

State of Arizona  
House of Representatives  
Fifty-fifth Legislature  
Second Regular Session  
2022

# HOUSE BILL 2612

## AN ACT

AMENDING SECTIONS 3-2003, 3-2009, 3-2086, 4-210, 5-108, 5-404, 5-562, 5-1209, 5-1304, 5-1306, 6-147, 6-204, 6-326, 6-603, 6-605, 6-707, 6-817, 6-857, 6-863, 6-903, 6-905, 6-912, 6-943, 6-945, 6-974, 6-982, 6-991.05, 6-1107, 6-1209, 6-1216, 6-1404, 20-361, 20-411, 20-411.01, 20-485.12, 20-486.01, 20-1004, 20-1054, 20-1095.03, 20-1096.04, 28-3228 AND 28-3413, ARIZONA REVISED STATUTES; AMENDING SECTION 32-122, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2016, CHAPTER 167, SECTION 5; AMENDING SECTION 32-122, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2016, CHAPTER 352, SECTION 9 AND CHAPTER 371, SECTION 11; AMENDING SECTIONS 32-122.01, 32-122.02, 32-122.07, 32-721, 32-823, 32-921, 32-1004, 32-1023, 32-1051, 32-1053, 32-1122, 32-1232, 32-1234, 32-1284, 32-1296, 32-1522, 32-1523.01, 32-1529, 32-1682, 32-1683, 32-1722, 32-1723, 32-1822, 32-1829, 32-1854, 32-1901.01, 32-1922, 32-1923.01, 32-2022, 32-2024, 32-2091.02, 32-2091.04, 32-2108, 32-2123, 32-2124, 32-2153, 32-2215, 32-2217, 32-2242, 32-2248, 32-2371, 32-2812, 32-2912, 32-3275, 32-3423, 32-3429, 32-3611, 32-3668, 32-3669, 32-4021, 32-4122, 32-4222, 36-446.04, 36-446.06, 36-755, 36-1923, 36-1940, 36-1940.01, 36-1940.04, 41-271, 41-4025, 44-1961 AND 44-1962, ARIZONA REVISED STATUTES; RELATING TO OCCUPATIONAL REGULATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 3-2003, Arizona Revised Statutes, is amended to  
3 read:

4 3-2003. Grant of licenses; fees; expiration date

5 A. The division may grant a license to slaughter livestock, sheep,  
6 goats or swine as set forth in the license issued ~~upon~~ ON payment of the  
7 fees ~~and presentation of proof that the applicant is law-abiding,~~  
8 ~~trustworthy and of good moral character.~~

9 B. The fees shall be as follows:

10 1. For not to exceed forty-five head of livestock, and not to  
11 exceed fifty-five head of sheep, goats or swine in one calendar year, ~~five~~  
12 ~~dollars~~ \$5.

13 2. For more than forty-five and not to exceed one hundred fifty  
14 head of livestock and more than forty-five and not to exceed one hundred  
15 sixty head of sheep, goats or swine in one calendar year, ~~fifteen dollars~~  
16 \$15.

17 3. For more than one hundred fifty head of livestock and more than  
18 one hundred sixty head of sheep, goats or swine in any one calendar year,  
19 ~~eighty dollars~~ \$80.

20 C. Licenses issued under ~~the provisions of~~ this section shall  
21 expire on December 31 of the year in which THEY ARE issued.

22 Sec. 2. Section 3-2009, Arizona Revised Statutes, is amended to  
23 read:

24 3-2009. Transfer of license without fee

25 If a person who is a licensee under ~~the provisions of~~ this article  
26 sells or otherwise disposes of ~~his~~ THE PERSON'S slaughtering business,  
27 together with the goodwill thereof, and the purchaser or transferee  
28 continues the business at the same location, substantially in the same  
29 manner and under the same business name as it was conducted by the seller,  
30 the license of the original licensee may be transferred to the new owner  
31 without payment of a license fee if the new owner submits to the  
32 division:

33 ~~1.~~ an affidavit stating, under penalty of perjury, that the new  
34 owner will comply with the law and will not slaughter animals or sell,  
35 exchange or expose meat for sale except according to law and the rules of  
36 the director.

37 ~~2. Evidence that the new owner is law-abiding, trustworthy and of~~  
38 ~~good moral character.~~

39 Sec. 3. Section 3-2086, Arizona Revised Statutes, is amended to  
40 read:

41 3-2086. Transfer of license without fee

42 If any person acquires a business licensed pursuant to this chapter  
43 to wholesale meat, with the goodwill of the business, and continues to  
44 operate the business in substantially the same manner, in the same  
45 location and under the same firm name, the division may transfer the

1 license to the new owner, on written application, without payment of a  
2 license fee if the new owner submits:—

3 ~~1.~~ AN affidavit stating, under penalty of perjury, that the new  
4 owner will comply with the law and will not slaughter animals or sell,  
5 exchange or expose meat for sale except according to law and the rules of  
6 the director.

7 ~~2. Evidence that the new owner is law-abiding, trustworthy and of~~  
8 ~~good moral character.~~

9 Sec. 4. Section 4-210, Arizona Revised Statutes, is amended to  
10 read:

11 4-210. Grounds for revocation, suspension and refusal to  
12 renew; notice; complaints; hearings; defense

13 A. After notice and hearing, the director may suspend, revoke or  
14 refuse to renew any license, registration, lease or permit issued pursuant  
15 to this chapter for any of the following reasons:

16 1. There occurs on the licensed premises repeated acts of violence.

17 2. The licensee, registrant, lessee or permittee fails to  
18 satisfactorily maintain the capability, qualifications and reliability  
19 requirements of an applicant for a license, registration, lease or permit  
20 prescribed in section 4-202, 4-203, 4-203.06, 4-203.07 or 4-205.13.

21 3. The licensee, registrant, lessee, permittee or controlling  
22 person knowingly files with the department an application or other  
23 document that contains material information that is false or misleading or  
24 while under oath knowingly gives testimony in an investigation or other  
25 proceeding under this title that is false or misleading.

26 4. The licensee, registrant, lessee, permittee or controlling  
27 person is on the premises habitually intoxicated.

28 5. The licensed, registered, leased or permitted business is  
29 delinquent for more than one hundred twenty days in ~~the payment of~~ PAYING  
30 taxes, penalties or interest in an amount that exceeds \$250 to this state  
31 or to any political subdivision of this state.

32 6. The licensee or controlling person obtains, assigns, transfers  
33 or sells a spirituous liquor license without ~~compliance~~ COMPLYING with  
34 this title or leases or subleases a license.

35 7. The licensee, registrant, lessee or permittee fails to keep for  
36 two years and make available to the department on reasonable request all  
37 invoices, records, bills or other papers and documents relating to the  
38 purchase, sale and delivery of spirituous liquors and, in the case of a  
39 restaurant or hotel-motel licensee, all invoices, records, bills or other  
40 papers and documents relating to the purchase, sale and delivery of food.

41 8. The licensee, registrant, lessee, permittee or controlling  
42 person is convicted of a felony, provided that for a conviction of a  
43 corporation to serve as a reason for any action by the director, conduct  
44 that constitutes the corporate offense and was the basis for the felony  
45 conviction must have been engaged in, authorized, solicited, commanded or

1 recklessly tolerated by the directors of the corporation or by a high  
2 managerial agent acting within the scope of employment.

3 9. The licensee, registrant, lessee, permittee or controlling  
4 person violates or fails to comply with this title, any rule adopted  
5 pursuant to this title or any liquor law of this state or any other state.

6 10. The licensee, registrant, lessee or permittee fails to take  
7 reasonable steps to protect the safety of a customer of the licensee,  
8 registrant, lessee or permittee or any other person entering, leaving or  
9 remaining on the licensed premises when the licensee knew or reasonably  
10 should have known of the danger to the person, or the licensee fails to  
11 take reasonable steps to intervene by notifying law enforcement officials  
12 or otherwise to prevent or break up an act of violence occurring on the  
13 licensed premises or immediately adjacent to the premises when the  
14 licensee knew or reasonably should have known of the acts of violence.

15 ~~11. The licensee, registrant, lessee, permittee or controlling~~  
16 ~~person lacks good moral character.~~

17 ~~12.~~ 11. The licensee, registrant, lessee, permittee or controlling  
18 person knowingly associates with a person who has engaged in racketeering,  
19 as defined in section 13-2301, or who has been convicted of a felony, and  
20 the association is of a nature as to create a reasonable risk that the  
21 licensee, registrant, lessee or permittee will fail to conform to the  
22 requirements of this title or of any criminal statute of this state.

23 ~~13.~~ 12. A licensee that is a liquor store as defined in section  
24 46-297 violates the restrictions on use of automatic teller machines or  
25 point-of-sale terminals regarding electronic benefit transfer cards  
26 prescribed in section 4-242.01.

27 ~~14.~~ 13. There occurs on the licensed premises a serious act of  
28 violence. For the purposes of this paragraph, "serious act of violence"  
29 means an act of violence in which a serious injury causes the death or  
30 critical injury of a person and the injuries would be obvious to a  
31 reasonable person.

32 ~~15.~~ 14. The licensee fails to report a serious act of violence  
33 that occurs on the licensed premises. For the purposes of this paragraph,  
34 "serious act of violence" means an act of violence in which a serious  
35 injury causes THE death or critical injury of a person and the injuries  
36 would be obvious to a reasonable person.

37 ~~16.~~ 15. The licensee, registrant, lessee or permittee violates an  
38 order of the board.

39 B. For the purposes of:

40 1. Subsection A, paragraph 8 of this section, "high managerial  
41 agent" means an officer of a corporation or any other agent of the  
42 corporation in a position of comparable authority with respect to the  
43 formulation of corporate policy.

44 2. Subsection A, paragraphs 9 and 10 of this section, acts or  
45 omissions of an employee of a licensee that violate this title or rules

1 adopted pursuant to this title are deemed to be acts or omissions of the  
2 licensee. Acts or omissions by an employee or licensee committed during  
3 the time the licensed premises were operated pursuant to an interim permit  
4 or without a license may be charged as if they had been committed during  
5 the period the premises were duly licensed.

6 C. The director may suspend, revoke or refuse to issue, transfer or  
7 renew a license, registration, lease or permit under this section based  
8 solely on the unrelated conduct or fitness of any officer, director,  
9 managing agent or other controlling person if the controlling person  
10 retains any interest in or control of the licensee, registrant, lessee or  
11 permittee after sixty days following written notice to the licensee,  
12 registrant, lessee or permittee. If the controlling person holds stock in  
13 a corporate licensee, registrant, lessee or permittee or is a partner in a  
14 partnership licensee, registrant, lessee or permittee, the controlling  
15 person may only divest himself of the controlling person's interest by  
16 transferring the interest to the existing stockholders or partners who  
17 must demonstrate to the department that they meet all the requirements for  
18 licensure, registration, leasing or permitting. For the purposes of this  
19 subsection, the conduct or fitness of a controlling person is unrelated if  
20 it would not be attributable to the licensee, registrant, lessee or  
21 permittee.

22 D. If the director finds, based on clear and convincing evidence in  
23 the record, that a violation involves the use by the licensee, registrant,  
24 lessee or permittee of a drive-through or walk-up service window or other  
25 physical feature of the licensed premises that allows a customer to  
26 purchase spirituous liquor without leaving the customer's vehicle or, with  
27 respect to a walk-up service window that prevents the licensee,  
28 registrant, lessee or permittee from fully observing the customer, and  
29 that the use of that drive-through or walk-up service window or other  
30 physical feature caused the violation, the director may suspend or  
31 terminate the licensee's, registrant's, lessee's or permittee's use of the  
32 drive-through or walk-up service window or other physical feature for the  
33 sale of spirituous liquor, in addition to any other sanction.

34 E. The director may refuse to transfer any license, registration,  
35 lease or permit or issue a new license, registration, lease or permit at  
36 the same location if the director has filed a complaint against the  
37 license, registration, lease, permit or location that has not been  
38 resolved alleging a violation of any of the grounds stated in subsection A  
39 of this section until the time the complaint has been finally adjudicated.

40 F. The director shall receive all complaints of alleged violations  
41 of this chapter and is responsible for ~~the investigation of~~ INVESTIGATING  
42 all allegations of a violation of, or noncompliance with, this title, any  
43 rule adopted pursuant to this title or any condition imposed on the  
44 licensee, registrant, lessee or permittee by the license, registration,  
45 lease or permit. When the director receives three complaints from any law

1 enforcement agency resulting from three separate incidents at a licensed,  
2 leased or permitted establishment or by a registrant within a twelve-month  
3 period, the director shall transmit a written report to the board setting  
4 forth the complaints, the results of any investigation conducted by the  
5 law enforcement agency or the department relating to the complaints and a  
6 history of all prior complaints against the license, registration, lease  
7 or permit and their disposition. The board shall review the report and  
8 may direct the director to conduct further investigation of a complaint or  
9 to serve a licensee, registrant, lessee or permittee with a complaint and  
10 notice of a hearing pursuant to subsection G of this section.

11 G. On the director's initiation of an investigation or on the  
12 receipt of a complaint and an investigation of the complaint as deemed  
13 necessary, the director may cause a complaint and notice of a hearing to  
14 be directed to the licensee, registrant, lessee or permittee that states  
15 the violations alleged against the licensee, registrant, lessee or  
16 permittee and directing the licensee, registrant, lessee or permittee,  
17 within fifteen days after service of the complaint and notice of a  
18 hearing, to appear by filing with the director an answer to the complaint.  
19 Failure of the licensee, registrant, lessee or permittee to answer may be  
20 deemed an admission by the licensee, registrant, lessee or permittee of  
21 commission of the act charged in the complaint. The director may then  
22 vacate the hearing and impose any sanction provided by this article. The  
23 director may waive any sanction for good cause shown, including excusable  
24 neglect. With respect to any violation of this title or any rule adopted  
25 pursuant to this title that is based on the act or omission of a  
26 licensee's, registrant's, lessee's or permittee's employee, the director  
27 shall consider evidence of mitigation presented by the licensee,  
28 registrant, lessee or permittee and established by a preponderance of the  
29 evidence that the employee acted intentionally and in violation of the  
30 express direction or policy adopted by the licensee, registrant, lessee or  
31 permittee and communicated to the employee and that the employee  
32 successfully completed training in a course approved by the director  
33 pursuant to section 4-112, subsection G, paragraph 2. The director may  
34 set the hearing before the director or an administrative law judge on any  
35 of the grounds stated in subsection A of this section. Instead of issuing  
36 a complaint, the director may provide for informal disposition of the  
37 matter by consent agreement or may issue a written warning to the  
38 licensee, registrant, lessee or permittee. If a warning is issued, the  
39 licensee, registrant, lessee or permittee may reply in writing and the  
40 director shall keep a record of the warning and the reply.

41 H. A hearing shall conform to the requirements of title 41,  
42 chapter 6, article 10. At the hearing an attorney or corporate officer or  
43 employee of a corporation may represent the corporation. The revoking,  
44 suspending or refusing to renew a license, registration, lease or permit  
45 for unpaid taxes, penalties or interest pursuant to subsection A,

1 paragraph 5 of this section is a contested case with the department of  
2 revenue pursuant to section 42-1251.01.

