 statement described in this subsection shall be filed in duplicate with the
38 superintendent.

39 G. The merger shall become effective upon the filing with the
40 corporation commission of the certificate of merger in the same manner as
41 articles of incorporation, and the recording of a copy thereof certified by
42 the corporation commission in each county in this state in which the business
43 office of any of the merging associations or corporations was located, and in
44 the county in which the business office of the continuing association or
45 corporation is located, if any.

1 H. The expenses of any examination made by or at the direction of the
2 superintendent in connection with a proposed merger shall be paid by the
3 merging association or corporation in accordance with the fees fixed for
4 special examination by section 6-125.

5 I. If the continuing association or corporation is to be governed by
6 the laws of any jurisdiction other than this state, it shall comply with the
7 applicable provisions of the laws under which it is organized and shall
8 comply with the laws of this state with respect to foreign corporations if it
9 is to transact business in this state.

APPROVED BY THE GOVERNOR APRIL 1, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 2, 2015.