

REFERENCE TITLE: consumer credit; military; federal law

State of Arizona
House of Representatives
Fifty-fifth Legislature
First Regular Session
2021

HB 2272

Introduced by
Representatives Butler: Andrade, DeGrazia, Lieberman, Powers Hannley,
Rodriguez, Stahl Hamilton

AN ACT

AMENDING SECTION 6-122, ARIZONA REVISED STATUTES; AMENDING TITLE 6, CHAPTER 1, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 6; AMENDING TITLE 6, CHAPTER 5, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 6-640; AMENDING TITLE 6, CHAPTER 14, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 6-1420; AMENDING TITLE 44, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 32; RELATING TO CONSUMER CREDIT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 6-122, Arizona Revised Statutes, is amended to
3 read:

4 6-122. Deputy director; authority; duties

5 A. The ~~superintendent~~ DEPUTY DIRECTOR has the authority and
6 responsibility for the discharge of all duties imposed by law on the
7 division.

8 B. The ~~superintendent~~ DEPUTY DIRECTOR shall:

9 1. Examine or cause to be examined each financial institution
10 annually, except financial institution holding companies, banks, savings
11 and loan associations, credit unions and consumer lenders, and more
12 frequently if the ~~superintendent~~ DEPUTY DIRECTOR considers it necessary.

13 2. Examine or cause to be examined each bank, credit union and
14 savings and loan association at the ~~superintendent's~~ DEPUTY DIRECTOR'S
15 discretion but at least once in every twenty-four month period.

16 3. EXCEPT AS PROVIDED IN PARAGRAPH 8 OF THIS SUBSECTION, examine or
17 cause to be examined the business and affairs of any enterprise and any
18 consumer lender for the purpose of administering and enforcing this title
19 at the ~~superintendent's~~ DEPUTY DIRECTOR'S discretion.

20 4. Examine or cause to be examined financial institution holding
21 companies as frequently as the ~~superintendent~~ DEPUTY DIRECTOR considers
22 necessary to administer and enforce this title.

23 5. Notwithstanding paragraph 3 of this subsection, examine or cause
24 to be examined the accounts held in trust by each escrow agent at least
25 once in every two-year period and examine or cause to be examined each
26 escrow agent at least once in every four-year period or more frequently if
27 the ~~superintendent~~ DEPUTY DIRECTOR considers it necessary.

28 6. Publish a consumer information brochure that includes:

29 (a) The finance charges ~~permitted~~ ALLOWED by this state.

30 (b) The types of insurance that may be offered but that are not
31 required by law to be purchased with the granting of a loan.

32 (c) Interest rate limitations on all lenders including amounts that
33 may not be charged to borrowers.

34 (d) Consumer rights and means of recourse from unfair
35 practitioners.

36 7. Make it a priority to encourage the growth of state-chartered
37 financial institutions in this state and by February 1 of each calendar
38 year notify the governor, the president of the senate and the speaker of
39 the house of representatives if the total number of state-chartered banks
40 or state-chartered credit unions decreases during the prior calendar year.

41 8. EXAMINE OR CAUSE TO BE EXAMINED ENTERPRISES, CONSUMER LENDERS
42 AND PREMIUM FINANCE COMPANIES AT LEAST ONCE IN EVERY FIVE-YEAR PERIOD TO
43 ENSURE COMPLIANCE WITH 10 UNITED STATES CODE SECTION 987 AND 32 CODE OF
44 FEDERAL REGULATIONS PART 232.

1 C. Notwithstanding subsection B, paragraph 5 of this section, an
2 escrow agent shall be examined within twelve months when an escrow agent's
3 license is transferred or assigned pursuant to section 6-813 or when
4 control of the license is otherwise acquired.

5 Sec. 2. Title 6, chapter 1, Arizona Revised Statutes, is amended by
6 adding article 6, to read:

7 ARTICLE 6. COMPLIANCE WITH FEDERAL LAW

8 6-171. Compliance with federal law; military lending;
9 enforcement by attorney general; definitions

10 A. AN ENTERPRISE THAT EXTENDS CONSUMER CREDIT TO A COVERED MEMBER
11 OR DEPENDENT OF THE COVERED MEMBER SHALL COMPLY WITH 10 UNITED STATES CODE
12 SECTION 987 AND 32 CODE OF FEDERAL REGULATIONS PART 232.

13 B. IN ADDITION TO THE PENALTIES PRESCRIBED IN SECTION 6-132, ANY
14 VIOLATION OF THIS ARTICLE IS AN UNLAWFUL ACT OR PRACTICE PURSUANT TO
15 SECTION 44-1522. THE ATTORNEY GENERAL MAY INVESTIGATE THE ACT OR PRACTICE
16 AND TAKE APPROPRIATE ACTION PURSUANT TO TITLE 44, CHAPTER 10, ARTICLE 7.