3 I. The expiration, cancellation, revocation, reversion, surrender,  
4 acceptance of surrender or termination in any other manner of a license,  
5 registration, lease or permit does not prevent the initiation or  
6 completion of a disciplinary proceeding pursuant to this section against  
7 the licensee, registrant, lessee or permittee or license, registration,  
8 lease or permit. An order issued pursuant to a disciplinary proceeding  
9 against a license, registration, lease or permit is enforceable against  
10 other licenses, registrations, leases or permits or subsequent licenses,  
11 registrations, leases or permits in which the licensee, registrant,  
12 lessee, permittee or controlling person of the license, registration,  
13 lease or permit has a controlling interest.

14 J. The department shall provide the same notice as is provided to  
15 the licensee, registrant, lessee or permittee to a lienholder, which has  
16 provided a document under section 4-112, subsection B, paragraph 3, of all  
17 disciplinary or compliance action with respect to a license, registration,  
18 lease or permit issued pursuant to this title. The state is not liable  
19 for damages for any failure to provide any notice pursuant to this  
20 subsection.

21 K. In any disciplinary action pursuant to this title, a lienholder  
22 may participate in the determination of the action. The director shall  
23 consider mitigation on behalf of the lienholder if the lienholder proves  
24 all of the following by a preponderance of the evidence:

25 1. That the lienholder's interest is a bona fide security interest.  
26 For the purposes of this paragraph, "bona fide security interest" means  
27 the lienholder provides actual consideration to the licensee, registrant,  
28 lessee or permittee or the licensee's, registrant's, lessee's or  
29 permittee's predecessor in interest in exchange for the lienholder's  
30 interest. Bona fide security interest includes a lien taken by the seller  
31 of a license, registration, lease or permit as security for the seller's  
32 receipt of all or part of the purchase price of the license, registration,  
33 lease or permit.

34 2. That a statement of legal or equitable interest was filed with  
35 the department before the alleged conduct occurred that is the basis for  
36 the action against the license, registration, lease or permit.

37 3. That the lienholder took reasonable steps to correct the  
38 licensee's, registrant's, lessee's or permittee's prior actions, if any,  
39 or initiated an action pursuant to available contract rights against the  
40 licensee, registrant, lessee or permittee for the forfeiture of the  
41 license, registration, lease or permit after being provided with notice by  
42 the department of disciplinary action as provided in subsection J of this  
43 section.

44 4. That the lienholder was free of responsibility for the conduct  
45 that is the basis for the proposed revocation.

1           5. That the lienholder reasonably attempted to remain informed by  
2 the licensee, registrant, lessee or permittee about the business's  
3 conduct.

4           L. If the director decides not to revoke the license, registration,  
5 lease or permit based on the circumstances provided in subsection K of  
6 this section, the director may issue an order requiring either, or both,  
7 of the following:

8           1. The forfeiture of all interest of the licensee, registrant,  
9 lessee or permittee in the license, registration, lease or permit.

10          2. The lienholder to pay any civil monetary penalty imposed on the  
11 licensee, registrant, lessee or permittee.

12          M. If any on-sale licensee proposes to provide large capacity  
13 entertainment events or sporting events with an attendance capacity  
14 exceeding a limit established by the director, the director may request a  
15 security plan from the licensee that may include trained security  
16 officers, lighting and other requirements. This subsection exclusively  
17 prescribes the security requirements for a licensee and does not create  
18 any civil liability for this state, its agencies, agents or employees or a  
19 person licensed under this title or agents or employees of a licensee.

20          N. The director may consider as a mitigating factor or defense to a  
21 complaint against a licensee for a violation of subsection A, paragraph 10  
22 or ~~11~~ 13 of this section that the licensee acted reasonably, responsibly  
23 and as expeditiously as possible by asking for intervention by a peace  
24 officer to prevent or to break up a riot, a fight, an altercation or  
25 tumultuous conduct.

26          Sec. 5. Section 5-108, Arizona Revised Statutes, is amended to  
27 read:

28          5-108. Issuance of permit or license; grounds for refusal to  
29 issue; nontransferable; renewal

30          A. The department shall conduct a thorough investigation concerning  
31 the application for a permit or a license and:

32          1. The department may refuse to issue or renew a license or the  
33 commission may refuse to approve or renew a permit for any applicant if  
34 there is substantial evidence to find that the applicant:

35           (a) Has been suspended or ruled off a recognized course in another  
36 jurisdiction by the racing board or commission thereof.

37           ~~(b) Is not of good repute and moral character.~~

38           ~~(c)~~ (b) Has, when previously licensed or granted a permit,  
39 violated the racing laws of this state or of any other state or the  
40 regulations of the commission.

41           ~~(d)~~ (c) Is a corporation, firm or association not duly qualified  
42 and authorized to conduct business within this state.

43           ~~(e)~~ (d) If an individual, has been convicted of a felony or any  
44 crime involving moral turpitude, or, if a corporation, firm or  
45 association, is controlled or operated directly or indirectly by a person



1 or persons who have been convicted of a felony or any crime involving  
2 moral turpitude.

3 ~~(f)~~ (e) If an individual, is engaged in or has been convicted of  
4 wagering by other than the mutuel method or in pool selling or bookmaking  
5 in any state of the United States or foreign country where such other  
6 method, pool selling or bookmaking is illegal or, if a corporation, firm  
7 or association, is controlled or operated directly or indirectly by a  
8 person who is engaged in or has been convicted of wagering by other than  
9 the mutuel method or in pool selling or bookmaking in any state of the  
10 United States or foreign country where such other method, pool selling or  
11 bookmaking is illegal.

12 ~~(g)~~ (f) Has wilfully violated any provision of this chapter or any  
13 of the rules and regulations of the commission.

14 ~~(h)~~ (g) Should not, in the best interest of the safety, welfare,  
15 economy, health and peace of the people of the state, be granted a license  
16 or permit.

17 ~~(i)~~ (h) Has entered into any contract or contracts that will not  
18 further the best interests of racing or be in the public interest or, in  
19 the case of permittees or applicants for permits to conduct racing  
20 meetings, has failed to file with the department a contract, as an  
21 addendum to an application for a permit to conduct a racing meeting,  
22 providing for food and beverage concession rights, if any, at that racing  
23 meeting. A food and beverage concessionaire contract filed with the  
24 department pursuant to this section shall be available to the public on  
25 request.

26 ~~(j)~~ (i) Has failed to inform the department on or before May 15 of  
27 each year in writing of any material change, occurring during the  
28 immediately preceding year of the license or permit term, in the  
29 information supplied by the applicant in the application, for a license or  
30 permit. If a licensee or permittee fails to file such information, the  
31 department shall notify the licensee or permittee of the failure to file  
32 and the licensee or permittee shall have an additional fifteen days, after  
33 the notice is mailed to the last known address of the licensee or  
34 permittee, to file the information.

35 2. The commission may refuse to approve or renew a permit to  
36 conduct a racing meeting or a food and beverage concessionaire license for  
37 any ground set forth in paragraph 1 of this subsection or if there is  
38 substantial evidence to find that:

39 (a) The applicant is not possessed of or has not demonstrated  
40 financial responsibility sufficient to meet adequately the requirements of  
41 the enterprise proposed to be authorized.

42 (b) The applicant is not the true owner of the enterprise proposed  
43 to be granted a permit, that other persons have ownership in the  
44 enterprise ~~which~~ AND THAT fact has not been disclosed or, if the applicant  
45 is a corporation, that ten ~~per cent~~ PERCENT of the stock of the

1 corporation is subject to a contract or option to purchase at any time  
2 during the period for which the permit is issued unless the contract or  
3 option was disclosed to the department and the department approved the  
4 sale or transfer during the period of the permit.

5 (c) The granting of a permit or license in the locality set out in  
6 the application is not in the public interest or convenience.

7 (d) The applicant, if a corporation or any holder of more than ten  
8 ~~per cent~~ PERCENT of the outstanding stock of any class, transferred,  
9 pledged or in any other way collateralized any of its stock after an  
10 application for a permit or license was filed with the department, without  
11 prior department approval. ~~The provisions of~~ Subdivision (b) of this  
12 paragraph and this subdivision ~~shall~~ DO not apply to day-to-day transfers  
13 of stock of a publicly held corporation unless the transfer, or a  
14 combination of transfers, involves a controlling interest in or affects  
15 the operational control of the corporation, or involves ten ~~per cent~~  
16 PERCENT or more of any class of stock of the corporation owned by the  
17 controlling shareholders or the manager of any racing meeting.

18 (e) The applicant has, or if the applicant is a corporation, its  
19 officers, managerial employees, directors or substantial stockholders  
20 have, committed acts of moral turpitude in this state or have wilfully  
21 violated a material racing statute of this state or a material rule or  
22 regulation of the commission. If the commission makes such a finding, with  
23 respect to an officer, managerial employee, director or substantial  
24 stockholder, the applicant may be denied a permit only on the failure to  
25 remove the officer, managerial employee or director or the failure of the  
26 substantial stockholder to sell its stock interest. For purposes of this  
27 subdivision a substantial stockholder is one who owns ten ~~per cent~~ PERCENT  
28 of the issued and outstanding stock of the applicant.

29 3. The department may deny or refuse to renew a license or the  
30 commission may refuse to approve or renew a permit for any person who has  
31 made a knowingly false statement of a material fact to the department.

32 4. The department may deny or refuse to renew a license or the  
33 commission may refuse to approve or renew a permit to any applicant if the  
34 applicant has failed to meet any monetary obligation in connection with  
35 any racing meeting held in this state.

36 5. The department shall refuse to issue or renew a license or the  
37 commission shall refuse to approve or renew a permit for any applicant if  
38 there is substantial evidence to find that the applicant, if an  
39 individual, has been convicted within the last five years of a felony or  
40 any crime involving moral turpitude or, if a corporation, firm or  
41 association, is controlled or operated directly or indirectly by a person  
42 or persons who have been convicted within the last five years of a felony  
43 or any crime involving moral turpitude.

44 B. The department, in conducting the investigation referred to in  
45 this section, shall have the full cooperation of all state agencies and

1 departments, including the department of public safety, and the agencies  
2 and departments shall make their personnel available to the department, on  
3 request.

4 C. If the commission determines that the applicant for a permit,  
5 whether such applicant is a lessee or an individual or corporate owner of  
6 the tracksite, meets the requirements prescribed by this article and the  
7 rules and regulations of the commission, it shall approve the permit. The  
8 permit shall be approved for a period of not ~~to exceed~~ MORE THAN three  
9 years. Any renewal of a permit shall be pursuant to subsection D of this  
10 section.

11 D. Except as provided by subsection C of this section, permits  
12 shall be renewed for successive periods of not more than three years  
13 unless the commission revokes the permit or refuses to renew the permit  
14 for any of the grounds enumerated in this section or section  
15 5-108.03. The renewal of a permit shall be denied only after a full  
16 hearing and a finding of good cause for refusing renewal has been made by  
17 the commission.

18 E. The director shall suspend or revoke a license or the commission  
19 shall deny or revoke a permit of a person who intentionally provides false  
20 information to the department or any other governmental agency concerning  
21 the person's criminal history background. The director may suspend or  
22 revoke a license or the commission may deny or revoke a permit of a person  
23 who negligently or recklessly provides false information to the department  
24 or any other governmental agency concerning the person's criminal history  
25 background.

26 F. Except as provided by this subsection, the director may grant a  
27 license or the commission may approve a permit to engage in the racing  
28 industry in this state only after all necessary investigation of the  
29 background of the applicant required by this article has been  
30 completed. A temporary permit approved by the commission or a temporary  
31 license valid for a period of not ~~to exceed~~ MORE THAN ninety days may be  
32 issued by the director before the time the investigation of the background  
33 of the applicant for the license or permit has been completed. After a  
34 temporary license or permit has been issued, the director may suspend or  
35 revoke a temporary license or the commission may revoke a temporary permit  
36 for any reason that would be grounds to refuse to issue, approve or renew  
37 a license or permit under ~~the provisions of~~ subsection A of this section.

38 Sec. 6. Section 5-404, Arizona Revised Statutes, is amended to  
39 read:

40 5-404. Application for license

41 A. Each applicant for an initial license to be issued pursuant to  
42 ~~the provisions of~~ this section shall submit to the local governing body  
43 the local governing body fee and the license fee prescribed in section  
44 5-414 together with a written application THAT IS in the form prescribed

1 by the licensing authority, THAT IS duly executed and verified, and in  
2 ~~which shall be stated~~ THAT STATES:

3 1. The name, telephone number and address of the applicant.

4 2. Sufficient facts to enable the licensing authority to determine  
5 whether or not the applicant is qualified for the specific class of  
6 license for which the applicant is applying.

7 3. If the applicant is a qualified organization, the names and  
8 addresses of its officers.

9 4. The place where and day and time when such games of bingo are to  
10 be held, operated and conducted by the applicant, under the license  
11 applied for.

12 5. The items of expense intended to be incurred or paid in  
13 connection with ~~the~~ holding, operating and conducting ~~of~~ such games of  
14 bingo and the names and addresses of the persons to whom, and the purposes  
15 for which, they are to be paid.

16 6. The specific projected use of the net proceeds.

17 7. Such other information as ~~shall be~~ deemed advisable by the  
18 licensing authority.

19 B. The applicant shall designate in the application:

20 1. One or two persons who will serve as manager.

21 2. One person who will serve as proceeds coordinator.

22 3. At least one person who will serve as supervisor.

23 4. At least one person who will serve as assistant.

24 C. A person WHO IS designated as a manager, proceeds coordinator or  
25 supervisor on a license shall not serve in any of these positions under  
26 any other license.

27 D. The applicant shall attach affidavits to the application ~~which~~  
28 THAT are executed by each manager and state that the manager:

29 1. Will conduct all bingo games in compliance with the license,  
30 this article and the rules of the licensing authority.

31 ~~2. Is of good moral character.~~

32 ~~3.~~ 2. Has never been convicted of a misdemeanor involving moral  
33 turpitude or a felony.

34 E. The applicant shall attach an affidavit to the application ~~which~~  
35 THAT is executed by the proceeds coordinator and states that the proceeds  
36 coordinator:

37 1. Will use the net proceeds in compliance with the terms of the  
38 license, this article and the rules of the licensing authority.

39 ~~2. Is of good moral character.~~

40 ~~3.~~ 2. Has never been convicted of a misdemeanor involving moral  
41 turpitude or a felony.

42 F. A person may serve as supervisor for more than one occasion for  
43 the same licensee. The supervisor shall be continuously present on the  
44 premises during the bingo games and until all associated activities have

1 been completed. The applicant shall attach affidavits to the application  
2 ~~which~~ THAT are executed by each supervisor and state that the supervisor:

3 1. Will comply with the terms of the license, this article and the  
4 rules of the licensing authority in supervising each occasion.

5 ~~2. Is of good moral character.~~

6 ~~3.~~ 2. Has never been convicted of a misdemeanor involving moral  
7 turpitude or a felony.

8 G. Except in an application for a class A license, the applicant  
9 shall attach affidavits to the application ~~which~~ THAT are executed by each  
10 assistant and state that the assistant:

11 1. Will comply with the terms of the license, this article and the  
12 rules of the licensing authority in assisting in the conduct of all bingo  
13 games.

14 ~~2. Is of good moral character.~~

15 ~~3.~~ 2. Has never been convicted of a misdemeanor involving moral  
16 turpitude or a felony.

