

REFERENCE TITLE: financial institutions; insurance; licenses

State of Arizona
House of Representatives
Fifty-fourth Legislature
Second Regular Session
2020

HB 2312

Introduced by
Representative Grantham

AN ACT

AMENDING SECTIONS 6-126, 6-604, 6-707, 6-709, 6-813, 6-838, 6-904, 6-944, 6-977, 6-979, 6-981, 6-991.04, 6-1207, 6-1255, 6-1259, 6-1405 AND 20-142, ARIZONA REVISED STATUTES; RELATING TO THE DEPARTMENT OF INSURANCE AND 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
7 with the filing of the following applications:

8 1. To apply for a banking permit, ~~one thousand dollars~~ \$1,000.

9 2. To apply for an amendment to a banking or savings and loan
10 association permit, ~~one thousand dollars~~ \$1,000.

11 3. To establish each banking branch office, ~~seven hundred fifty~~
12 ~~dollars~~ \$750.

13 4. To move a banking office to other than an established office of
14 a bank, ~~one thousand dollars~~ \$1,000.

15 5. To apply for a savings and loan association permit, ~~five~~
16 ~~thousand dollars~~ \$5,000.

17 6. To establish each savings and loan association branch office,
18 ~~one thousand five hundred dollars~~ \$1,500.

19 7. To move an office of a savings and loan association to other
20 than an established office, ~~one thousand dollars~~ \$1,000.

21 8. To organize and establish a credit union, ~~one hundred dollars~~
22 \$100.

23 9. To establish each credit union branch or to move a credit union
24 office to other than an established office of a credit union, ~~two hundred~~
25 ~~fifty dollars~~ \$250.

26 10. To organize and establish any other financial institutions for
27 which an application or investigation fee is not otherwise provided by
28 law, ~~one thousand dollars~~ \$1,000.

29 11. To acquire control of a financial institution other than a
30 consumer lender, ~~five thousand dollars~~ \$5,000.

31 12. To apply for a trust company license, ~~one thousand dollars~~
32 \$1,000.

33 13. To apply for a commercial mortgage banker, mortgage banker,
34 escrow agent or consumer lender license, ~~one thousand dollars~~ \$1,000.

35 14. To apply for a mortgage broker, commercial mortgage broker,
36 sales finance company or debt management company license, ~~five hundred~~
37 ~~dollars~~ \$500.

38 15. To apply for a collection agency license, ~~one thousand five~~
39 ~~hundred dollars~~ \$1,500.

40 16. To apply for a deferred presentment company license, ~~one~~
41 ~~thousand dollars~~ \$1,000.

42 17. To apply for a branch office of an escrow agent, consumer
43 lender, commercial mortgage banker, mortgage banker, trust company, money
44 transmitter, collection agency or deferred presentment company, ~~five~~
45 ~~hundred dollars~~ \$500.

- 1 18. To apply for a branch office of a mortgage broker, commercial
2 mortgage broker, debt management company or sales finance company, ~~two~~
3 ~~hundred fifty dollars~~ \$250.
- 4 19. To apply for approval of the articles of incorporation of a
5 business development corporation, ~~five hundred dollars~~ \$500.
- 6 20. To apply for approval for the merger or consolidation of two or
7 more financial institutions, ~~five thousand dollars~~ \$5,000 per institution.
- 8 21. To apply for approval to convert from a national bank or
9 federal savings and loan charter to a state chartered institution, ~~one~~
10 ~~thousand dollars~~ \$1,000.
- 11 22. To apply for approval to convert from a federal credit union to
12 a state chartered credit union, ~~five hundred dollars~~ \$500.
- 13 23. To apply for approval to merge or consolidate two or more
14 credit unions, ~~five hundred dollars~~ \$500 per credit union.
- 15 ~~24. To move an established office of an enterprise to other than an~~
16 ~~established office, fifty dollars.~~
- 17 ~~25. To issue a duplicate or replace a lost enterprise's license,~~
18 ~~one hundred dollars.~~
- 19 ~~26.~~ 24. To change a responsible person on a mortgage broker's,
20 commercial mortgage broker's, commercial mortgage banker's or a mortgage
21 banker's license, ~~two hundred fifty dollars~~ \$250.
- 22 ~~27.~~ 25. To change an active manager on a collection agency license
23 or a manager of a money transmitter branch office license, ~~two hundred~~
24 ~~fifty dollars~~ \$250.
- 25 ~~28.~~ 26. To change the licensee name on a financial institution or
26 enterprise license, not more than ~~two hundred fifty dollars~~ \$250.
- 27 ~~29.~~ 27. To apply for a money transmitter license, ~~one thousand~~
28 ~~five hundred dollars~~ \$1,500 plus ~~twenty-five dollars~~ \$25 for each branch
29 office and authorized delegate to a maximum of ~~four thousand five hundred~~
30 ~~dollars~~ \$4,500.
- 31 ~~30.~~ 28. To acquire control of any money transmitter or controlling
32 person pursuant to chapter 12 of this title, ~~two thousand five hundred~~
33 ~~dollars~~ \$2,500.
- 34 ~~31.~~ 29. To receive the following publications:
35 (a) Quarterly bank and savings and loan statement of condition, not
36 more than ~~ten dollars~~ \$10 per copy.
- 37 (b) Monthly summary of actions report, not more than ~~five dollars~~
38 \$5 per copy.
- 39 (c) A list of licensees, a monthly pending actions report and all
40 other in-house prepared reports or listings made available to the public,
41 not more than ~~one dollar~~ \$1 per page.
- 42 ~~32.~~ 30. To apply for a loan originator license, an amount to be
43 determined by the superintendent.
- 44 ~~33.~~ 31. To apply for a loan originator license transfer, an amount
45 to be determined by the superintendent.

1 ~~34.~~ 32. To apply for a conversion from a mortgage banker license
2 to a mortgage broker license, an amount to be determined by the
3 superintendent.