17 C. FOR THE PURPOSES OF THIS SECTION, "CONSUMER CREDIT" AND "COVERED
18 MEMBER" HAVE THE SAME MEANINGS PRESCRIBED IN 32 CODE OF FEDERAL
19 REGULATIONS SECTION 232.3.

20 Sec. 3. Title 6, chapter 5, article 2, Arizona Revised Statutes, is
21 amended by adding section 6-640, to read:

22 6-640. Compliance with federal law; military lending;
23 enforcement by attorney general; definitions

24 A. A LICENSEE THAT EXTENDS CONSUMER CREDIT TO A COVERED MEMBER OR
25 DEPENDENT OF THE COVERED MEMBER SHALL COMPLY WITH 10 UNITED STATES CODE
26 SECTION 987 AND 32 CODE OF FEDERAL REGULATIONS PART 232.

27 B. IN ADDITION TO THE PENALTIES PRESCRIBED IN SECTION 6-132, ANY
28 VIOLATION OF THIS ARTICLE IS AN UNLAWFUL ACT OR PRACTICE PURSUANT TO
29 SECTION 44-1522. THE ATTORNEY GENERAL MAY INVESTIGATE THE ACT OR PRACTICE
30 AND TAKE APPROPRIATE ACTION PURSUANT TO TITLE 44, CHAPTER 10, ARTICLE 7.

31 C. FOR THE PURPOSES OF THIS SECTION, "CONSUMER CREDIT" AND "COVERED
32 MEMBER" HAVE THE SAME MEANINGS PRESCRIBED IN 32 CODE OF FEDERAL
33 REGULATIONS SECTION 232.3.

34 Sec. 4. Title 6, chapter 14, article 1, Arizona Revised Statutes,
35 is amended by adding section 6-1420, to read:

36 6-1420. Compliance with federal law; military lending;
37 enforcement by attorney general; definitions

38 A. A PREMIUM FINANCE COMPANY THAT EXTENDS CONSUMER CREDIT TO A
39 COVERED MEMBER OR DEPENDENT OF THE COVERED MEMBER SHALL COMPLY WITH 10
40 UNITED STATES CODE SECTION 987 AND 32 CODE OF FEDERAL REGULATIONS
41 PART 232.

42 B. IN ADDITION TO THE PENALTIES PRESCRIBED IN SECTION 6-132, ANY
43 VIOLATION OF THIS ARTICLE IS AN UNLAWFUL ACT OR PRACTICE PURSUANT TO

1 SECTION 44-1522. THE ATTORNEY GENERAL MAY INVESTIGATE THE ACT OR PRACTICE
2 AND TAKE APPROPRIATE ACTION PURSUANT TO TITLE 44, CHAPTER 10, ARTICLE 7.

3 C. FOR THE PURPOSES OF THIS SECTION, "CONSUMER CREDIT" AND "COVERED
4 MEMBER" HAVE THE SAME MEANINGS PRESCRIBED IN 32 CODE OF FEDERAL
5 REGULATIONS SECTION 232.3.

6 Sec. 5. Title 44, Arizona Revised Statutes, is amended by adding
7 chapter 32, to read:

8 CHAPTER 32

9 MILITARY LENDING

10 ARTICLE 1. GENERAL PROVISIONS

11 44-7501. Military lending; compliance with federal law;
12 enforcement by attorney general; definitions

13 A. A CREDITOR THAT EXTENDS CONSUMER CREDIT TO A COVERED MEMBER OR
14 DEPENDENT OF THE COVERED MEMBER SHALL COMPLY WITH 10 UNITED STATES CODE
15 SECTION 987 AND 32 CODE OF FEDERAL REGULATIONS PART 232.

16 B. ANY VIOLATION OF THIS ARTICLE IS AN UNLAWFUL ACT OR PRACTICE
17 PURSUANT TO SECTION 44-1522. THE ATTORNEY GENERAL MAY INVESTIGATE THE ACT
18 OR PRACTICE AND TAKE APPROPRIATE ACTION PURSUANT TO CHAPTER 10, ARTICLE 7
19 OF THIS TITLE.

20 C. FOR THE PURPOSES OF THIS SECTION, "CONSUMER CREDIT", "COVERED
21 MEMBER" AND "CREDITOR" HAVE THE SAME MEANINGS PRESCRIBED IN 32 CODE OF
22 FEDERAL REGULATIONS SECTION 232.3.