17 H. If any premises are to be leased or rented in connection with  
18 holding, operating or conducting any game of bingo pursuant to this  
19 article, an affidavit by the lessor shall accompany the application  
20 stating the lessor's name and address, the amount of rent, stated in a  
21 specific dollar amount and not relating to any percentage or portion of  
22 gross or net revenue, ~~which~~ THAT will be paid for such premises and that  
23 the lessor ~~is~~ HAS, or its officers and directors ~~are~~ HAVE, ~~of good moral~~  
24 ~~character and have~~ not been convicted of any misdemeanor involving moral  
25 turpitude or a felony.

26 I. The local governing body, ~~shall upon~~ ON receipt of the  
27 application, SHALL immediately set a hearing on the application to be held  
28 within forty-five days.

29 J. Following the receipt of the application and the hearing, the  
30 local governing body shall recommend approval or disapproval of the  
31 application and forward the original or a certified copy of the  
32 application endorsed with its approval or disapproval to the licensing  
33 authority. If the application is disapproved by the local governing body,  
34 the endorsement shall contain the specific reasons for disapproval.

35 Sec. 7. Section 5-562, Arizona Revised Statutes, is amended to  
36 read:

37 5-562. Licenses to sell tickets or shares; fee; conditions;  
38 definitions

39 A. A license as an agent to sell lottery tickets or shares shall  
40 not be issued to any person to engage in business exclusively as a lottery  
41 sales agent. Before issuing a license as a lottery sales agent to any  
42 person, the director shall consider factors such as the financial  
43 responsibility and security of the person and the nature of the person's  
44 business activity, the person's background ~~and reputation in the~~  
45 ~~community~~, the accessibility of the person's place of business or activity

1 to the public, the accessibility of existing licensees to serve the public  
2 convenience and the volume of expected sales.

3 B. A person THAT IS lawfully engaged in nongovernmental business on  
4 state property may be licensed as a lottery sales agent.

5 C. The director may establish by rule and collect a fee for a  
6 license issued pursuant to this section.

7 D. A license is not assignable or transferrable.

8 E. A licensed agent or licensed agent's employee may sell lottery  
9 tickets or shares only on the premises stated in the license of the agent.

10 F. The director may purchase a blanket bond covering the activities  
11 of licensed agents.

12 G. A licensed agent shall display the licensed agent's license or a  
13 copy of the license conspicuously in accordance with the rules prescribed  
14 by the director.

15 H. If a licensed agent sells lottery tickets or shares on leased  
16 premises and all or part of the agent's rental payments are based on the  
17 total volume of sales made at the premises, the compensation paid by the  
18 state lottery commission to the agent for the sale of tickets and shares  
19 is the amount of the sale for the purposes of determining the agent's  
20 rental payments. This subsection does not apply if the lease agreement  
21 expressly provides that the total volume of sales made at the premises  
22 includes sales of lottery tickets or shares.

23 I. The commission shall adopt rules to establish penalties for a  
24 licensed agent who violates section 5-565 or 5-565.01. The penalty for a  
25 subsequent violation within any ~~twelve-month~~ TWELVE-MONTH period shall be  
26 more severe than the penalty for a prior violation.

27 J. The director shall not require a licensed agent, as a condition  
28 of securing or continuing to hold a license to sell lottery tickets or  
29 shares to the public, to sell such tickets or shares through or by the use  
30 of a self-service vending machine at the licensed agent's premises.

31 K. For the purposes of this section, acts or omissions of an  
32 employee at the premises of a licensed agent or sales of tickets or shares  
33 by a self-service vending machine in violation of section 5-565 or  
34 5-565.01 shall be deemed acts or omissions of the licensed agent only at  
35 the premises where the acts, omissions or sales occurred.

36 L. For the purposes of this section:

37 1. "Person":

38 (a) Means an individual, association, corporation, club, trust,  
39 estate, society, company, joint stock company, receiver, trustee or  
40 referee, any other person acting in a fiduciary or representative capacity  
41 who is appointed by a court, or any combination of individuals. ~~Person~~

42 (b) Includes any department, commission, agency or instrumentality  
43 of this state, including any county, city or town and any agency or  
44 instrumentality of this state or of a county, city or town.

1           2. "Premises" means the physical location and address listed on the  
2 license of the licensed agent where lottery tickets or shares may be sold.

3           Sec. 8. Section 5-1209, Arizona Revised Statutes, is amended to  
4 read:

5           5-1209. Revocation, suspension or denial of license; grounds;  
6 definitions

7           A. The department may revoke, suspend or deny a license if an  
8 applicant or licensee meets any of the following criteria:

9           1. Violates, fails or refuses to comply with the provisions,  
10 requirements, conditions, limitations or duties imposed by law or rule, or  
11 if any such violation occurs on any fantasy sports contest platform  
12 operated by any such person or over which the person has substantial  
13 control.

14           2. Knowingly causes, aids, abets or conspires with another to cause  
15 any person to violate any of the laws of this state or the rules of the  
16 department.

17           3. Obtains a license by fraud, misrepresentation, concealment or  
18 through inadvertence or mistake.

19           4. Is convicted **OF** or forfeited bond on a charge of or pleads  
20 guilty to:

21           (a) Forgery, larceny, extortion or conspiracy to defraud.

22           (b) Wilful failure to make required payment or reports to any  
23 tribal, state or federal governmental agency, filing false reports with  
24 any tribal, state or federal governmental agency or any similar offense or  
25 offenses.

26           (c) Bribing or otherwise unlawfully influencing a public official  
27 of this state or any other state or jurisdiction.

28           (d) Any crime, whether a felony or misdemeanor, involving any  
29 gaming activity, physical harm to an individual or moral turpitude.

30           5. Makes a misrepresentation of or fails to disclose a material  
31 fact to the department.

32           6. Fails to prove, by clear and convincing evidence, that the  
33 person is qualified for licensure.

34           7. Is subject to current prosecution or pending charges or a  
35 conviction that is under appeal for any of the offenses included in this  
36 subsection. At the request of an applicant for an original license, the  
37 department may defer decision on the application during the pendency of  
38 the prosecution or appeal.

39           8. Has had a gaming license issued by any jurisdiction in the  
40 United States revoked or denied.

41           9. Demonstrates a wilful disregard for compliance with gaming  
42 regulatory authority in any jurisdiction, including suspension, revocation  
43 or denial of an application for a license or forfeiture of a license.

44           10. Has pursued or is pursuing economic gain in an occupational  
45 manner or context in violation of the criminal laws of any state if the

1 pursuit creates probable cause to believe that the person's participation  
2 in gaming or related activities would be detrimental to the proper  
3 operation of authorized gaming or a related activity in this state.

4 11. Is a career offender or a member of a career offender  
5 organization or an associate of a career offender or career offender  
6 organization thereby establishing probable cause to believe that the  
7 association is of such a nature as to be detrimental to the proper  
8 operation of authorized gaming or related activities in this state.

9 12. Is a person whose prior activities, criminal record, if any,  
10 ~~reputation~~, habits and associations pose a threat to the public interest  
11 of this state or to the effective regulation and control of fantasy sports  
12 contests, or creates or enhances the dangers of unsuitable, unfair or  
13 illegal practices, methods and activities in the conduct of fantasy sports  
14 contests, or the carrying on of the business and financial arrangements  
15 incidental thereto.

16 13. Fails to provide any information requested by the department  
17 within seven days of the request for the information.

18 B. The department, pursuant to the laws of this state, may  
19 summarily suspend a license issued pursuant to this chapter if the  
20 continued licensure of a person constitutes an immediate threat to the  
21 public health, safety or welfare.

22 C. Any applicant for licensure agrees by making such application to  
23 be subject to state jurisdiction to the extent necessary to determine the  
24 applicant's qualification to hold such license, including all necessary  
25 administrative procedures, hearings and appeals pursuant to title 41,  
26 chapter 6 and the department's rules.

27 D. An applicant for licensure may not withdraw an application  
28 without the department's written permission. The department may not  
29 unreasonably withhold permission to withdraw an application.

30 E. For the purposes of this section:

31 1. "Career offender" means any individual who behaves in an  
32 occupational manner or context for the purposes of economic gain by  
33 violating federal law or the laws and public policy of this state.

34 2. "Career offender organization" means any group of individuals  
35 who operate together as career offenders.

36 3. "Occupational manner or context" means the systematic planning,  
37 administration, management or execution of an activity for financial gain.

38 Sec. 9. Section 5-1304, Arizona Revised Statutes, is amended to  
39 read:

40 5-1304. Licensure; application

41 A. The department may issue not more than ten event wagering  
42 operator licenses to applicants other than an Indian tribe. The  
43 department may issue not more than ten event wagering operator licenses to  
44 Indian tribes in this state if the Indian tribe receiving a license has  
45 signed the most recent tribal-state gaming compact and any applicable



1 appendices or amendments. The department shall issue event wagering  
2 operator licenses only to applicants that are either of the following in  
3 compliance with this chapter:

4 1. An owner of an Arizona professional sports team or franchise,  
5 operator of a sports facility that hosts an annual tournament on the PGA  
6 tour, promoter of a national association for stock car auto racing  
7 national touring race conducted in this state or the owner's, operator's  
8 or promoter's designee, contracted to operate event wagering for both  
9 retail event wagering at a sports facility or its complex as prescribed in  
10 subsection D of this section and mobile event wagering throughout the  
11 state. If a designee is used, the designee shall be considered the  
12 applicant and be subject to any requirements of the application process  
13 rather than the owner, operator or promoter.

14 2. An Indian tribe, or an entity fully owned by an Indian tribe, or  
15 its designee contracted to operate only mobile event wagering outside the  
16 boundaries of its Indian lands and throughout the state if it has signed  
17 the most recent tribal-state gaming compact and any applicable appendices  
18 or amendments.

19 B. An applicant for an event wagering license shall submit an  
20 application in a form prescribed by the department, including all of the  
21 following:

22 1. The identification of the applicant's principal owners that own  
23 more than five percent of the company, the partners, the members of its  
24 board of directors and the officers, the identification of any holding  
25 company, including its principals, THAT IS engaged by the applicant to  
26 assist in the management or operation of event wagering, if applicable,  
27 and information to verify that the applicant is qualified to hold a  
28 license under subsection A of this section.

29 2. A full set of fingerprints for the purpose of obtaining a state  
30 and federal criminal records check pursuant to section 41-1750 and Public  
31 Law 92-544. The department of public safety may exchange this fingerprint  
32 data with the federal bureau of investigation. The fingerprints shall be  
33 furnished by the applicant's officers and directors, if a corporation,  
34 members, if a limited liability company, and partners, if a partnership.  
35 An applicant convicted of a disqualifying offense may not be licensed.

36 ~~3. Information, documentation and assurances as may be reasonably~~  
37 ~~required to establish by clear and convincing evidence the applicant's~~  
38 ~~good character, honesty and integrity, including information that pertains~~  
39 ~~to family connections, criminal and arrest records, business activities,~~  
40 ~~financial affairs and business, professional and personal associates~~  
41 ~~covering at least the ten-year period immediately preceding the filing of~~  
42 ~~the application.~~

43 ~~4.~~ 3. A notice and description of civil judgments obtained against  
44 the applicant pertaining to antitrust or security regulation laws of the

1 federal government, of this state or of any other state, jurisdiction,  
2 province or country.

3 ~~5.~~ 4. If the applicant has conducted gaming operations in a  
4 jurisdiction that allows such activity, letters of compliance from the  
5 regulatory body that regulates event wagering, sports wagering or any  
6 other gaming activity that the applicant is licensed for, conducts or  
7 operates under jurisdiction of the regulatory body.

8 ~~6.~~ 5. Information, documentation and assurances concerning  
9 financial background and resources of the applicant or its management  
10 services provider as may be required to establish by clear and convincing  
11 evidence the financial stability, ~~integrity~~ and responsibility of the  
12 applicant or its management services provider, including bank references,  
13 business and personal income and disbursement schedules, tax returns and  
14 other reports filed with governmental agencies, and business and personal  
15 accounting and check records and ledgers. Each applicant or its  
16 management services provider, in writing, shall authorize the examination  
17 of all bank accounts and records as may be deemed necessary by the  
18 department. The department may consider any relevant evidence of  
19 financial stability. The applicant is presumed to be financially stable  
20 if the applicant or its management services provider establishes by clear  
21 and convincing evidence that it meets each of the following standards:

22 (a) The ability to ensure the financial integrity of event wagering  
23 operations by maintaining a bankroll or equivalent provisions adequate to  
24 pay winning wagers to bettors when due. An applicant is presumed to have  
25 met this standard if the applicant or its management services provider  
26 maintains, on a daily basis, a bankroll or equivalent provisions in an  
27 amount that is at least equal to the average daily minimum bankroll or  
28 equivalent provisions, calculated on a monthly basis, for the  
29 corresponding month in the previous year.

30 (b) The ability to meet ongoing operating expenses that are  
31 essential to maintaining continuous and stable event wagering operations.

32 (c) The ability to pay, as and when due, all state and federal  
33 taxes.

34 ~~7.~~ 6. Information to establish by clear and convincing evidence  
35 that the applicant or its management services provider has sufficient  
36 business ability and gaming experience as to establish the likelihood of  
37 creating and maintaining a successful and stable event wagering operation.

38 ~~8.~~ 7. Information regarding the financial standing of the  
39 applicant, including each person or entity that has provided loans or  
40 financing to the applicant or its management services provider.

41 ~~9.~~ 8. Information on the amount of adjusted gross event wagering  
42 receipts and associated adjusted gross receipts that the applicant expects  
43 to generate.

44 ~~10.~~ 9. A nonrefundable application fee or annual licensing fee as  
45 prescribed by section 5-1310.

1           ~~11~~ 10. Any additional information required by the department to  
2 determine the financial and operational ability to fulfill its obligations  
3 as an event wagering operator.

4           C. Any applicant for licensure agrees to be subject to state  
5 jurisdiction to the extent necessary to determine the applicant's  
6 qualification to hold a license, including all necessary administrative  
7 procedures, hearings and appeals as provided in title 41, chapter 6 and  
8 department rules.

9           D. A license issued by the department pursuant to this section  
10 authorizes an event wagering operator identified in subsection A,  
11 paragraph 2 of this section to operate only mobile event wagering or an  
12 event wagering operator identified in subsection A, paragraph 1 of this  
13 section to offer both:

14           1. Event wagering in this state through an event wagering facility  
15 within a five-block radius of the event wagering operator's sports  
16 facility or, in the case of a designee, the sports facility or the  
17 designating owner, operator or promoter of a professional sports team,  
18 event or franchise. An event wagering facility within one mile of a  
19 tribal gaming facility must be:

20           (a) Within a sports complex that includes retail centers that are  
21 adjacent to the sports facility.

22           (b) Not more than one-fourth of a mile from a sports facility  
23 within the sports complex.

24           2. Event wagering through a mobile platform as specified by the  
25 department. A licensed event wagering operator or its designated  
26 management services provider may offer event wagering through an event  
27 wagering platform as specified by the department.

28           E. A license issued under this section is valid for five years if  
29 the licensee submits an annual license fee, maintains the qualifications  
30 to obtain a license under this section and substantially complies with  
31 this chapter and other laws and rules relating to event wagering. A  
32 licensee may renew its license by submitting an application in a form  
33 prescribed by department rule and the application fee. A license may not  
34 be renewed if it is determined by the department that the event wagering  
35 operator has not substantially complied with this chapter or any other law  
36 regulating its event wagering operations or other operations licensed by  
37 the department. A licensee shall submit the nonrefundable annual license  
38 and application fees prescribed in section 5-1310 with its application for  
39 the renewal of its license.