4 B. On issuance of a license or permit for a financial institution
5 or enterprise, the superintendent shall collect the first year's annual
6 assessment or renewal fee for the financial institution or enterprise
7 prorated according to the number of quarters remaining until the date of
8 the next annual assessment or renewal.

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

10 1. For an escrow agent or trust company, ~~one thousand dollars~~
11 ~~\$1,000~~ plus ~~two hundred fifty dollars~~ \$250 for each branch office.

12 2. For a debt management company or sales finance company, ~~five~~
13 ~~hundred dollars~~ \$500 plus ~~two hundred dollars~~ \$200 for each branch office.

14 3. For a collection agency, ~~six hundred dollars~~ \$600 plus ~~two~~
15 ~~hundred dollars~~ \$200 for each branch office.

16 4. For an inactive mortgage broker or commercial mortgage broker,
17 ~~two hundred fifty dollars~~ \$250.

18 5. For a mortgage banker that negotiates or closes in the aggregate
19 one hundred loans or less in the immediately preceding calendar year,
20 ~~seven hundred fifty dollars~~ \$750, and for a mortgage banker that
21 negotiates or closes in the aggregate over one hundred loans in the
22 immediately preceding calendar year, ~~one thousand two hundred fifty~~
23 ~~dollars~~ \$1,250. In addition, a mortgage banker shall pay ~~two hundred~~
24 ~~fifty dollars~~ \$250 for each branch office.

25 6. For a commercial mortgage banker, ~~one thousand two hundred fifty~~
26 ~~dollars~~ \$1,250. In addition, a commercial mortgage banker shall pay ~~two~~
27 ~~hundred fifty dollars~~ \$250 for each branch office.

28 7. For a mortgage broker or commercial mortgage broker that
29 negotiates or closes in the aggregate fifty loans or less in the
30 immediately preceding calendar year, ~~two hundred fifty dollars~~ \$250, and
31 for a mortgage broker or commercial mortgage broker that negotiates or
32 closes in the aggregate more than fifty loans in the immediately preceding
33 calendar year, ~~five hundred dollars~~ \$500. In addition, a mortgage broker
34 or commercial mortgage broker shall pay ~~two hundred dollars~~ \$200 for each
35 branch office.

36 8. For a consumer lender, ~~one thousand dollars~~ \$1,000 plus ~~two~~
37 ~~hundred dollars~~ \$200 for each branch office.

38 9. For a money transmitter, ~~five hundred dollars~~ \$500 plus
39 ~~twenty-five dollars~~ \$25 for each branch office and each authorized
40 delegate to a maximum of ~~two thousand five hundred dollars~~ \$2,500.

41 10. For a deferred presentment company, ~~four hundred dollars~~ \$400.
42 In addition, a deferred presentment company shall pay ~~two hundred dollars~~
43 ~~\$200~~ for each branch office.

44 11. For a loan originator, an amount to be determined by the
45 superintendent.

1 12. For an inactive status loan originator, an amount to be
2 determined by the superintendent.

3 D. The license, renewal or branch office permit fee for a premium
4 finance company for each calendar year or part of a calendar year shall
5 not be less than ~~one hundred dollars~~ \$100 or more than ~~three hundred~~
6 ~~dollars~~ \$300 as set by the superintendent. If the license is issued or
7 the branch office is opened after June 30 in any year, the fees shall not
8 be less than ~~fifty dollars~~ \$50 or more than ~~one hundred fifty dollars~~ \$150
9 for that year.

10 Sec. 2. Section 6-604, Arizona Revised Statutes, is amended to
11 read:

12 6-604. Issuance of license; license year; requirements

13 A. If the superintendent finds no grounds for denial of a license,
14 within one hundred twenty days after receiving a complete application, the
15 superintendent shall grant the application and issue a license to the
16 applicant.

17 B. The license year for a licensee begins on July 1 and ends on
18 June 30 of each year.

19 C. All licenses issued remain in full force until surrendered,
20 revoked or suspended.

21 ~~D. A license remains the property of this state. On termination at~~
22 ~~the request of the licensee or revocation by the superintendent, the~~
23 ~~licensee shall immediately deliver the license to the superintendent.~~
24 ~~Termination of the license does not affect any other liability of the~~
25 ~~licensee.~~

26 ~~E. D.~~ D. The licensee shall designate the principal location of the
27 licensed office within or outside this state. If a licensee wishes to
28 maintain more than one office location the licensee shall first obtain a
29 branch office license for each branch office from the superintendent. The
30 licensee shall submit an application in the form prescribed by the
31 superintendent and pay the fee prescribed in section 6-126 for each branch
32 office license. If the superintendent determines that the applicant is
33 qualified, the superintendent shall issue a branch office license
34 indicating the address of the branch office.

35 ~~F. A licensee shall prominently display the consumer lender license~~
36 ~~in the office of the consumer lender and any branch office license in that~~
37 ~~branch office.~~

38 Sec. 3. Section 6-707, Arizona Revised Statutes, is amended to
39 read:

40 6-707. Issuance of license; cancellation on termination

41 A. ~~Upon~~ ON the filing of the application and the payment of the
42 fees and the approval of the bond, or bonds, the superintendent shall
43 investigate the facts, and if ~~he~~ THE SUPERINTENDENT finds that the
44 financial responsibility, experience, character and general fitness of the
45 applicant are such as to command the confidence of the community to

1 warrant belief that the business will be operated fairly and honestly and
2 within the purposes of this article, the superintendent shall issue the
3 applicant a license to do business as a debt management company.

4 ~~B. The license shall be kept conspicuously posted in the business
5 office of the licensee. The license shall not be transferable or
6 assignable.~~

7 ~~C.~~ B. Licenses shall expire on June 30 following the date of the
8 issuance unless sooner surrendered, revoked or suspended, but may be
9 renewed by filing an application with the superintendent on or before June
10 15 each year. The application for renewal shall be in the form prescribed
11 by the superintendent and shall be accompanied by the fee prescribed in
12 section 6-126. A separate application shall be made for each initial
13 license of a principal place of business, agency or branch office.