40           F. A person may not apply for or obtain more than one event  
41 wagering operator license. A management services provider may offer  
42 services to more than one event wagering operator.

1           Sec. 10. Section 5-1306, Arizona Revised Statutes, is amended to  
2 read:

3           5-1306. License revocation; suspension; denial; grounds;  
4                           definitions

5           A. The department may revoke, suspend or deny a license when an  
6 applicant or licensee meets any of the following criteria:

7           1. Violates, fails or refuses to comply with the provisions,  
8 requirements, conditions, limitations or duties imposed by this chapter  
9 and other laws and rules, or if any such violation has occurred on any  
10 event wagering system operated by any such person or over which the person  
11 has substantial control.

12           2. Knowingly causes, aids, abets or conspires with another to cause  
13 any person to violate any of the laws of this state or the rules of the  
14 department.

15           3. Obtains a license by fraud, misrepresentation, concealment or  
16 through inadvertence or mistake.

17           4. Is convicted or forfeited bond on a charge of or pleads guilty  
18 to:

19                   (a) Forgery, larceny, extortion or conspiracy to defraud.

20                   (b) Wilful failure to make required payment or reports to any  
21 tribal, state or federal governmental agency, filing false reports with  
22 any tribal, state or federal governmental agency or any similar offense or  
23 offenses.

24                   (c) Bribing or otherwise unlawfully influencing a public official  
25 of this state or any other state or jurisdiction.

26                   (d) Any crime, whether a felony or misdemeanor, involving any  
27 gaming activity, physical harm to an individual or moral turpitude.

28           5. Misrepresents or fails to disclose a material fact to the  
29 department.

30           6. Fails to prove, by clear and convincing evidence, that the  
31 person is qualified for licensure.

32           7. Is subject to current prosecution or pending charges or a  
33 conviction that is under appeal for any of the offenses included in this  
34 subsection. At the request of an applicant for an original license, the  
35 department may defer decision on the application during the pendency of  
36 the prosecution or appeal.

37           8. Has had a gaming license issued by any jurisdiction in the  
38 United States revoked or denied.

39           9. Demonstrates a wilful disregard for compliance with gaming  
40 regulatory authority in any jurisdiction, including suspension, revocation  
41 or denial of an application for a license or forfeiture of a license.

42           10. Has pursued or is pursuing economic gain in an occupational  
43 manner or context in violation of the criminal laws of any state if the  
44 pursuit creates probable cause to believe that the person's participation

1 in gaming or related activities would be detrimental to the proper  
2 operation of an authorized gaming or related activity in this state.

3 11. Is a career offender or a member of a career offender  
4 organization or an associate of a career offender or career offender  
5 organization thereby establishing probable cause to believe that the  
6 association is of such a nature as to be detrimental to the proper  
7 operation of the authorized gaming or related activities in this state.

8 12. Is a person whose prior activities, criminal record, if any,  
9 ~~reputation~~, habits and associations pose a threat to the public interest  
10 of this state or to the effective regulation and control of event  
11 wagering, creates or enhances the dangers of unsuitable, unfair or illegal  
12 practices, methods and activities in the conduct of event wagering or the  
13 carrying on of the business and financial arrangements incidental thereto.

14 13. Fails to provide any information requested by the department  
15 within seven days after the request for the information, except for good  
16 cause as determined by the department.

17 B. Any applicant for licensure or holder of a license shall be  
18 entitled to a full hearing on any final action by the department that may  
19 result in the revocation, suspension or denial of licensure. The hearing  
20 shall be conducted in accordance with the procedures as provided in title  
21 41, chapter 6 and the department's rules.

22 C. The department may summarily suspend any license if the  
23 continued licensing of the person constitutes an immediate threat to the  
24 public health, safety or welfare.

25 D. For the purposes of this section:

26 1. "Career offender" means any individual who behaves in an  
27 occupational manner or context for the purposes of economic gain by  
28 violating federal law or the laws and public policy of this state.

29 2. "Career offender organization" means any group of individuals  
30 who operate together as career offenders.

31 3. "Occupational manner or context" means the systematic planning,  
32 administration, management or execution of an activity for financial gain.

33 Sec. 11. Section 6-147, Arizona Revised Statutes, is amended to  
34 read:

35 6-147. Denial of application; grounds

36 A. With respect to the proposed acquisition of control of a bank,  
37 trust company, savings and loan association or controlling person, an  
38 application shall be denied if the deputy director finds any of the  
39 following:

40 1. That the financial condition of any person who would acquire  
41 control is such as may jeopardize the financial stability of the bank,  
42 trust company or savings and loan association, or prejudice the interests  
43 of the depositors, beneficiaries, creditors and shareholders of the bank,  
44 trust company or savings and loan association.

1           2. That a plan or proposal to liquidate the bank, trust company or  
2 savings and loan association, to merge or consolidate the bank, trust  
3 company or savings and loan association or to make any other major change  
4 in the business, corporate structure or management of the bank, trust  
5 company or savings and loan association is not fair and reasonable to the  
6 depositors, beneficiaries, creditors or shareholders of the bank, trust  
7 company or savings and loan association.

8           ~~3. That the overall moral character or integrity of any person who~~  
9 ~~would acquire control indicates that it would not be in the interest of~~  
10 ~~the depositors, beneficiaries, creditors or shareholders of the bank,~~  
11 ~~trust company or savings and loan association, or in the interest of the~~  
12 ~~public, to allow such a person to control the bank, trust company or~~  
13 ~~savings and loan association.~~

14           ~~4.~~ 3. That the applicant neglects, fails or refuses to furnish to  
15 the deputy director any information required by the deputy director.

16           ~~5.~~ 4. That ~~it~~ THE PROPOSED ACQUISITION is contrary to law.

17           B. The deputy director ~~may~~, in approving a proposal to acquire  
18 control of a bank, trust company or savings and loan association, ~~MAY~~  
19 impose such conditions as the deputy director deems reasonable, necessary  
20 or advisable in the public interest.

21           Sec. 12. Section 6-204, Arizona Revised Statutes, is amended to  
22 read:

23           6-204. Issuance of banking permit; trust business;  
24 conditional approval; hearing; banker's bank;  
25 definitions

26           A. On the filing of an application for a banking permit, the deputy  
27 director shall make or cause to be made an investigation and examination  
28 of the facts concerning the applicant. Except as provided in subsection F  
29 of this section, the deputy director shall issue the permit if, but only  
30 if, the deputy director finds:

31           1. The applicant is a corporation organized under the laws of this  
32 state having powers and purposes to engage in the banking business.

33           2. The deposits of the bank will be insured by the federal deposit  
34 insurance corporation when the bank commences business.

35           3. The ability ~~and integrity~~ of the persons involved in the  
36 organization and management of the proposed bank ~~are~~ IS such as to  
37 demonstrate that it will be operated in a sound and lawful manner.

38           4. The applicant has paid in capital ~~which~~ THAT is adequate for its  
39 prospective business.

40           5. The need for the bank in the community or area where the bank  
41 will be located is such as to demonstrate the favorable prospect for a  
42 sound banking operation.

43           B. An application that is not denied or approved by the deputy  
44 director within ninety days after the application is filed with the deputy

1 director is deemed to be approved by the deputy director as of the first  
2 day after the period.

3 C. A banking permit may initially or by amendment include the  
4 authority of a bank to engage in the trust business.

5 D. The deputy director may approve the application conditioned on  
6 specific requirements being met, but a permit shall not be issued unless  
7 such conditions have been met within the time specified in the order or  
8 any extension.

9 E. The permit may be granted or denied without a hearing, but the  
10 deputy director may, and shall at the request of the applicant, fix a date  
11 for a hearing on the application. At the hearing any person may be heard  
12 with reference to the facts to be investigated.

13 F. The deputy director shall not issue a banking permit pursuant to  
14 subsection A of this section for a banker's bank unless all of the  
15 following apply:

16 1. The stock of the applicant is owned exclusively by one or more  
17 state or nationally chartered banks or, if the stock is owned by a holding  
18 company, the holding company's stock is owned exclusively by one or more  
19 state or nationally chartered banks.

20 2. The applicant engages in or will engage exclusively in providing  
21 banking services to or for other depository institutions or their holding  
22 companies and the directors, officers or employees of the depository  
23 institutions.

24 3. The applicant offers or will offer correspondent banking  
25 services for other depository institutions or their holding companies.

26 4. The applicant is fully insured by the federal deposit insurance  
27 corporation.

28 5. No single entity acquires or retains at any time ownership,  
29 control or power to vote more than ten percent of any class of voting  
30 securities of the banker's bank.

31 G. For purposes of this section:

32 1. "Banker's bank" means an entity that is owned exclusively by one  
33 or more state or nationally chartered banks or bank holding companies and  
34 that exclusively provides banking services to or for other depository  
35 institutions and their holding companies.

36 2. "Nationally chartered bank" means a bank or savings bank  
37 chartered by the office of the comptroller of the currency or the office  
38 of thrift supervision.

39 Sec. 13. Section 6-326, Arizona Revised Statutes, is amended to  
40 read:

41 6-326. Denial of application; grounds

42 The deputy director shall deny an application for acquisition of an  
43 in-state financial institution if the deputy director finds any of the  
44 following:

1           1. The financial condition of the acquiring out-of-state financial  
2 institution is such that it may jeopardize the financial stability of the  
3 in-state financial institution or prejudice the interests of the  
4 depositors, beneficiaries, creditors or shareholders of the in-state  
5 financial institution.

6           2. Any plan or proposal to liquidate the in-state financial  
7 institution, to merge or consolidate the in-state financial institution or  
8 to make any other major change in the business, corporate structure or  
9 management of the in-state financial institution is not fair and  
10 reasonable to the depositors, beneficiaries, creditors or shareholders of  
11 the in-state financial institution.

12           ~~3. The applicant has exhibited, or has acquired a reputation for,  
13 such a lack of honesty or integrity to indicate that it would not be in  
14 the interest of the depositors, beneficiaries, creditors or shareholders  
15 of the in-state financial institution or in the interest of the public to  
16 allow such an applicant to control the in-state financial institution.~~

17           ~~4.~~ 3. The applicant neglects, fails or refuses to furnish to the  
18 deputy director any information requested by the deputy director.

19           ~~5.~~ 4. The applicant fails to obtain any required approval from a  
20 federal or state agency with authority over any of the financial  
21 institutions that are participating in the transaction.

22           ~~6.~~ 5. The acquisition is contrary to law.

23           Sec. 14. Section 6-603, Arizona Revised Statutes, is amended to  
24 read:

25           6-603. License; contents of application; fees;  
26                           nontransferability

27           A. Unless exempt under section 6-602, a person, whether located in  
28 this state or in another state, shall not engage in the business of a  
29 consumer lender without first being licensed as a consumer lender by the  
30 deputy director.

31           B. This chapter applies to any person who seeks to avoid its  
32 application by any device, subterfuge or pretense.

33           C. Each applicant for a license shall submit an application in  
34 writing, under oath and in the form prescribed by the deputy director.  
35 The deputy director may require as part of an application any other  
36 information that the deputy director deems necessary.

37           D. At the time of filing an application for a license, an applicant  
38 shall pay to the deputy director the fee prescribed in section 6-126.

39           E. Before June 30 of each year, each licensee may obtain a renewal  
40 of a license by filing an application in the form prescribed by the deputy  
41 director and paying the fee prescribed in section 6-126.

42           F. The deputy director may deny a license to a person if the deputy  
43 director finds that an applicant:

44           1. Is insolvent as defined in section 47-1201.



1           2. Has failed to demonstrate the financial responsibility, ~~AND~~  
2 experience, ~~character and general fitness~~ to command the confidence of the  
3 public and to warrant the belief that the business will be operated  
4 lawfully, honestly, fairly and efficiently within the purposes of this  
5 chapter.

6           3. Has failed to pay the license fee.

7           4. Has failed to have at least \$25,000 in assets readily available  
8 for use in ~~the conduct of~~ CONDUCTING the business of each licensed office  
9 and branch office.

10          G. A consumer lender license is not transferable or assignable, and  
11 ~~no~~ A person may NOT acquire control of a licensee through stock purchase  
12 or other device without the prior written consent of the deputy director.  
13 The deputy director may refuse consent if the deputy director finds that  
14 any of the grounds for denial of renewal, revocation or suspension of a  
15 license prescribed in section 6-605 are applicable to the acquiring  
16 person. For purposes of this subsection, "control" means the power to  
17 vote more than twenty percent of the outstanding voting shares of a  
18 licensed corporation, limited liability company, partnership, association  
19 or trust.

20          Sec. 15. Section 6-605, Arizona Revised Statutes, is amended to  
21 read:

22           6-605. Denial of renewal; suspension; revocation

23          A. The deputy director may deny renewal of a license or suspend or  
24 revoke a license if the deputy director finds that a licensee:

25           1. Is insolvent as defined in section 47-1201.

26           ~~2. Has shown that the licensee is not a person of honesty,  
27 truthfulness and good character.~~

28           ~~3.~~ 2. Has failed to pay the annual renewal fees.

29           ~~4.~~ 3. Has failed to file an annual report when due or within any  
30 extension of time granted by the deputy director for good cause.

31           ~~5.~~ 4. Has failed to have or maintain at least \$25,000 in assets  
32 used or readily available for use in ~~the conduct of~~ CONDUCTING the  
33 business of each licensed office and branch office.

34           ~~6.~~ 5. Either knowingly or without the exercise of due care to  
35 prevent a violation, has violated any provision of this title or any rule  
36 or order adopted or made pursuant to this title.

37           ~~7.~~ 6. Has failed to operate the business of making consumer lender  
38 loans for a continuous period of twelve months or more, except that the  
39 deputy director, on good cause shown, may extend the time for operating  
40 that business for a single fixed period of not more than twelve months.

41          B. The deputy director may also deny renewal of a license or  
42 suspend or revoke a license if the deputy director finds that any fact or  
43 condition exists that, if it had existed at the time of the original  
44 application for the license, would have clearly warranted the deputy  
45 director to refuse to issue the license.

1           Sec. 16. Section 6-707, Arizona Revised Statutes, is amended to  
2 read:

3           6-707. Issuance of license; display; renewal

4           A. On the filing of the application and the payment of the fees and  
5 the approval of the bond, or bonds, the deputy director shall investigate  
6 the facts, and if the deputy director finds that the financial  
7 responsibility, ~~AND~~ experience, ~~character and general fitness~~ of the  
8 applicant are such as to command the confidence of the community to  
9 warrant belief that the business will be operated fairly and honestly and  
10 within the purposes of this article, the deputy director shall issue the  
11 applicant a license to do business as a debt management company.

12           B. The license shall be kept conspicuously posted in the business  
13 office of the licensee. The license ~~shall~~ IS not ~~be~~ transferable or  
14 assignable.

15           C. Licenses ~~shall~~ expire on June 30 following the date of the  
16 issuance unless sooner surrendered, revoked or suspended, ~~but~~ may be  
17 renewed by filing an application with the deputy director on or before  
18 June 15 each year. The application for renewal shall be in the form  
19 prescribed by the deputy director and shall be accompanied by the fee  
20 prescribed in section 6-126. A separate application shall be made for  
21 each initial license of a principal place of business, agency or branch  
22 office.

23           Sec. 17. Section 6-817, Arizona Revised Statutes, is amended to  
24 read:

25           6-817. Refusal to license; suspension; revocation

26           A. The deputy director on investigation may refuse to license any  
27 applicant, ~~or~~ may suspend or revoke any license pursuant to title 41,  
28 chapter 6, article 10 by entering an order to that effect, together with  
29 findings in respect to the order and by notifying the applicant or escrow  
30 agent either personally or by certified mail, return receipt requested,  
31 sent to the agent's stated address, on the determination by the deputy  
32 director that the applicant or escrow agent:

33           1. Is unable to pay debts as they fall due in the regular course of  
34 business.

35           2. Has not conducted the applicant's or agent's business in  
36 accordance with law or has violated this chapter or the rules relating to  
37 this chapter.

38           3. Is in such A financial condition that the applicant or agent  
39 cannot continue in business with safety to the applicant's or agent's  
40 customers or the public.

41           4. Has been found guilty of fraud in a legal or administrative  
42 proceeding in this jurisdiction or any other jurisdiction.

43           5. Has made any material misrepresentations or false statements to,  
44 or concealed any essential or material fact from, any person in the course  
45 of the escrow business.

1           6. Has knowingly made or caused to be made to the deputy director  
2 any false representation of a material fact, or has suppressed or withheld  
3 from the deputy director any information that the applicant or agent  
4 possesses, and that if submitted by the applicant or agent would have  
5 caused the issuance of a license to be withheld or be grounds for the  
6 suspension or revocation of a license.

7           7. Has failed to account properly for escrow property as required  
8 by the terms of the escrow.

9           8. Refuses to allow an examination or investigation by the deputy  
10 director of the applicant's or agent's books and affairs, or has refused  
11 or failed within a reasonable time to furnish any information or make any  
12 report required by the deputy director under this chapter or rules  
13 relating to this chapter.

14           9. Has been convicted of any criminal offense involving moral  
15 turpitude within the last fifteen years.

16           10. Does not have the financial resources, experience, ~~character~~ or  
17 competence to adequately serve the public or to warrant the belief that  
18 the business will be operated lawfully, honestly, fairly and efficiently  
19 pursuant to this chapter.

20           11. Has disbursed monies in violation of escrow instructions.

21           12. Has failed to maintain an adequate internal control structure as  
22 prescribed by section 6-841.

23           13. Has caused or allowed any overdraft or returned check for  
24 insufficient funds on any of the escrow agent's trust or fiduciary  
25 accounts.

26           14. Has failed to authorize each financial institution with which it  
27 has deposited trust or fiduciary funds to notify the deputy director of  
28 any overdraft or check returned for insufficient funds on any trust or  
29 fiduciary accounts of the escrow agent.

30           B. It is sufficient cause for refusal, suspension or revocation of a  
31 license, in case of a partnership, a corporation or any other group or  
32 association, if any member of such persons, or officer or director  
33 thereof, has been guilty of any act or omission that would be cause for  
34 refusing a license or suspending or revoking the license of an individual  
35 agent.

36           Sec. 18. Section 6-857, Arizona Revised Statutes, is amended to  
37 read:

38           6-857. Issuance of certificate; hearing

39           A. On the filing of an application for a certificate, the deputy  
40 director shall make or cause to be made an investigation and examination  
41 of the facts concerning the truth of the statements and the background of  
42 the management, controlling shareholder or shareholders, directors and  
43 executive officers and shall issue a certificate if the deputy director  
44 finds:

1           1. The applicant is a corporation having powers and purposes to  
2 engage in the trust business organized under the laws of this state or  
3 authorized to do business in this state as a foreign corporation.

4           2. The applicant has complied with all of the applicable provisions  
5 of this article.

6           3. The general ~~character, reputation,~~ financial standing, business  
7 qualifications, ~~AND~~ ability ~~and integrity~~ of the persons involved in the  
8 management of the applicant's business are such as to demonstrate that the  
9 trust company will be operated in a safe, sound and lawful manner.

10          4. The proposed capital meets the requirements of section 6-856.

11          5. The applicant has submitted a business plan demonstrating a  
12 knowledge of potential markets and the ability to generate business.

13          6. The applicant has procured a fidelity bond as prescribed in  
14 section 6-868.

15          7. The applicant has procured insurance as prescribed in section  
16 6-859, subsections E and F.

17          B. The deputy director may conditionally accept the application on  
18 specific requirements being met, but a certificate shall not be issued  
19 until such conditions have been met.

20          C. The certificate may be granted or denied without a hearing, but  
21 the deputy director may, and shall at the request of the applicant, fix a  
22 date for a hearing on the application. At the hearing any person may be  
23 heard with reference to the facts to be investigated.

24          Sec. 19. Section 6-863, Arizona Revised Statutes, is amended to  
25 read:

26          6-863. Suspension or revocation of certificate

27          A. The deputy director may suspend or revoke the certificate of a  
28 trust company pursuant to title 41, chapter 6, article 10 if the deputy  
29 director determines that:

30           1. The trust company has failed or refused to comply with any order  
31 issued pursuant to section 6-137.

32           2. The application for a certificate or for renewal of a  
33 certificate or any report submitted to the deputy director contained a  
34 false representation or omission of a material fact.

35           3. Any officer or agent of the trust company, in connection with  
36 the submission of any report or information to the deputy director or an  
37 application for a certificate or for renewal of a certificate, knowingly  
38 made a false representation of a material fact or failed to disclose a  
39 material fact to the deputy director or the duly authorized agent of the  
40 deputy director.

41           4. The trust company has violated any applicable law, rule or  
42 order.

43           5. The trust company is impaired or insolvent and the trust company  
44 is unable to pay debts as they become due in the regular course of its  
45 business.

1           6. The trust company refuses to allow an examination or  
2 investigation by the deputy director of its books and affairs or has  
3 failed or refused to furnish within thirty days any information or to make  
4 any report that may be required by the deputy director.

5           7. The trust company is unable to maintain the amount of capital  
6 required by law.

7           8. The trust company failed to conduct business in a safe, sound  
8 and lawful manner.

9           9. Any officer, director, employee or agent of the trust company  
10 has been convicted in any state of a felony or a crime of moral turpitude,  
11 breach of trust, fraud, theft or dishonesty.

12           ~~10. Any officer, director, employee or agent of the trust company is  
13 not honest or truthful and does not demonstrate good character.~~

14           ~~11.~~ 10. The trust company's certificate or authorization to engage  
15 in trust business in any state or country has been revoked, suspended or  
16 denied.

17           ~~12.~~ 11. A final judgment has been entered in a civil action against  
18 any officer, director, employee or agent of the trust company involving  
19 fraud, deceit or misrepresentation and the conduct is contrary to the  
20 interest of the public to allow the person to engage in a trust business,  
21 to control or manage a trust company or to work for a trust company  
22 handling trust funds.

23           ~~13.~~ 12. An order by an administrative agency of this state, another  
24 state, the federal government, a territory of the United States or another  
25 country has been entered against any officer, director, employee or agent  
26 of the trust company involving fraud, deceit or misrepresentation and the  
27 conduct is contrary to the interest of the public to allow the person to  
28 engage in a trust business, to control or manage a trust company or to  
29 work for a trust company handling trust funds.

30           B. The deputy director may suspend the certificate if an indictment  
31 or information is issued against any officer, director, employee or agent  
32 of the trust company for forgery, embezzlement, retaining monies under  
33 false pretenses, extortion, criminal conspiracy to defraud or a like  
34 offense and a certified copy of the indictment or information or other  
35 proper evidence of the indictment or information is filed with the deputy  
36 director.

37           C. Pursuant to subsection A of this section, the deputy director  
38 may suspend or revoke the certificate for the acts and omissions of:

39           1. Any officer, director, employee or agent of the trust company  
40 while acting in the course of the trust business.

41           2. A person entitled to vote more than fifteen percent of the  
42 outstanding voting shares of the trust company.

1           Sec. 20. Section 6-903, Arizona Revised Statutes, is amended to  
2 read:

3           6-903. Licensing of mortgage brokers required;  
4           qualifications; application; bond; fees; renewal

5           A. A person shall not act as a mortgage broker if the person is not  
6 licensed under this article. A person who brokers only commercial  
7 mortgage loans shall obtain either a mortgage broker license or a  
8 commercial mortgage broker license. A person who brokers residential  
9 mortgage loans shall obtain a mortgage broker license.

10          B. The deputy director shall not grant a mortgage broker's license  
11 or a commercial mortgage broker's license to a person, other than a  
12 natural person, who is not registered to do business in this state on the  
13 date of granting the license.

14          C. An applicant for an original mortgage broker's license shall:

15           1. Have not less than three years' experience as a mortgage broker  
16 or loan originator or equivalent lending experience in a related business  
17 during the five years immediately preceding the time of application.

18           2. Have satisfactorily completed a course of study approved by the  
19 deputy director during the three years immediately preceding the time of  
20 application.

21           3. Have passed a mortgage broker's test, pursuant to section 6-908.

22          D. An applicant for an original commercial mortgage broker's  
23 license shall:

24           1. Have not less than three years' experience in the commercial  
25 mortgage broker business or equivalent lending experience in a related  
26 business during the five years immediately preceding the time of  
27 application.

28           2. Have made in the past or intend to make or negotiate or offer to  
29 make or negotiate commercial mortgage loans.

30           3. Provide the deputy director with the following:

31           (a) A balance sheet prepared within the immediately preceding six  
32 months and certified by the licensee. The deputy director may require a  
33 more recent balance sheet.

34           (b) If the applicant has begun operations, a statement of  
35 operations and retained earnings and a statement of changes in financial  
36 position.

37           (c) Notes to the financial statement if applicable.

38          E. Notwithstanding subsection D, paragraph 3 of this section,  
39 commercial mortgage broker licensees and commercial mortgage broker  
40 license applicants whose own resources are derived exclusively from  
41 correspondent contracts with institutional investors shall provide the  
42 deputy director with a current financial statement or that of its parent  
43 company prepared according to generally accepted accounting principles,  
44 including:

1           1. A balance sheet prepared within the immediately preceding six  
2 months and certified by the licensee. The deputy director may require a  
3 more recent balance sheet.

4           2. If the applicant has begun operations, a statement of operations  
5 and retained earnings and a statement of changes in financial position.

6           3. Notes to the financial statement if applicable.

7           F. A person shall ~~make an application~~ APPLY for a license or for a  
8 renewal of a license in writing on the forms, in the manner and  
9 accompanied by the information prescribed by the deputy director. The  
10 deputy director may require additional information on the experience,  
11 background, ~~honesty, truthfulness, integrity~~ and competency of the  
12 applicant and any responsible individual designated by the applicant. If  
13 the applicant is a person other than a natural person, the deputy director  
14 may require information as to the ~~honesty, truthfulness, integrity and~~  
15 competency of any officer, director, shareholder or other interested party  
16 of the association, corporation or group.

17           G. The nonrefundable application fee and annual renewal fee are as  
18 prescribed in section 6-126. The nonrefundable application fee shall  
19 accompany each application for an original license only. The deputy  
20 director shall deposit, pursuant to sections 35-146 and 35-147, the monies  
21 in the state general fund.

22           H. If a licensee is a person other than a natural person, the  
23 license issued to it entitles all officers, directors, members, partners,  
24 trustees and employees of the licensed corporation, partnership,  
25 association or trust to engage in the mortgage business if one officer,  
26 director, member, partner, employee or trustee of the person is designated  
27 in the license as the individual responsible for the person under this  
28 article. If a licensee is a natural person, the license entitles all  
29 employees of the licensee to engage in the mortgage business. If the  
30 natural person is not a resident of this state, an employee of the  
31 licensee shall be designated in the license as the individual responsible  
32 for the licensee under ~~the provisions of~~ this article. For the purposes  
33 of this subsection, an employee does not include an independent  
34 contractor. ~~A~~ THE responsible individual shall be a resident of this  
35 state, shall be in active management of the activities of the licensee  
36 governed by this article and shall meet the qualifications set forth in  
37 subsection C or D of this section for a licensee.

38           I. A licensee shall notify the deputy director that its responsible  
39 individual will cease to be in active management of the activities of the  
40 licensee within ten days after learning that fact. The licensee has  
41 ninety days after the notification is received by the deputy director  
42 within which to replace the responsible individual with a qualified  
43 replacement and to so notify the deputy director. If the license is not  
44 placed under active management of a qualified responsible individual and

1 if notice is not given to the deputy director within the ninety-day  
2 period, the license of the licensee expires.

3 J. Every person licensed as a mortgage broker or a commercial  
4 mortgage broker shall deposit with the deputy director, before doing  
5 business as a mortgage broker or a commercial mortgage broker, a bond  
6 executed by the licensee as principal and a surety company authorized to  
7 do business in this state as surety. The bond shall be conditioned on the  
8 faithful compliance of the licensee, including the licensee's directors,  
9 officers, members, partners, trustees and employees, with this  
10 article. The bond is payable to any person injured by the wrongful act,  
11 default, fraud or misrepresentation of the licensee or the licensee's  
12 employees and to this state for the benefit of the person injured. Only  
13 one bond is required for any person, firm, association or corporation  
14 irrespective of the number of officers, directors, members, partners or  
15 trustees who are employed by or are members of such firm, association or  
16 corporation. ~~No~~ A suit may ~~NOT~~ be commenced on the bond after the  
17 expiration of one year following the commission of the act on which the  
18 suit is based, except that claims for fraud or mistake are limited to the  
19 limitation period provided in section 12-543, paragraph 3. If an injured  
20 person commences an action for a judgment to collect from the bond, the  
21 injured person shall notify the deputy director of the action in writing  
22 at the time of the commencement of the action and shall provide copies of  
23 all documents relating to the action to the deputy director on request.

24 K. The bond required by this section ~~shall be~~ IS \$10,000 for  
25 licensees whose investors are limited solely to institutional  
26 investors, ~~and~~ \$15,000 for licensees whose investors include any  
27 noninstitutional investors.

28 L. For the purposes of subsection K of this section:

29 1. "Institutional investor" means a state or national bank, a state  
30 or federal savings and loan association, a state or federal savings bank,  
31 a state or federal credit union, a federal government agency or  
32 instrumentality, a quasi-federal government agency, a financial  
33 enterprise, a licensed real estate broker or salesman, a profit sharing or  
34 pension trust, or an insurance company.

35 2. "Investor" means any person who directly or indirectly provides  
36 to a mortgage broker funds that are, or are intended to be, used in ~~the~~  
37 making ~~of~~ a loan, ~~and~~ any person who purchases a loan, or any interest  
38 therein, from a mortgage broker or in a transaction that has been directly  
39 or indirectly arranged or negotiated by a mortgage broker.

40 M. Notwithstanding section 35-155, in lieu of the bond described in  
41 this section, an applicant for a license or a licensee may deposit with  
42 the deputy director a deposit in the form of cash or alternatives to cash  
43 in the same amount as the bond required under subsection J of this  
44 section. The deputy director may accept any of the following as an  
45 alternative to cash:



1           1. Certificates of deposits or investment certificates that are  
2 payable or assigned to the state treasurer, issued by banks or savings  
3 banks doing business in this state and fully insured by the federal  
4 deposit insurance corporation or any successor institution.

5           2. Certificates of deposit, investment certificates or share  
6 accounts that are payable or assigned to the state treasurer, issued by a  
7 savings and loan association doing business in this state and fully  
8 insured by the federal deposit insurance corporation or any successor  
9 institution.