14 Sec. 4. Section 6-709, Arizona Revised Statutes, is amended to
15 read:

16 6-709. Requirements

17 A. A licensee at all times shall maintain minimum liquid assets of
18 at least ~~two thousand five hundred dollars~~ \$2,500 in excess of ~~his~~ THE
19 LICENSEE'S business liabilities and of ~~his~~ THE LICENSEE'S liabilities on
20 account of monies received in the business of a debt management company.
21 The superintendent may determine by general rule what assets are liquid
22 assets within the meaning of this section and may determine by specific
23 ruling or demand that a particular asset is or is not a liquid asset
24 within the meaning of this section.

25 B. A licensee shall make a written contract between himself and a
26 debtor and immediately furnish the debtor with a copy of the completed
27 contract. The licensee shall concurrently furnish the debtor with a list
28 of the creditors, as of the time of the signing of the contract, with whom
29 ~~he~~ THE LICENSEE agrees to manage the debtor's obligations. All contracts
30 shall contain a provision allowing the termination of the contract by
31 either party at any time. Such A termination shall be without penalty,
32 except that the licensee shall retain the retainer fee if the termination
33 is by the debtor. Termination shall ~~only~~ be ~~upon~~ ONLY ON a five-day
34 notice to the other party.

35 C. The basis of fees charged to a debtor by a licensee for assuming
36 the responsibility of debt management shall be agreed ~~upon~~ ON in advance
37 and clearly stated in the contract. The fees charged to a debtor shall
38 not exceed:

39 1. A retainer fee of ~~thirty-nine dollars~~ \$39.

40 2. Three-quarters of one ~~per cent~~ PERCENT of the total indebtedness
41 or ~~fifty dollars~~ \$50, whichever is less, may be charged monthly and shall
42 be due and payable at the time ~~such~~ THE deposited ~~funds~~ MONIES are
43 remitted to the creditors. Unusual and necessary ~~"out of pocket"~~
44 OUT-OF-POCKET expense items by the licensee may be charged to the debtor's

1 account if the incurrence of the expense has advance written approval of
2 the debtor and superintendent.

3 D. The total debt shall be calculated not less often than annually
4 and the charges adjusted based on the new total debt. Any fees charged by
5 the licensee shall not be based on a total debt ~~which~~ THAT includes a
6 mortgage on the residence or a rent payment as a liability or a debt.

7 E. A licensee ~~shall~~ IS not ~~be~~ entitled to any fee until ~~he~~ THE
8 LICENSEE has given notice of the debt management contract to all creditors
9 listed in the application form.

10 F. A licensee shall make remittances to creditors within seven days
11 after receipt of any ~~funds~~ MONIES, unless the reasonable payment of one or
12 more of the debtor's obligations requires that such ~~funds~~ MONIES be held
13 for a longer period so as to accumulate a certain sum.

14 G. A licensee shall, ~~upon~~ ON request, furnish the debtor with a
15 written statement of ~~his~~ THE LICENSEE'S account each month or a verbal
16 accounting at any time the debtor ~~may request~~ REQUESTS it during normal
17 business hours.

18 H. A licensee ~~shall~~, if a compromise of a debt is arranged by the
19 licensee with any one or more creditors, ~~SHALL~~ allow the debtor the full
20 benefit of that compromise.

21 I. A licensee shall maintain a trustee checking account in a bank
22 in this state for the benefit of debtors in which all payments received
23 from the debtors shall be deposited and in which all payments shall remain
24 until disbursed by the licensee in accordance with the terms of the
25 contract.

26 J. A licensee shall keep and use in ~~his~~ THE LICENSEE'S business
27 books, accounts and records ~~which~~ THAT will enable the superintendent to
28 determine whether ~~such~~ THE licensee is complying with the provisions of
29 this article and with the rules of the department. Each licensee shall
30 preserve such books, accounts and records for at least three years after
31 making the final entry on any transaction recorded in the books, accounts
32 or records.

33 K. If a licensee desires to change ~~his~~ THE LICENSEE'S place of
34 business or the name of the company under which the license is issued, ~~he~~
35 THE LICENSEE shall give written notice of the change within fifteen
36 CALENDAR days to the superintendent ~~and shall submit the license to the~~
37 ~~superintendent who shall enter an order permitting the change and who~~
38 ~~shall amend the license accordingly.~~

39 L. A licensee shall, within fifteen days after termination of a
40 debt management company, a branch office or an agency, inform the
41 superintendent of the name and address of such company, branch office or
42 agency ~~and shall surrender the license to the superintendent.~~

43 M. A licensee shall annually on or before August 15 file a report
44 with the superintendent giving such relevant information as the
45 superintendent may require concerning the business and operations of each

1 place of business during the preceding year beginning July 1 and ending
2 June 30. The superintendent may assess a penalty of ~~five dollars~~ \$5 for
3 each day the licensee fails to file ~~such~~ THE report.

4 Sec. 5. Section 6-813, Arizona Revised Statutes, is amended to
5 read:

6 6-813. License of agent; nontransferable

7 A. A person, except those exempt under section 6-811, shall not
8 engage in or carry on, or hold himself out as engaging in or carrying on,
9 the escrow business or act in the capacity of an escrow agent in this
10 state without first obtaining a license.

11 B. An escrow agent's license is not transferable or assignable and
12 control of a license shall not be acquired through stock purchase or other
13 devices without the prior written consent of the superintendent.

14 ~~C. A license shall be kept conspicuously posted in all licensed
15 places of business of the licensee.~~

16 Sec. 6. Section 6-838, Arizona Revised Statutes, is amended to
17 read:

18 6-838. Surrender of license

19 A licensee that desires to surrender its license shall file with the
20 superintendent a certified copy of the resolution of its board of
21 directors or a verified statement of intent signifying this desire, and
22 thereafter shall not accept additional escrow business. ~~upon~~ ON receipt
23 of the resolution or statement of intent, the superintendent shall make an
24 investigation, and if ~~he~~ THE SUPERINTENDENT determines that the licensee
25 has been discharged from all duties ~~which it~~ THAT THE LICENSEE has
26 undertaken as an escrow agent, ~~he~~ THE SUPERINTENDENT shall issue an order
27 to the licensee certifying that ~~it~~ THE LICENSEE is no longer authorized to
28 exercise the powers of an escrow agent ~~and the licensee shall immediately
29 surrender its license.~~

30 Sec. 7. Section 6-904, Arizona Revised Statutes, is amended to
31 read:

32 6-904. Issuance of license; renewal; inactive status; branch
33 office license; application; fee

34 A. The superintendent, on determining that the applicant is
35 qualified and has paid the fees, shall issue a mortgage broker's license
36 or a commercial mortgage broker's license to the applicant, which is
37 evidenced by a continuous certificate. The superintendent shall grant or
38 deny a license within one hundred twenty days after receipt of the
39 completed application and fees. An applicant who has been denied a
40 license may not reapply for such a license before one year ~~from~~ AFTER the
41 date of the previous application.

42 ~~B. For licenses approved on or before September 30, 2008, a
43 licensee shall pay the renewal fee on or before September 30, 2008 and on
44 or before December 31 for subsequent years beginning on or before December
45 31, 2009. Licenses not renewed by September 30, 2008 are suspended, and~~

1 ~~the licensee shall not act as a mortgage broker or a commercial mortgage~~
 2 ~~broker until the license is renewed or a new license is issued pursuant to~~
 3 ~~this article. A person may renew a suspended license by paying the~~
 4 ~~renewal fee plus twenty-five dollars for each day after September 30, 2008~~
 5 ~~that a license renewal fee is not received by the superintendent and~~
 6 ~~making application for renewal as prescribed by the superintendent.~~
 7 ~~Licenses which are not renewed by October 31, 2008 expire. A license~~
 8 ~~shall not be granted to the holder of an expired license except as~~
 9 ~~provided in this article for the issuance of an original license.~~

10 ~~C. For licenses approved on or before September 30, 2008, a~~
 11 ~~licensee may request inactive status on or before September 30, 2008 for~~
 12 ~~the following license year, and the license shall be placed on inactive~~
 13 ~~status after payment to the superintendent of the inactive status renewal~~
 14 ~~fee prescribed in section 6-126, subsection C and the surrender of the~~
 15 ~~license to the superintendent. During inactive status, an inactive~~
 16 ~~licensee is not required to maintain a bond and shall not act as a~~
 17 ~~mortgage broker or a commercial mortgage broker. A licensee may not be on~~
 18 ~~inactive status for more than two consecutive years, nor for more than~~
 19 ~~four years in any ten year period. The license is deemed expired on~~
 20 ~~violation of any of the limitations of this subsection.~~

21 ~~D. B. For licenses approved after or renewed on September 30,~~
 22 ~~2008, A licensee shall pay the A renewal fee on or before December~~
 23 ~~31, 2009 and on or before December 31 of each subsequent year. Licenses~~
 24 ~~not renewed by December 31 are suspended, and the licensee shall not act~~
 25 ~~as a mortgage broker or a commercial mortgage broker until the license is~~
 26 ~~renewed or a new license is issued pursuant to this article. A person may~~
 27 ~~renew a suspended license by paying the renewal fee plus twenty-five~~
 28 ~~dollars \$25 for each day after December 31 that a license renewal fee is~~
 29 ~~not received by the superintendent and applying for renewal as prescribed~~
 30 ~~by the superintendent. A license that is not renewed by January 31~~
 31 ~~expires. A license shall not be granted to the holder of an expired~~
 32 ~~license except as provided in this article for the issuance of an original~~
 33 ~~license.~~

34 ~~E. C. For licenses approved after or renewed on September 30,~~
 35 ~~2008, beginning in 2009 and each subsequent year, A licensee may request~~
 36 ~~inactive status for the following license year if the licensee makes the~~
 37 ~~request on or before December 31. The license shall be placed on inactive~~
 38 ~~status after the licensee pays to the superintendent the inactive status~~
 39 ~~renewal fee prescribed in section 6-126, subsection C and surrenders the~~
 40 ~~license to the superintendent. During inactive status, an inactive~~
 41 ~~licensee is not required to maintain a bond and shall not act as a~~
 42 ~~mortgage broker or a commercial mortgage broker. A licensee may not be on~~
 43 ~~inactive status for more than two consecutive years or for more than four~~
 44 ~~years in any ten-year TEN-YEAR period. The license expires on violation~~
 45 ~~of this subsection.~~

1 ~~F.~~ D. An inactive licensee may return to active status
 2 notwithstanding the requirements of section 6-903, subsections C and D by
 3 making a written request to the superintendent for reactivation and paying
 4 the prorated portion of the annual assessment that would have been charged
 5 to the licensee. The licensee shall also provide the superintendent with
 6 proof that the licensee meets all of the other requirements for acting as
 7 a mortgage broker or a commercial mortgage broker, including required bond
 8 coverage or the deposit of a cash alternative.