10          3. Certificates of deposit, investment certificates or share  
11 accounts that are payable or assigned to the state treasurer, issued by a  
12 credit union doing business in this state and fully insured by the  
13 national credit union administration or any successor institution.

14          N. The deputy director shall deposit the cash or alternatives to  
15 cash received under this section with the state treasurer. The state  
16 treasurer shall hold the cash or alternatives to cash in the name of this  
17 state to guarantee the faithful performance of all legal obligations of  
18 the person required to post bond pursuant to this section. The person is  
19 entitled to receive any accrued interest earned from the alternatives to  
20 cash. The state treasurer may impose a fee to reimburse the state  
21 treasurer for administrative expenses. The fee shall not exceed \$10 for  
22 each cash or alternatives to cash deposit and shall be paid by the  
23 applicant or licensee. The state treasurer may prescribe rules relating  
24 to the terms and conditions of each type of security provided by this  
25 section.

26          O. In addition to such other terms and conditions as the deputy  
27 director prescribes by rule or order, the principal amount of the deposit  
28 shall be released only on written authorization of the deputy director or  
29 on the order of a court of competent jurisdiction. The principal amount  
30 of the deposit shall not be released before the expiration of three years  
31 from the first to occur of any of the following:

- 32           1. The date of substitution of a bond for a cash alternative.
- 33           2. The surrender of the license.
- 34           3. The revocation of the license.
- 35           4. The expiration of the license.

36          P. A licensee or an employee of the licensee shall not advertise  
37 for or solicit mortgage business in any manner without using the name and  
38 license number as issued on the mortgage broker's principal place of  
39 business license, except that a licensee may employ or refer to the  
40 commonly used name and any trademarks or service marks of any affiliate.  
41 If a license is issued in the name of a natural person, nothing in the  
42 advertising or solicitation may imply the license is in the name of  
43 another person or entity. For the purposes of this  
44 subsection, ~~“advertise”~~ does not include business cards, radio and  
45 television advertising directed at national or regional markets and

1 promotional items except if those items contain rates or terms on which a  
2 mortgage loan may be obtained.

3 Q. A licensee shall not employ any person unless the licensee:

4 1. Conducts a reasonable investigation of the background, honesty,  
5 truthfulness, integrity and competency of the employee before hiring.

6 2. Keeps a record of the investigation for not less than two years  
7 after termination.

8 R. A license is not transferable or assignable and control of a  
9 licensee may not be acquired through a stock purchase or other device  
10 without the prior written consent of the deputy director. Written consent  
11 shall not be given if the deputy director finds that any of the grounds  
12 for denial, revocation or suspension of a license as set forth in section  
13 6-905 are applicable to the acquiring person. For the purposes of this  
14 subsection, "control" means the power to vote more than twenty percent of  
15 outstanding voting shares of a licensed corporation, partnership,  
16 association or trust.

17 S. The licensee is liable for any damage caused by any of the  
18 licensee's employees while acting as an employee of the licensee.

19 T. A licensee shall comply with the requirements of section 6-114  
20 relating to balloon payments.

21 U. The examination and course of study requirements of this section  
22 shall be waived by the deputy director for any person applying for a  
23 license who, within the six months immediately ~~prior to the submission of~~  
24 **BEFORE SUBMITTING** the application, has been a licensee or a responsible  
25 person pursuant to this chapter.

26 V. If the applicant for renewal of a mortgage broker license is a  
27 natural person, the applicant shall have satisfactorily completed twelve  
28 continuing education units by a continuing education provider approved by  
29 the deputy director before submitting the renewal application. If the  
30 applicant is other than a natural person, the designated responsible  
31 individual shall have satisfactorily completed twelve continuing education  
32 units by a continuing education provider approved by the deputy director  
33 before submitting the renewal application. An applicant for renewal of a  
34 commercial mortgage broker license is not subject to the continuing  
35 education requirements prescribed by this article.

36 W. A licensee who employs a loan originator shall comply with  
37 section 6-991.03.

38 Sec. 21. Section 6-905, Arizona Revised Statutes, is amended to  
39 read:

40 **6-905. Denial, suspension or revocation of licenses**

41 A. The deputy director may deny a license to a person or suspend or  
42 revoke a license if the deputy director finds that an applicant or  
43 licensee:

44 1. Is insolvent as defined in section 47-1201.

1 ~~2. Has shown that the applicant or licensee is not a person of~~  
2 ~~honesty, truthfulness and good character.~~

3 ~~3.~~ 2. Has violated any applicable law, rule or order.

4 ~~4.~~ 3. Refuses to allow an examination by the deputy director of  
5 the licensee's books and affairs or refuses or fails, within a reasonable  
6 time, to furnish any information or make any report that may be required  
7 by the deputy director.

8 ~~5.~~ 4. Has been convicted in any state of a felony or any crime  
9 involving breach of trust or dishonesty.

10 ~~6.~~ 5. Has had a final judgment entered against the applicant or  
11 licensee in a civil action on grounds of fraud, deceit or  
12 misrepresentation and the conduct on which the judgment is based indicates  
13 that it would be contrary to the interest of the public to allow such a  
14 person to be licensed or to control or manage a licensee.

15 ~~7.~~ 6. Has had an order entered against the applicant or licensee  
16 involving fraud, deceit or misrepresentation by an administrative agency  
17 of this state, the federal government or any other state or territory of  
18 the United States and that the facts relating to the order indicate that  
19 it would be contrary to the interest of the public to allow such a person  
20 to be licensed or to control or manage a licensee.

21 ~~8.~~ 7. Has made a material misstatement or suppressed or withheld  
22 information on the application for a license or any document required to  
23 be filed with the deputy director.

24 B. If a person to whom a license is issued or who has applied for a  
25 license under this article is indicted or informed against for forgery,  
26 embezzlement, obtaining money under false pretenses, extortion, criminal  
27 conspiracy to defraud or a like offense or offenses, and a certified copy  
28 of the indictment or information or other proper evidence of the  
29 indictment or information is filed with the deputy director, the deputy  
30 director may suspend the license issued to the licensee or refuse to grant  
31 a license to an applicant pending trial on the indictment.

32 C. If a licensee is other than a natural person, it is sufficient  
33 cause for the suspension or revocation of the license if an officer,  
34 director, member, partner, trustee, employee, while acting in the course  
35 of the mortgage broker business, or person entitled to vote more than  
36 twenty percent of the outstanding voting shares of the licensed  
37 corporation, partnership, association or trust has acted or failed to act  
38 in the same manner as would be cause for suspending or revoking a license  
39 of the party as an individual. If a licensee is a natural person, it is  
40 sufficient cause for the suspension or revocation of the license if an  
41 employee of the person, while acting as an employee, has acted or failed  
42 to act in the course of the mortgage broker business of the licensee in  
43 the same manner as would be cause for suspending or revoking a license of  
44 the party as an owner.

1           Sec. 22. Section 6-912, Arizona Revised Statutes, is amended to  
2 read:

3           6-912. Certificate of exemption

4           A. A person who is exempt from licensure pursuant to this article  
5 and articles 2 and 3 of this chapter as a federally chartered savings bank  
6 that is registered with the nationwide mortgage licensing system and  
7 registry may file a written application with the department for a  
8 certificate of exemption for the following purposes:

9           1. Registering with the department except that the registration  
10 shall not affect the exempt status of the applicant.

11           2. Sponsoring one or more mortgage loan originators.

12           3. Fulfilling any reporting requirements.

13           4. Reasonably supervising the activities of a mortgage loan  
14 originator who is licensed pursuant to article 4 of this chapter and who  
15 is employed by or under exclusive contract with the applicant.

16           B. A person shall ~~make an application~~ APPLY for a certificate of  
17 exemption or renewal of a certificate of exemption in writing on the  
18 forms, in the manner and accompanied by the information prescribed by the  
19 deputy director. The deputy director may require additional information  
20 on the experience, background, ~~honesty, truthfulness, integrity~~ and  
21 competency of the applicant and the responsible individual designated by  
22 the applicant.

23           C. The department may charge a fee for processing the original or  
24 renewal application for a certificate of exemption and for other costs  
25 incurred by the department.

26           D. An exempt person shall notify the deputy director that the  
27 person has designated a responsible individual to actively manage the  
28 activities of the mortgage loan originator licensees. The responsible  
29 individual may be located in this state or in the state where the primary  
30 business of the bank is conducted and shall have at least three years of  
31 experience in the business of making mortgage loans or equivalent  
32 experience in a related business. The responsible individual may  
33 supervise one or more licensed mortgage loan originators in this state.

34           E. Within ten days after learning that a responsible individual  
35 will cease managing the licensees' activities, an exempt person must  
36 notify the deputy director. Within ninety days after the notification is  
37 received by the deputy director, the exempt person must replace the  
38 responsible individual with a person who meets the qualifications  
39 prescribed by subsection D of this section and must notify the deputy  
40 director of the replacement. A certificate of exemption expires if either  
41 of the following occurs:

42           1. The exempt person is not placed under active management of a  
43 qualified responsible individual.

1           2. The exempt person does not provide notice of replacement of the  
2 responsible individual to the deputy director as prescribed by this  
3 section.

4           F. After reviewing the application for a certificate of exemption  
5 and after verifying the submitted information, the department shall issue  
6 the certificate of exemption.

7           G. An exempt person who sponsors a loan originator on an exclusive  
8 contract shall comply with section 6-991.03.

9           H. The deputy director may deny a certificate of exemption to a  
10 person or suspend or revoke a certificate of exemption if the deputy  
11 director finds that an applicant or certificate holder has done any of the  
12 following:

13           ~~1. Shown that the applicant or certificate holder is not a person  
14 of honesty, truthfulness and good character.~~

15           ~~2.~~ 1. Violated any applicable law, rule or order.

16           ~~3.~~ 2. Refused or failed to furnish, within a reasonable time, any  
17 information or make any report that may be required by the deputy  
18 director.

19           ~~4.~~ 3. Had a final judgment entered against the applicant or  
20 certificate holder in a civil action on grounds of fraud, deceit or  
21 misrepresentation and the conduct on which the judgment is based indicates  
22 that it would be contrary to the interest of the public to allow the  
23 applicant or certificate holder to manage a loan originator.

24           ~~5.~~ 4. Had an order entered against the applicant or certificate  
25 holder involving fraud, deceit or misrepresentation by an administrative  
26 agency of this state, the federal government or any other state or  
27 territory of the United States and the facts relating to the order  
28 indicate that it would be contrary to the interest of the public to allow  
29 the applicant or certificate holder to manage a loan originator.

30           ~~6.~~ 5. Made a material misstatement or suppressed or withheld  
31 information on the application for a certificate of exemption or any  
32 document required to be filed with the deputy director.

33           I. If a person to whom a certificate of exemption is issued or who  
34 has applied for a certificate of exemption under this article is indicted  
35 or informed against for forgery, embezzlement, obtaining money under false  
36 pretenses, extortion, criminal conspiracy to defraud or a like offense,  
37 and a certified copy of the indictment or information or other proper  
38 evidence of the indictment or information is filed with the deputy  
39 director, the deputy director may suspend the certificate of exemption  
40 issued to the exempt person or refuse to grant a certificate of exemption  
41 to an applicant pending trial on the indictment or information.

42           J. Every person to whom a certification of exemption is issued  
43 pursuant to this section shall deposit with the deputy director, before  
44 doing business as a registered exempt person, a bond executed by the  
45 registered exempt person as principal and a surety company authorized to

1 do business in this state as surety. The bond shall be conditioned on the  
2 faithful compliance of the registered exempt person, including the  
3 registered exempt person's directors, officers, members, partners,  
4 trustees and employees, with this article. The bond is payable to any  
5 person injured by the wrongful act, default, fraud or misrepresentation of  
6 the registered exempt person, or the registered exempt person's directors,  
7 officers, members, partners, trustees and employees and to this state for  
8 the benefit of the person injured. Only one bond is required for any  
9 person, firm, association or corporation irrespective of the number of  
10 officers, directors, members, partners or trustees who are employed by or  
11 are members of such firm, association or corporation. ~~No~~ A suit may NOT  
12 be commenced on the bond after the expiration of one year following the  
13 commission of the act on which the suit is based, except that claims for  
14 fraud or mistake are limited to the limitation provided in section 12-543,  
15 paragraph 3. If an injured person commences an action for a judgment to  
16 collect from the bond, the injured person shall notify the deputy director  
17 of the action in writing at the time of the commencement of the action and  
18 shall provide copies of all documents relating to the action to the deputy  
19 director on request. The bond required by this section ~~shall be~~ IS  
20 \$200,000.

21 Sec. 23. Section 6-943, Arizona Revised Statutes, is amended to  
22 read:

23 6-943. Licensing of mortgage bankers required;  
24 qualifications; application; bond; fees; renewal

25 A. A person shall not act as a mortgage banker if the person is not  
26 licensed under this article.

27 B. The deputy director shall not grant a mortgage banker's license  
28 to a person, other than a natural person, who is not registered to do  
29 business in this state on the date of application for a license. The  
30 deputy director shall not issue a mortgage banker's license or a renewal  
31 of a license to an applicant unless the applicant meets all of the  
32 requirements prescribed in subsection C of this section. The deputy  
33 director shall determine whether the applicant meets the requirements  
34 based on the application and evidence presented at a hearing, if any, or  
35 any other evidence that the deputy director may have regarding  
36 qualifications of the applicant.

37 C. In order to qualify for a mortgage banker license or a renewal  
38 of a license, an applicant shall:

39 1. Have not fewer than three years' experience in the business of  
40 making mortgage banking loans or equivalent lending experience in a  
41 related business. If the applicant is a person other than a natural  
42 person, the responsible individual shall meet this requirement.

43 2. Have engaged or intend to engage in the business of making  
44 mortgage loans or mortgage banking loans.

1           3. Either:

2           (a) Be authorized to do business with any of the following:

3           (i) The federal housing administration.

4           (ii) The United States department of veterans affairs.

5           (iii) The federal national mortgage association.

6           (iv) The federal home loan mortgage corporation.

7           (b) Notwithstanding paragraph 5 of this subsection, at all times  
8 have and maintain a net worth of not less than \$100,000.

9           4. Provide the deputy director with a current audited financial  
10 statement, or that of its parent company, **THAT IS** prepared by an  
11 independent certified public accountant in accordance with generally  
12 accepted accounting principles ~~including~~ **AND THAT INCLUDES:**

13           (a) The certified public accountant's opinion as to the fairness of  
14 the presentation in conformity with generally accepted accounting  
15 principles.

16           (b) A balance sheet prepared within the previous six months and  
17 certified by the licensee. The deputy director may require a more recent  
18 balance sheet.

19           (c) A statement of operations and retained earnings and a statement  
20 of changes in financial position ~~provided~~ **IF** the applicant has commenced  
21 operations.

22           (d) Notes to the financial statement, if applicable.

23           5. At all times have and maintain a net worth of not less than  
24 \$100,000.

25           D. A person shall ~~make an application~~ **APPLY** for a license or for a  
26 renewal of a license in writing on the forms, in the manner and  
27 accompanied by the information prescribed by the deputy director,  
28 including the requirements prescribed in subsection C of this section.  
29 The deputy director may require additional information on the experience,  
30 background, ~~honesty, truthfulness, integrity~~ and competency of the  
31 applicant and any responsible individual designated by the applicant. If  
32 the applicant is a person other than a natural person, the deputy director  
33 may require information as to the ~~honesty, truthfulness, integrity and~~  
34 competency of any officer, director, shareholder, member, partner,  
35 trustee, employee or other interested party of the association,  
36 corporation or group.