9 ~~G. A licensee shall prominently display the mortgage broker license
 10 or commercial mortgage broker license in the office of the mortgage broker
 11 or commercial mortgage broker.~~

12 ~~H.~~ E. Every licensed mortgage broker and licensed commercial
 13 mortgage broker shall designate and maintain a principal place of business
 14 in this state for the transaction of business. The license shall specify
 15 the address of the licensee's principal place of business. If a licensee
 16 wishes to maintain one or more locations in addition to a principal place
 17 of business, the licensee shall first obtain a branch office license from
 18 the superintendent and designate a person for each branch office to
 19 oversee the operations of that office. The licensee shall submit a fee as
 20 set forth in section 6-126 for each branch office license. If the
 21 superintendent determines that the applicant is qualified, the
 22 superintendent shall issue a branch office license indicating the address
 23 of the branch office. ~~The licensee shall conspicuously display the branch
 24 office license in the branch office.~~ If the address of the principal
 25 place of business or of any branch office is changed, the licensee shall
 26 ~~immediately~~ notify the superintendent **WITHIN FIFTEEN CALENDAR DAYS** of the
 27 change ~~and the superintendent shall endorse the change of address on the
 28 license for a fee as prescribed in section 6-126.~~

29 Sec. 8. Section 6-944, Arizona Revised Statutes, is amended to
 30 read:

31 6-944. Issuance of license; renewal; branch office license;
 32 application; fee

33 A. If the superintendent determines that the applicant has met the
 34 requirements set forth in section 6-943, subsection C, is qualified and
 35 has paid the fees, the superintendent shall issue a mortgage banker's
 36 license to the applicant evidenced by a continuous certificate. The
 37 license is not transferable or assignable. An applicant who has been
 38 denied a license may not reapply for such a license before one year ~~from~~
 39 **AFTER** the date of the previous application. A person may not acquire
 40 control of a licensee through a stock purchase or other device without the
 41 prior written consent of the superintendent. Written consent shall not be
 42 given if the superintendent finds that any of the grounds for denial,
 43 revocation or suspension of a license as set forth in section 6-945 are
 44 applicable to the acquiring person. For the purposes of this subsection,
 45 "control" means the power to vote more than twenty ~~per cent~~ **PERCENT** of

1 outstanding voting shares of a licensed corporation, partnership,
2 association or trust.

3 ~~B. For licenses approved on or before March 31, 2009, a licensee~~
4 ~~shall make an application and pay the renewal fee set forth in section~~
5 ~~6-126 on or before March 31, 2009 but not sooner than February 1, 2009 and~~
6 ~~on or before December 31 for subsequent years beginning in 2009. Licenses~~
7 ~~not renewed by March 31, 2009 are suspended, and the licensee shall not~~
8 ~~act as a mortgage banker until the license is renewed or a new license is~~
9 ~~issued pursuant to this article. A person may renew a suspended license~~
10 ~~by paying the renewal fee plus twenty-five dollars for each day after~~
11 ~~March 31, 2009 that a license renewal fee is not received by the~~
12 ~~department and making application for renewal as prescribed by the~~
13 ~~superintendent. Licenses which are not renewed by April 30, 2009~~
14 ~~expire. A license shall not be granted to the holder of an expired~~
15 ~~license except as provided in this article for the issuance of an original~~
16 ~~license.~~

17 ~~C. B. For licenses approved after or renewed on March 31, 2009,~~
18 A licensee shall pay ~~the A~~ renewal fee on or before December 31, ~~beginning~~
19 ~~in 2009~~ EACH YEAR. Licenses not renewed by December 31 are suspended, and
20 the licensee shall not act as a mortgage banker until the license is
21 renewed or a new license is issued pursuant to this article. A person may
22 renew a suspended license by paying the renewal fee plus ~~twenty-five~~
23 ~~dollars~~ \$25 for each day after December 31 that a license renewal fee is
24 not received by the superintendent and applying for renewal as prescribed
25 by the superintendent. Licenses that are not renewed by January 31
26 expire. A license shall not be granted to the holder of an expired
27 license except as provided in this article for the issuance of an original
28 license.

29 ~~D. A licensee shall prominently display the mortgage banker license~~
30 ~~in the office of the mortgage banker.~~

31 ~~E. C.~~ Every licensed mortgage banker shall designate and maintain
32 a principal place of business in this state for the transaction of
33 business. The license shall specify the address of the principal place of
34 business. If a licensee wishes to maintain one or more locations in
35 addition to a principal place of business, the licensee shall first obtain
36 a branch office license from the superintendent and designate a person for
37 each branch office to oversee the operations of that office. The licensee
38 shall submit a fee as prescribed in section 6-126 for each branch office
39 license. If the superintendent determines that the applicant is
40 qualified, the superintendent shall issue a branch office license
41 indicating the address of the branch office. ~~The licensee shall~~
42 ~~conspicuously display the branch office license in the branch office.~~ If
43 the address of the principal place of business or of any branch office is
44 changed, the licensee shall notify the superintendent ~~before~~ WITHIN
45 FIFTEEN CALENDAR DAYS OF the change ~~and the superintendent shall endorse~~

1 ~~the change of address on the license for a fee as prescribed in section~~
2 ~~6-126.~~

3 Sec. 9. Section 6-977, Arizona Revised Statutes, is amended to
4 read:

5 6-977. Advertise; using name and license number

6 ~~A. A licensee shall prominently display the commercial mortgage~~
7 ~~banker license in the office of the commercial mortgage banker.~~

8 ~~B.~~ A licensee or an employee of the licensee shall not advertise
9 for or solicit commercial mortgage loans in any manner without using the
10 name and license number as issued on the commercial mortgage banker's
11 principal place of business license, except that a licensee may employ or
12 refer to the commonly used name and any trademarks or service marks of any
13 affiliate. If a license is issued in the name of a natural person,
14 ~~nothing in~~ the advertising or solicitation may NOT imply that the license
15 is in the name of another person or entity. For the purposes of this
16 ~~subsection~~ SECTION, ~~"advertise"~~ does not include business cards, radio
17 and television advertising directed at national or regional markets and
18 promotional items unless those items contain rates or terms on which a
19 commercial mortgage loan may be obtained.

20 Sec. 10. Section 6-979, Arizona Revised Statutes, is amended to
21 read:

22 6-979. Principal place of business; branch office license;
23 change of address

24 A. Each licensed commercial mortgage banker shall designate and
25 maintain a principal place of business in this state to transact business.
26 The license shall specify the address of ~~his~~ THE LICENSEE'S principal
27 place of business.

28 B. If a licensee wishes to maintain one or more locations in
29 addition to a principal place of business, the licensee shall first obtain
30 a branch office license from the superintendent and designate a person for
31 each branch office to oversee the operations of that office.

32 C. If the superintendent determines that the licensee is qualified,
33 the superintendent shall issue a branch office license indicating the
34 address of the branch office. ~~The licensee shall conspicuously display~~
35 ~~the branch office license in the branch office.~~

36 D. If the address of the principal place of business or of any
37 branch office is changed, the licensee shall ~~immediately~~ notify the
38 superintendent WITHIN FIFTEEN CALENDAR DAYS of the change ~~and the~~
39 ~~superintendent shall endorse the change of address on the license.~~

40 Sec. 11. Section 6-981, Arizona Revised Statutes, is amended to
41 read:

42 6-981. Inactive status

43 ~~A. For licenses approved on or before March 31, 2009, a licensee~~
44 ~~may request inactive status for the following license year, and the~~

~~license shall be placed on inactive status after surrendering the license to the superintendent.~~

~~B. A. For licenses approved after or renewed on March 31, 2009,~~
A licensee may request inactive status on or before December 31 of each year for the following license year, ~~and the license shall be placed on inactive status after surrendering the license to the superintendent.~~

~~C. B.~~ During inactive status, an inactive licensee is not required to maintain a bond and shall not act as a commercial mortgage banker.

~~D. C.~~ A licensee may not be on inactive status for more than two consecutive years or for more than four years in any ~~ten year~~ TEN-YEAR period. The license is deemed expired on violation of any of the limitations of this subsection.

~~E. D.~~ An inactive licensee may return to active status notwithstanding section 6-973, subsection D by making a written request to the superintendent for reactivation. The licensee shall also provide the superintendent with proof that the licensee meets all of the other requirements for acting as a commercial mortgage banker, including required bond coverage or the deposit of a cash alternative.

Sec. 12. Section 6-991.04, Arizona Revised Statutes, is amended to read:

6-991.04. Issuance of license; notice from employing mortgage broker, mortgage banker or consumer lender or registered exempt person; renewal; inactive status; address change; fee

A. The superintendent, on determining that an applicant is qualified and has paid the required fees, shall issue a loan originator's license to the applicant evidenced by a continuous certificate. The superintendent shall grant or deny a license within one hundred twenty days after receiving the completed application and fees. An applicant who has been denied a license may not reapply for a license before one year ~~from~~ AFTER the date of the previous application.

~~B. On issuance of the license, the superintendent shall keep the loan originator's license until~~ A mortgage broker or mortgage banker THAT IS licensed pursuant to this chapter or a consumer lender THAT employs the loan originator ~~and the employer~~ SHALL SUBMIT A SPONSORSHIP REQUEST THROUGH A NATIONWIDE MULTISTATE LICENSING SYSTEM AND REGISTRY OR ANOTHER METHOD APPROVED BY THE SUPERINTENDENT THAT provides a written notice that the employer has hired the loan originator. ~~or until~~ An exempt person who is registered pursuant to section 6-912 SHALL SUBMIT A SPONSORSHIP REQUEST THROUGH A NATIONWIDE MULTISTATE LICENSING SYSTEM AND REGISTRY OR ANOTHER METHOD APPROVED BY THE SUPERINTENDENT THAT provides a written notice that the exempt person has engaged the loan originator on an exclusive contract with the exempt person. A LOAN ORIGINATOR MAY NOT CONDUCT BUSINESS IN THIS STATE UNLESS THE DEPARTMENT HAS ACCEPTED A SPONSORSHIP REQUEST THROUGH A NATIONWIDE MULTISTATE LICENSING SYSTEM AND REGISTRY OR ANOTHER

1 **METHOD APPROVED BY THE SUPERINTENDENT.** The employer shall provide the
2 notice before the loan originator begins working for the employer. Exempt
3 persons who are registered pursuant to section 6-912 shall provide the
4 notice before the loan originator begins work under the exclusive contract
5 with the exempt person. The notice shall be from an officer or other
6 person authorized by the employer or registered exempt person. The notice
7 shall contain a request for the loan originator's license and shall be
8 dated, signed and notarized. On receipt of the request, the
9 superintendent shall forward the loan originator's license to the
10 employing mortgage broker, mortgage banker, consumer lender or registered
11 exempt person.

12 C. Licenses shall be issued for a one-year period.

13 D. A loan originator shall apply for renewal on forms prescribed by
14 the superintendent. The application shall include original certificates
15 evidencing the loan originator's successful completion of eight continuing
16 education units during the preceding one-year period by a continuing
17 education provider approved by the superintendent.

18 E. A loan originator shall pay the renewal fee every year on or
19 before December 31. Licenses not renewed by December 31 are suspended,
20 and the licensee shall not act as a loan originator until the license is
21 renewed or a new license is issued pursuant to this article. A person may
22 renew a suspended license by paying the renewal fee plus a dollar amount
23 to be determined by the superintendent for each day after December 31 that
24 a license renewal fee is not received by the superintendent.

25 F. Licenses that are not renewed by January 31 of each year expire.
26 A license shall not be granted to the holder of an expired license except
27 as provided in this article for the issuance of an original license.

28 G. From December 1 through December 31 of each renewal period, a
29 licensee may request inactive status for the following license period.
30 The license shall be placed on inactive status after the licensee pays to
31 the superintendent the inactive status renewal fee ~~and surrenders the~~
32 ~~license to the superintendent.~~ During inactive status, an inactive
33 licensee shall not act as a loan originator. The license expires if the
34 licensee violates this subsection.