37           E. The nonrefundable application fee and annual renewal fee ~~shall~~  
38 **be ARE** as prescribed in section 6-126. The nonrefundable application fee  
39 shall accompany each application for an original license only.

40           F. If a licensee is a person other than a natural person, the  
41 license issued to it entitles all officers, directors, members, partners,  
42 trustees and employees of the licensed corporation, partnership,  
43 association or trust to engage in the mortgage banking business if one  
44 officer, director, member, partner, employee or trustee of the person is  
45 designated in the license as the individual responsible for the person

1 under this article. If a licensee is a natural person, the license  
 2 entitles all employees of the licensee to engage in the mortgage banking  
 3 business. If the natural person is not a resident of this state, an  
 4 employee of the licensee shall be designated in the license as the  
 5 individual responsible for the licensee under this article. For the  
 6 purposes of this article, an employee does not include an independent  
 7 contractor. For the purposes of this article, ~~a~~ THE responsible  
 8 individual shall be a resident of this state, shall be in active  
 9 management of the activities of the licensee governed by this article and  
 10 shall have not less than three years' experience in the business of making  
 11 mortgage banking loans or equivalent experience in a related business.

12 G. A licensee shall notify the deputy director that its responsible  
 13 individual will cease to be in active management of the licensee within  
 14 ten days after learning that fact. Not more than ninety days after the  
 15 deputy director receives the notice, the licensee shall place itself under  
 16 the active management of a qualified responsible person and notify the  
 17 deputy director. If the licensee is not placed under active management of  
 18 a qualified responsible individual and if notice is not received by the  
 19 deputy director within the ninety-day period, the license of the licensee  
 20 expires.

21 H. Every person licensed as a mortgage banker shall deposit with  
 22 the deputy director, before doing business as a mortgage banker, a bond  
 23 executed by the licensee as principal and a surety company authorized to  
 24 do business in this state as surety. The bond shall be conditioned on the  
 25 faithful compliance of the licensee, including ~~his~~ THE LICENSEE'S  
 26 directors, officers, members, partners, trustees and employees, with this  
 27 article. Only one bond is required for a person, firm, association or  
 28 corporation irrespective of the number of officers, directors, members,  
 29 partners or trustees who are employed by or are members of the firm,  
 30 association or corporation. The bond is payable to any person injured by  
 31 the wrongful act, default, fraud or misrepresentation of the licensee and  
 32 to this state for the benefit of any injured person. The coverage shall  
 33 be maintained in the minimum amount prescribed in this subsection,  
 34 computed on a base consisting of the total assets of the licensee plus the  
 35 unpaid balance of loans it has contracted to service for others as of the  
 36 end of the licensee's fiscal year.

<u>Base</u>	<u>Minimum Bond</u>
38 Not over \$1,000,000	\$25,000 for the first \$500,000 plus \$5,000 for each \$100,000 or fraction thereof over \$500,000
41 \$1,000,001 to \$10,000,000	\$50,000 plus \$5,000 for each \$1,800,000 or fraction thereof over \$1,000,000
43 \$10,000,001 to \$100,000,000	\$75,000 plus \$5,000 for each \$18,000,000 or fraction thereof over \$10,000,000
45 \$100,000,001 and over	\$100,000



1 ~~No~~ A suit may NOT be commenced on the bond after the expiration of one  
2 year following the commission of the act on which the suit is based,  
3 except that claims for fraud or mistake are limited to the limitation  
4 period provided in section 12-543, paragraph 3. If any injured person  
5 commences an action for a judgment to collect on the bond, the injured  
6 person shall notify the deputy director of the action in writing at the  
7 time of the commencement of the action and shall provide copies of all  
8 documents relating to the action to the deputy director on request.

9 I. Notwithstanding subsection H of this section, the bond required  
10 ~~shall be~~ IS \$25,000 for licensees whose investors are limited solely to  
11 institutional investors.

12 J. For the purposes of subsection I of this section:

13 1. "Institutional investor" means a state or national bank, a state  
14 or federal savings and loan association, a state or federal savings bank,  
15 a state or federal credit union, a federal government agency or  
16 instrumentality, a quasi-federal government agency, a financial  
17 enterprise, a licensed real estate broker or salesman, a profit sharing or  
18 pension trust, or an insurance company.

19 2. "Investor" means any person who directly or indirectly provides  
20 to a mortgage banker funds that are, or are intended to be, used in the  
21 making of a loan, and any person who purchases a loan, or any interest  
22 therein, from a mortgage banker or in a transaction that has been directly  
23 or indirectly arranged or negotiated by a mortgage banker.

24 K. Notwithstanding section 35-155, in lieu of the bond described in  
25 this section, an applicant for a license or a licensee may deposit with  
26 the deputy director a deposit in the form of cash or alternatives to cash  
27 in the amount prescribed in subsection H or I of this section, as  
28 applicable. The deputy director may accept any of the following as an  
29 alternative to cash:

30 1. Certificates of deposit or investment certificates that are  
31 payable or assigned to the state treasurer, issued by banks or savings  
32 banks doing business in this state and fully insured by the federal  
33 deposit insurance corporation or any successor institution.

34 2. Certificates of deposit, investment certificates or share  
35 accounts that are payable or assigned to the state treasurer, issued by a  
36 savings and loan association doing business in this state and fully  
37 insured by the federal deposit insurance corporation or any successor  
38 institution.

39 3. Certificates of deposit, investment certificates or share  
40 accounts that are payable or assigned to the state treasurer, issued by a  
41 credit union doing business in this state and fully insured by the  
42 national credit union administration or any successor institution.

43 L. The deputy director shall deposit the cash or alternatives to  
44 cash received under this section with the state treasurer. The state  
45 treasurer shall hold the cash or alternatives to cash in the name of this

1 state to guarantee the faithful performance of all legal obligations of  
2 the person required to post bond pursuant to this section. The person is  
3 entitled to receive any accrued interest earned from the alternatives to  
4 cash. The state treasurer may impose a fee to reimburse the state  
5 treasurer for administrative expenses. The fee shall not exceed \$10 for  
6 each cash or alternatives to cash deposit and shall be paid by the  
7 applicant or licensee. The state treasurer may prescribe rules relating  
8 to the terms and conditions of each type of security provided by this  
9 section.

10 M. In addition to such other terms and conditions as the deputy  
11 director prescribes by rule or order, the principal amount of the deposit  
12 shall be released only on written authorization of the deputy director or  
13 on the order of a court of competent jurisdiction. The principal amount  
14 of the deposit shall not be released before the expiration of three years  
15 from the first to occur of any of the following:

- 16 1. The date of substitution of a bond for a cash alternative.
- 17 2. The surrender of the license.
- 18 3. The revocation of the license.
- 19 4. The expiration of the license.

20 N. A licensee or an employee of the licensee shall not advertise  
21 for or solicit mortgage banking business in any manner without using the  
22 name and license number as issued on the mortgage banker's principal place  
23 of business license, except that a licensee may also employ or refer to  
24 the commonly used name and any trademarks or service marks of any  
25 affiliate. If a license is issued in the name of a natural person,  
26 nothing in the advertising or solicitation may imply that the license is  
27 in the name of another person or entity. For the purposes of this  
28 subsection, advertise does not include business cards, radio and  
29 television advertising directed at national or regional markets and  
30 promotional items except if those items contain rates or terms on which a  
31 mortgage loan or mortgage banking loan may be obtained.

32 O. A licensee shall not employ any person unless the licensee:

- 33 1. Conducts a reasonable investigation of the background, honesty,  
34 truthfulness, integrity and competency of the employee before hiring.
- 35 2. Keeps a record of the investigation for not less than two years  
36 after termination.

37 P. The licensee is liable for any damage caused by any of ~~his~~ **THE**  
38 **LICENSEE'S** employees while engaged in the business of making mortgage  
39 loans or mortgage banking loans.

40 Q. A licensee shall comply with the requirements of section 6-114  
41 relating to balloon payments.

42 R. Notwithstanding subsection C, paragraph 4 of this section,  
43 licensees and applicants whose own resources are derived exclusively from  
44 correspondent contracts between mortgage bankers and banks, savings banks,  
45 trust companies, savings and loan associations, credit unions, profit

1 sharing or pension trusts, consumer lenders or insurance companies shall  
2 provide the deputy director with a current financial statement, or that of  
3 its parent company, THAT IS prepared in accordance with generally accepted  
4 accounting principles ~~including~~ AND THAT INCLUDES:

5 1. A balance sheet prepared within the previous six months and  
6 certified by the licensee. The deputy director may require a more recent  
7 balance sheet.

8 2. A statement of operations and retained earnings and a statement  
9 of changes in financial position ~~provided~~ IF the applicant has commenced  
10 operations.

11 3. Notes to the financial statement if applicable.

12 S. In addition to the grounds specified in section 6-945,  
13 subsection A, failure of a licensee to operate the business of making  
14 mortgage loans or mortgage banking loans for a continuous period of twelve  
15 months or more shall constitute grounds for revocation of such A  
16 license. The deputy director, on good cause shown, may extend the time  
17 for operating such A business for a single fixed period, which shall not  
18 exceed twelve months.

19 T. If the applicant for renewal of a mortgage banker license is a  
20 natural person, the applicant shall have satisfactorily completed twelve  
21 continuing education units by a continuing education provider approved by  
22 the deputy director before submitting the renewal application. If the  
23 applicant is other than a natural person, the designated responsible  
24 individual shall have satisfactorily completed twelve continuing education  
25 units by a continuing education provider approved by the deputy director  
26 before submitting the renewal application.

27 U. A licensee who employs a loan originator shall comply with  
28 section 6-991.03.

29 Sec. 24. Section 6-945, Arizona Revised Statutes, is amended to  
30 read:

31 6-945. Denial, suspension or revocation of licenses

32 A. The deputy director may deny a license to a person or suspend or  
33 revoke a license if the deputy director finds that an applicant or  
34 licensee:

35 1. Is insolvent as defined in section 47-1201.

36 ~~2. Has shown that the applicant or licensee is not a person of~~  
37 ~~honesty, truthfulness and good character.~~

38 ~~3.~~ 2. Refuses to allow an examination by the deputy director of  
39 the licensee's books and affairs or refuses or fails, within a reasonable  
40 time, to furnish any information or make any report that may be required  
41 by the deputy director.

42 ~~4.~~ 3. Has been convicted in any state of a felony or any crime  
43 involving breach of trust or dishonesty.

44 ~~5.~~ 4. Has had a final judgment entered against the applicant or  
45 licensee in a civil action on grounds of fraud, deceit or

1 misrepresentation and the conduct on which the judgment is based indicates  
2 that it would be contrary to the interest of the public to allow the  
3 person to be licensed or to control or manage a licensee.

4 ~~6.~~ 5. Has had an order entered against the applicant or licensee  
5 involving fraud, deceit or misrepresentation by any administrative agency  
6 of this state, the federal government or any other state or territory of  
7 the United States and ~~that~~ the facts relating to the order indicate that  
8 it would be contrary to the interest of the public to allow the person to  
9 be licensed or to control or manage a licensee.

10 ~~7.~~ 6. Has violated any applicable law, rule or order.

11 B. If any person to whom a license is issued or who has applied for  
12 a license under this article is indicted or informed against for forgery,  
13 embezzlement, obtaining money under false pretenses, extortion, criminal  
14 conspiracy to defraud, or a like offense or offenses, ~~and~~ a certified  
15 copy of the indictment or information or other proper evidence of such AN  
16 indictment or information is filed with the deputy director, the deputy  
17 director may suspend the license issued to the licensee or refuse to grant  
18 a license to an applicant pending trial on the indictment or information.

19 C. If a licensee is other than a natural person, it is sufficient  
20 cause for the denial, suspension or revocation of the license if an  
21 officer, director, member, partner, trustee, employee, while acting in the  
22 course of the mortgage banker business, or person entitled to vote more  
23 than twenty percent of the outstanding voting shares of the licensed  
24 corporation, partnership, association or trust has acted or failed to act  
25 in the same manner as would be cause for suspending or revoking a license  
26 of the party as an individual. If a licensee is a natural person, it is  
27 sufficient cause for the suspension or revocation of the license if an  
28 employee of the person has acted or failed to act in the course of the  
29 mortgage banker business of the licensee in the same manner as would be  
30 cause for suspending or revoking a license of the party as an owner.

31 D. The deputy director shall grant or deny a license within one  
32 hundred twenty days after ~~receipt of~~ RECEIVING the completed application  
33 and fees.

34 Sec. 25. Section 6-974, Arizona Revised Statutes, is amended to  
35 read:

36 6-974. Application for license; issuance or denial; fees

37 A. A person shall apply for a license or for a renewal of a license  
38 in writing on the forms, in the manner and accompanied by the information  
39 prescribed by the deputy director. The deputy director may require  
40 additional information on the experience, background, ~~honesty,~~  
41 ~~truthfulness,~~ ~~integrity~~ and competency of the applicant and any  
42 responsible individual designated by the applicant. If the applicant is a  
43 person other than a natural person, the deputy director may require this  
44 information as to the ~~honesty, truthfulness, integrity and~~ competency of

1 any officer, director, shareholder, member, partner, trustee, employee or  
2 other interested party of the firm, association or corporation.

3 B. The deputy director, on determining that the applicant is  
4 qualified, shall issue a commercial mortgage banker's license to the  
5 applicant that is evidenced by a continuous certificate. The deputy  
6 director shall grant or deny a license within one hundred twenty days  
7 after receiving the completed application. An applicant who has been  
8 denied a license may not reapply for a license before one year after the  
9 date of the previous application.

10 C. The nonrefundable application fee and annual renewal fee are as  
11 prescribed by the deputy director. Application fees and annual renewal  
12 fees shall be based on the cost to the department to process the  
13 application and regulate licensees. The nonrefundable application fee  
14 shall accompany each application for an original license only. The deputy  
15 director shall deposit, pursuant to sections 35-146 and 35-147, the monies  
16 in the state general fund.

17 Sec. 26. Section 6-982, Arizona Revised Statutes, is amended to  
18 read:

19 6-982. Denial, suspension or revocation of licenses

20 A. The deputy director may deny a license to a person or suspend or  
21 revoke a license if the deputy director finds that an applicant or  
22 licensee:

23 1. Is insolvent as defined in section 47-1201.

24 ~~2. Has shown that the licensee or any person acting under the~~  
25 ~~license is not a person of honesty, truthfulness and good character.~~

26 ~~3.~~ 2. Refuses to allow an examination by the deputy director of  
27 the licensee's books and affairs or refuses or fails, within a reasonable  
28 time, to furnish any information or make any report that may be required  
29 by the deputy director.

30 ~~4.~~ 3. Has been convicted in any state of a felony or any crime of  
31 breach of trust or dishonesty.

32 ~~5.~~ 4. Has had a final judgment entered against the licensee in a  
33 civil action on grounds of fraud, deceit or misrepresentation and the  
34 conduct on which the judgment is based indicates that it would be contrary  
35 to the interest of the public to allow the person to be licensed or to  
36 control or manage a licensee.

37 ~~6.~~ 5. Has had an order entered against the licensee involving  
38 fraud, deceit or misrepresentation by any administrative agency of this  
39 state, the federal government or any other state or territory of the  
40 United States and ~~that~~ the facts relating to the order indicate that it  
41 would be contrary to the interest of the public to allow the person to be  
42 licensed or to control or manage a licensee.