35 H. At renewal, an inactive licensee may return to active status by
36 doing all of the following:

37 1. Providing the superintendent with evidence that the licensee has
38 met the requirements of section 6-991.03, subsection B.

39 2. Making a written request to the superintendent for reactivation.

40 3. Paying the annual licensing fee.

41 4. Providing the superintendent with proof that the licensee meets
42 all other requirements for acting as a loan originator.

43 I. The mortgage broker, mortgage banker, consumer lender or
44 registered exempt person shall ~~keep and maintain at the principal place of~~
45 ~~business in this state the loan originator's license during the loan~~

1 ~~originator's employment or exclusive contract term. A copy of the loan~~
2 ~~originator's license shall be available for public inspection during~~
3 ~~regular business hours~~ NOT ALLOW A PERSON TO ACT ON THE MORTGAGE BROKER'S,
4 MORTGAGE BANKER'S, CONSUMER LENDER'S OR REGISTERED EXEMPT PERSON'S BEHALF
5 AS A LOAN ORIGINATOR UNLESS THE PERSON IS LICENSED AS A LOAN ORIGINATOR BY
6 THE SUPERINTENDENT.

7 J. A loan originator shall ~~immediately~~ notify the superintendent
8 WITHIN FIFTEEN CALENDAR DAYS of a change in the loan originator's
9 residence address. ~~The superintendent shall endorse the change of address~~
10 ~~on the license for a fee to be determined by the superintendent.~~

11 K. Within five business days after any licensee's employment
12 termination, the employing mortgage broker, mortgage banker, consumer
13 lender or registered exempt person shall ~~do both of the following:~~

14 ~~1. notify the superintendent of the licensee's termination.~~

15 ~~2. Return the license to the superintendent.~~

16 L. An applicant for a loan originator license who is currently
17 registered with the nationwide mortgage licensing system and registry
18 established by the secure and fair enforcement for mortgage licensing act
19 of 2008 (P.L. 110-289; 122 Stat. 2810; 12 United States Code sections 5101
20 through ~~5116~~ 5117) or its successor may be granted a temporary license for
21 a period not to exceed one hundred eighty days.

22 M. The superintendent shall establish a process for loan
23 originators to challenge information that the superintendent enters into
24 the nationwide mortgage licensing system and registry.

25 Sec. 13. Section 6-1207, Arizona Revised Statutes, is amended to
26 read:

27 6-1207. Principal and branch offices; notices

28 A. A licensee shall designate and maintain a principal place of
29 business for the transaction of business regulated by this chapter. If a
30 licensee maintains one or more places of business in this state, the
31 licensee shall designate a place of business in this state as its
32 principal place of business for purposes of this section. The license
33 shall specify the address of the principal place of business and shall
34 designate a responsible individual for its principal place of business.

35 B. If a licensee maintains one or more locations in this state in
36 addition to a principal place of business, and those locations are to be
37 under the control of the licensee and not under the control of authorized
38 delegates as prescribed in section 6-1208, the licensee shall obtain a
39 branch office license from the superintendent for each additional location
40 by filing an application as required by the superintendent at the time the
41 licensee files its license application. If branch offices are added by
42 the licensee, the licensee shall file with the superintendent an
43 application for a branch office license with the licensee's next quarterly
44 fiscal report prescribed by section 6-1211. The superintendent shall
45 issue a branch office license if the superintendent determines that the

1 licensee has complied with the provisions of this subsection. The license
2 shall indicate on its face the address of the branch office and shall
3 designate a manager for each branch office to oversee that office. The
4 superintendent may disapprove the designated manager then or at any later
5 time if the superintendent finds that the competence, experience and
6 integrity of the branch manager ~~warrants~~ WARRANT disapproval. A person
7 may be designated as the manager for more than one branch. The licensee
8 shall submit a fee as prescribed in section 6-126 for each branch office
9 license.

10 ~~C. A licensee shall prominently display the money transmitter~~
11 ~~license in its principal place of business and the branch office license~~
12 ~~in each branch office. Each authorized delegate shall prominently display~~
13 ~~at each location a notice in a form prescribed by the superintendent that~~
14 ~~indicates that the authorized delegate is an authorized delegate of a~~
15 ~~licensee under this chapter.~~

16 ~~D. C.~~ C. If the address of the principal place of business or any
17 branch office is changed, the licensee shall ~~immediately~~ notify the
18 superintendent ~~WITHIN FIFTEEN CALENDAR DAYS~~ of the change. ~~The~~
19 ~~superintendent shall endorse the change of address on the license for a~~
20 ~~fee as prescribed in section 6-126.~~

21 Sec. 14. Section 6-1255, Arizona Revised Statutes, is amended to
22 read:

23 6-1255. Issuance of licenses

24 A. On receipt of an original application that is accompanied by the
25 fees prescribed in section 6-126 and the financial statement prescribed in
26 this chapter, the superintendent shall conduct a general review of the
27 qualifications of the applicant. If the superintendent finds no grounds
28 for denial of a license, within one hundred twenty days after receiving a
29 complete application, the superintendent shall grant the application and
30 issue a license to the applicant.

31 B. A license is not transferable or assignable and control of a
32 license shall not be acquired through any stock purchase or other device
33 without the prior written consent of the superintendent. The
34 superintendent shall not give consent if the superintendent finds that the
35 acquiring person does not meet the qualifications of this chapter. For
36 the purposes of this subsection, "control" means the power to vote more
37 than twenty-five ~~per cent~~ PERCENT of the outstanding voting shares of a
38 licensed corporation, partnership, association or trust.

39 ~~C. A license remains the property of this state. On termination at~~
40 ~~the request of the licensee or revocation by the superintendent, the~~
41 ~~licensee shall immediately deliver the license to the superintendent.~~
42 ~~Termination of the license does not affect any other liability of the~~
43 ~~licensee.~~

1 Sec. 15. Section 6-1259, Arizona Revised Statutes, is amended to
2 read:

3 6-1259. Prohibited acts

4 A. A person shall not engage in the business of providing deferred
5 presentment services without first obtaining a license pursuant to this
6 chapter. A separate license is required for each location from which the
7 business is conducted. ~~The licensee shall post its license to engage in
8 the business of deferred presentment services at each location that is
9 licensed pursuant to this chapter.~~

10 B. A licensee shall not:

11 1. Advance monies on the security of a check without first
12 obtaining reasonable evidence that indicates that the account on which the
13 presented check is drawn is an open and active account.

14 2. Assess any fee that is more than the amount prescribed in this
15 chapter.

16 3. At the licensed location engage in the business of:

17 (a) Making loans of money or extensions of credit other than those
18 allowed under this chapter or title 44, chapter 11, article 3.

19 (b) Discounting notes, bills of exchange, items or other evidences
20 of debt.

21 (c) Accepting deposits or bailments of money or items, except as
22 expressly provided in section 6-1260.

23 4. Use or cause to be published or disseminated any advertisement
24 that contains false, misleading or deceptive statements or
25 representations.

26 5. Engage in the business of deferred presentment services at
27 locations other than licensed locations.

28 6. Engage in unfair, deceptive or fraudulent practices.

29 7. Alter or delete the date on a check accepted by the licensee.

30 8. Take possession of an undated check or a check dated on a date
31 other than the date on which the licensee takes possession of the check or
32 the date of presentment.

33 9. Require a customer to provide security for the transaction,
34 other than the presented check, or require the customer to provide a
35 guaranty from another person.

36 10. Fail to take reasonable measures to ensure that no customer has
37 more than one deferred presentment loan outstanding at any time with any
38 licensee in this state.

39 11. Engage in the sale of the following goods or services at any
40 licensed location:

41 (a) Gaming activities, including the sale of lottery tickets.

42 (b) Alcoholic beverages.

43 12. Tie or otherwise condition the offering of deferred presentment
44 services to the sale of any good or service.

1 13. ~~Permit~~ ALLOW others to engage in any activity prohibited in
2 this section at a location licensed pursuant to this chapter.

3 14. Offer deferred presentment services for less than five days.

4 15. Be required to request or accept any written representation by
5 a customer as to whether the customer has any outstanding checks for
6 deferred presentment held by other licensees.

7 Sec. 16. Section 6-1405, Arizona Revised Statutes, is amended to
8 read:

9 6-1405. Issuance of license or branch office permit; license
10 year; requirements

11 A. If no grounds for denial of a license or branch office permit
12 are found to exist, the superintendent ~~shall~~, within one hundred twenty
13 days ~~of~~ AFTER receiving a complete application, SHALL grant the
14 application and issue a license or branch office permit to the applicant.

15 B. The license or branch office permit year for a licensee begins
16 January 1 and ends December 31 of each year.

17 C. All licenses and branch office permits issued shall remain in
18 full force and effect until surrendered, revoked or suspended.

19 ~~D. A license or branch office permit remains the property of this~~
20 ~~state. On termination at the request of the licensee or revocation by the~~
21 ~~superintendent, the licensee shall immediately deliver the license or~~
22 ~~branch office permit to the superintendent.~~

23 Sec. 17. Section 20-142, Arizona Revised Statutes, is amended to
24 read:

25 20-142. Powers and duties of director; payment of examination
26 and investigation costs; home health services;
27 criminal history record information; electronic
28 information

29 A. The director shall enforce ~~the provisions of~~ this title.

30 B. The director shall have powers and authority expressly conferred
31 by or reasonably implied from ~~the provisions of~~ this title.

32 C. The director may conduct examinations and investigations of
33 insurance matters, including examinations and investigations of adjusters,
34 agents and brokers and any other persons ~~who~~ THAT are regulated under this
35 title, in addition to examinations and investigations expressly
36 authorized, as the director deems proper in determining whether a person
37 has violated any provision of this title or for the purpose of securing
38 information useful in the lawful administration of any provision of this
39 title. The examined party shall pay the cost of examinations that are
40 conducted pursuant to this subsection except for examinations of
41 adjusters, agents and brokers. The examined party shall pay the cost of
42 examining adjusters, agents and brokers only if the party has violated any
43 provision of this title. ~~The~~ THIS state shall pay the cost of an
44 investigation.

1 D. The director shall establish guidelines for insurers on home
2 health services that shall be used by the director pursuant to sections
3 20-826, 20-1342, 20-1402 and 20-1404. The director may use home health
4 services as defined in section 36-151. Guidelines shall include ~~but not~~
5 ~~be limited to~~ THE FOLLOWING:

6 1. Home health services that are prescribed by a physician or a
7 registered nurse practitioner.

8 2. Home health services that are determined to cost less if
9 provided in the home than the average length of in-hospital service for
10 the same service.

11 3. Skilled professional care in the home that is comparable to
12 skilled professional care provided in-hospital and that is reviewed and
13 approved at ~~thirty day~~ THIRTY-DAY intervals by a physician.

14 E. Pursuant to section 41-1750, subsection G, the director may
15 receive criminal history record information in connection with the
16 issuance, renewal, suspension or revocation of a license or certificate of
17 authority or the consideration of a merger or acquisition. The director
18 may require a person to submit a full set of fingerprints to the
19 department. The department of insurance shall submit the fingerprints to
20 the department of public safety for the purpose of obtaining a state and
21 federal criminal records check pursuant to section 41-1750 and Public Law
22 92-544. The department of public safety may exchange this fingerprint
23 data with the federal bureau of investigation.

24 F. NOTWITHSTANDING ANY OTHER LAW, THE DIRECTOR MAY MAKE THE
25 INFORMATION CONTAINED ON A LICENSE, PERMIT, REGISTRATION, CERTIFICATION OR
26 OTHER SIMILAR AUTHORIZATION AVAILABLE ELECTRONICALLY.