43 ~~7.~~ 6. Has violated any applicable law, rule or order.

44 B. If a person to whom a license is issued or who has applied for a  
45 license under this article is indicted or informed against for forgery,

1 embezzlement, obtaining money under false pretenses, extortion, criminal  
2 conspiracy to defraud or a similar offense or offenses, and a certified  
3 copy of the indictment or information is filed with the deputy director,  
4 the deputy director may suspend the license issued to the licensee or deny  
5 a license to an applicant pending trial on the indictment or information.

6 C. If a licensee is other than a natural person, it is sufficient  
7 cause to suspend or revoke the license if an officer, director, member,  
8 partner, trustee or employee, while acting in the course of the commercial  
9 mortgage banker business, or a person entitled to vote more than twenty  
10 percent of the outstanding voting shares of the licensed corporation,  
11 partnership, association or trust has acted or failed to act in the same  
12 manner as would be cause to suspend or revoke a license of the party as an  
13 individual. If a licensee is a natural person, it is sufficient cause to  
14 suspend or revoke the license if an employee of the person, while acting  
15 as an employee, has acted or failed to act in the course of the commercial  
16 mortgage banker business of the licensee in the same manner as would be  
17 cause to suspend or revoke a license of the party as an owner.

18 Sec. 27. Section 6-991.05, Arizona Revised Statutes, is amended to  
19 read:

20 6-991.05. Denial, suspension or revocation of licenses

21 A. The deputy director may deny a license to a person or suspend or  
22 revoke a license if the deputy director finds that an applicant or  
23 licensee:

24 ~~1. Is not a person of honesty, truthfulness or good character.~~

25 ~~2.~~ 1. Has violated any law, rule or order.

26 ~~3.~~ 2. Has been convicted of or pled guilty or nolo contendere to a  
27 misdemeanor if it involved an act of fraud, dishonesty or breach of trust  
28 or money laundering at any time preceding the date of application.

29 ~~4.~~ 3. Has had a final judgment entered against the applicant or  
30 licensee in a civil action on grounds of fraud, deceit or  
31 misrepresentation, and the conduct on which the judgment is based  
32 indicates that it would be contrary to the interest of the public to allow  
33 the person to be licensed.

34 ~~5.~~ 4. Has had an administrative agency of this state, the federal  
35 government or any other state or territory of the United States enter an  
36 order against the applicant or licensee involving fraud, deceit or  
37 misrepresentation, and the facts relating to the order indicate that it  
38 would be contrary to the interest of the public to allow the person to be  
39 licensed.

40 ~~6.~~ 5. Has made a material misstatement or suppressed or withheld  
41 information on the application for a license or any document required to  
42 be filed with the deputy director.

43 ~~7.~~ 6. Has had a loan originator license, consumer lender license,  
44 mortgage broker license or mortgage banker license revoked or denied in  
45 this state or any other state.

1 B. The deputy director shall deny a license to a person or suspend  
2 or revoke a license if the deputy director finds that either of the  
3 following applies:

4 1. The applicant or licensee has been convicted of or pled guilty  
5 or nolo contendere to a felony in a domestic, foreign or military court  
6 during the seven-year period immediately preceding the date of the  
7 application or at any time preceding the date of application if the felony  
8 involved an act of fraud, dishonesty or a breach of trust or money  
9 laundering.

10 2. The applicant or licensee does not have the financial  
11 responsibility, experience or competence to adequately serve the public or  
12 to warrant the belief that the applicant or licensee will act  
13 lawfully, ~~honestly and fairly~~ pursuant to this article.

14 C. If a licensee or applicant under this article is indicted or  
15 informed against for forgery, embezzlement, obtaining money under false  
16 pretenses, extortion, criminal conspiracy to defraud or a similar  
17 offense, and a certified copy of the indictment or information or other  
18 proper evidence of the indictment or information is filed with the deputy  
19 director, the deputy director may suspend the license or refuse to grant a  
20 license to ~~an~~ **THE** applicant pending trial on the indictment.

21 Sec. 28. Section 6-1107, Arizona Revised Statutes, is amended to  
22 read:

23 **6-1107. Denial of application; grounds**

24 A. The deputy director may deny an application if the deputy  
25 director finds any of the following:

26 1. The financial condition of the financial institution holding  
27 company that would acquire control will jeopardize the financial stability  
28 of the financial institution or controlling person or prejudice the  
29 interests of the depositors, beneficiaries, creditors and shareholders of  
30 the financial institution or controlling person.

31 2. A plan or proposal to liquidate or consolidate the financial  
32 institution or controlling person or to make any other major change in the  
33 business, corporate structure or management of the financial institution  
34 or controlling person is not fair and reasonable to the depositors,  
35 beneficiaries, creditors and shareholders of the financial institution or  
36 controlling person.

37 ~~3. The overall moral character or integrity of any person who would  
38 acquire control indicates that it would not be in the interest of the  
39 depositors, beneficiaries, creditors and shareholders of the financial  
40 institution or controlling person, and in the interest of the public, to  
41 allow the person to control the financial institution or controlling  
42 person.~~

43 ~~4.~~ 3. The applicant has neglected, failed or refused to furnish to  
44 the deputy director any required information.

45 ~~5.~~ 4. **it** **THE PROPOSED ACQUISITION** is contrary to law.

1           ~~6-~~ 5. The acquisition would result in a monopoly or would be in  
2 furtherance of any combination or any conspiracy to monopolize or to  
3 attempt to monopolize the business of financial institutions and financial  
4 institution holding companies.

5           ~~7-~~ 6. The effect of the proposed acquisition will be to  
6 substantially lessen competition, tend to create a monopoly or in any  
7 other manner be a restraint of trade, unless the deputy director finds  
8 that the effects of the proposed acquisition are clearly outweighed by its  
9 probable effect in meeting the convenience and needs of the community to  
10 be served and by the public interest.

11           ~~8-~~ 7. The applicant has made a material false statement on the  
12 application.

13           B. The deputy director shall give the applicant written  
14 notification of the granting or denial of an application together with a  
15 statement in support of the decision. If the deputy director, based on  
16 the information available at the time, plans to deny the application and  
17 no hearing has been held in accordance with title 41, chapter 6, article  
18 10, the deputy director shall send the applicant a written statement that  
19 specifies the reasons for ~~such~~ THE tentative denial. The applicant shall  
20 have fifteen days following the date of this statement within which to  
21 file a written request to amend its application. On the filing of the  
22 request, the applicant shall be given thirty days in which to amend its  
23 application.

24           C. The deputy director may approve an application subject to  
25 conditions the deputy director considers necessary and appropriate to  
26 protect the public interest and carry out the purposes of this title. The  
27 deputy director shall give the applicant written notification of the  
28 approval of an application ~~which~~ THAT is subject to conditions together  
29 with a statement in support of the decision.

30           Sec. 29. Section 6-1209, Arizona Revised Statutes, is amended to  
31 read:

32           6-1209. Cease and desist orders; examinations

33           A. In addition to the deputy director's authority under section  
34 6-137, the deputy director may issue an order to cease and desist against  
35 a licensee, requiring the licensee to cease conducting its business  
36 through an authorized delegate and to take appropriate affirmative action,  
37 pursuant to section 6-137, if the deputy director finds that:

38           1. The authorized delegate has violated, is violating or is about  
39 to violate any applicable law or rule or order of the deputy director.

40           2. The authorized delegate has failed to cooperate with an  
41 examination or investigation by the deputy director or the attorney  
42 general authorized by this title.

43           3. The competence, ~~OR~~ experience, ~~integrity or overall moral~~  
44 ~~character~~ of the authorized delegate or any controlling person of the  
45 authorized delegate indicates that it would not be in the interest of the



1 public to allow that person to participate in the business regulated under  
2 this chapter.

3 4. The financial condition of the authorized delegate is such that  
4 it might prejudice the interests of the public in the conduct of the  
5 business regulated under this chapter.

6 5. The authorized delegate has engaged, is engaging or is about to  
7 engage in any unsafe or unsound act, practice or transaction or an act,  
8 practice or transaction that constitutes a violation of this title or of  
9 any rule or order of the deputy director.

10 B. Any business for which a license is required by this chapter  
11 conducted by an authorized delegate outside the scope of authority  
12 conferred in the contract between the authorized delegate and the licensee  
13 is unlicensed activity. An authorized delegate of a licensee holds in  
14 trust for the benefit of the licensee all monies received from the sale or  
15 delivery of the licensee's payment instruments or monies received for  
16 transmission. If an authorized delegate commingles any such monies with  
17 any monies or other property owned or controlled by the authorized  
18 delegate, a trust against all commingled proceeds and other monies or  
19 property owned or controlled by the authorized delegate is imposed in  
20 favor of the licensee in an amount equal to the amount of the proceeds due  
21 the licensee.

22 C. An authorized delegate is subject to examination by the deputy  
23 director at the discretion of the deputy director. The licensee is  
24 responsible for ~~the payment of~~ PAYING an assessment for the examination of  
25 its authorized delegates to the extent that the examination relates to the  
26 activities conducted by the authorized delegate on behalf of the  
27 licensee. That assessment shall be made at the rate set by the deputy  
28 director for examination of an enterprise pursuant to section 6-125,  
29 subsection B, and payment of that assessment shall be made as prescribed  
30 by section 6-125.

31 Sec. 30. Section 6-1216, Arizona Revised Statutes, is amended to  
32 read:

33 6-1216. Acquisition of control

34 A. A person shall not directly or indirectly acquire control of a  
35 licensee or controlling person without the prior written approval of the  
36 deputy director, except as otherwise provided by this section.

37 B. An application for approval to acquire control of a licensee  
38 shall be in writing in a form prescribed by the deputy director and shall  
39 be accompanied by information as the deputy director may require. The  
40 application shall be accompanied by the fee prescribed in section  
41 6-126. The deputy director shall act on the application within one  
42 hundred twenty days after the date on which the application is complete,  
43 unless the applicant consents in writing to an extended period. An  
44 application that is not denied or approved within that period shall be

1 deemed approved as of the first business day after the expiration of that  
2 period.

3 C. The deputy director shall deny the application to acquire  
4 control of a licensee if the deputy director finds that the acquisition of  
5 control is contrary to law or determines that disapproval is reasonably  
6 necessary to protect the interest of the public. In making that  
7 determination, the deputy director shall consider both of the following:

8 1. Whether the financial condition of the person that seeks to  
9 control the licensee might jeopardize the financial condition of the  
10 licensee or prejudice the interests of the public in the conduct of the  
11 business regulated under this chapter.

12 2. Whether the competence, ~~AND~~ experience, ~~integrity and overall~~  
13 ~~moral character~~ of the person that seeks to control the licensee, or the  
14 officers, directors and controlling persons of the person that seeks to  
15 control the licensee, indicate that it would not be in the interest of the  
16 public to allow that person to control the licensee.

17 D. This section does not prohibit a person from negotiating or  
18 entering into agreements subject to the condition that the acquisition of  
19 control will not be effective until approval of the deputy director is  
20 obtained.

21 E. This section does not apply to any of the following persons or  
22 transactions:

23 1. A registered dealer who acts as an underwriter or member of a  
24 selling group in a public offering of the voting securities of a licensee  
25 or controlling person of a licensee.

26 2. A person who acts as proxy for the sole purpose of voting at a  
27 designated meeting of the security holders of a licensee or controlling  
28 person of a licensee.

29 3. A person who acquires control of a licensee or controlling  
30 person of a licensee by devise or descent.

31 4. A person who acquires control of a licensee or controlling  
32 person as a personal representative, custodian, guardian, conservator,  
33 trustee or any other officer appointed by a court of competent  
34 jurisdiction or by operation of law.

35 5. A pledgee of a voting security of a licensee or controlling  
36 person who does not have the right, as pledgee, to vote that security.

37 6. A person or transaction that the deputy director by rule or  
38 order exempts in the public interest.

39 F. Before filing an application for approval to acquire control, a  
40 person may request in writing a determination from the deputy director as  
41 to whether that person will be deemed in control on consummation of a  
42 proposed transaction. If the deputy director determines in response to  
43 that request that the person will not be in control within the meaning of  
44 this chapter, the deputy director shall enter an order to that effect and

1 the proposed transaction is not subject to the requirements of this  
2 section.

3 Sec. 31. Section 6-1404, Arizona Revised Statutes, is amended to  
4 read:

5 6-1404. Denial, suspension or revocation of licenses and  
6 branch office permits

7 A. The deputy director may deny a license to a person or suspend or  
8 revoke a license if the deputy director finds that an applicant or  
9 licensee:

10 1. Is insolvent as defined in section 47-1201.

11 ~~2. Has shown that the person is not a person of honesty,~~  
12 ~~truthfulness and good character.~~

13 ~~3.~~ 2. Refuses to allow an examination by the deputy director of  
14 the licensee's books and affairs or refuses or fails, within a reasonable  
15 time, to furnish any information or make any report that may be required  
16 by the deputy director.

17 ~~4.~~ 3. Has been convicted in any state of a felony or any crime of  
18 breach of trust or dishonesty.

19 ~~5.~~ 4. Has had a final judgment entered against the person in a  
20 civil action on grounds of fraud, deceit or misrepresentation and the  
21 conduct on which the judgment is based indicates that it would be contrary  
22 to the interest of the public to allow that person to be licensed or to  
23 control or manage a licensee.

24 ~~6.~~ 5. Has had an order entered against the person involving fraud,  
25 deceit or misrepresentation by any administrative agency of this state,  
26 the federal government or any other state or territory of the United  
27 States and ~~that~~ the facts relating to the order indicate that it would be  
28 contrary to the interest of the public to allow that person to be licensed  
29 or to control or manage a licensee.

30 ~~7.~~ 6. Has violated any applicable law, rule or order.

31 ~~8.~~ 7. Has failed to pay the license or annual renewal fees.

32 ~~9.~~ 8. Has failed to file an annual report when due or within any  
33 extension of time that the deputy director, for good cause, may have  
34 granted.

35 ~~10.~~ 9. Fails to have or maintain at least \$25,000 in liquid assets  
36 available for use in ~~the conduct of~~ CONDUCTING the business.

37 B. If any person to whom a license is issued or who has applied for  
38 a license is indicted or informed against for forgery, embezzlement,  
39 obtaining money under false pretenses, extortion, criminal conspiracy to  
40 defraud, or a like offense or offenses, and a certified copy of the  
41 indictment or information or other proper evidence of that indictment or  
42 information is filed with the deputy director, the deputy director may  
43 suspend the license issued to the licensee or refuse to grant a license to  
44 an applicant pending trial on the indictment or information.

1 C. It is sufficient cause for the suspension or revocation of the  
2 license if an owner, officer, director, member, partner, trustee or  
3 employee, while acting in the course of the premium finance business, or a  
4 person who is entitled to vote more than twenty percent of the outstanding  
5 voting shares of the licensed corporation or a person who has a  
6 controlling interest in a licensed limited liability company, partnership,  
7 association or trust has acted or failed to act in the same manner as  
8 would be cause for suspending or revoking a license of the person to whom  
9 the license was issued.

10 D. The deputy director may deny a branch office permit to a person  
11 or suspend or revoke a branch office permit for the same reasons  
12 sufficient under this section for denial, suspension or revocation of a  
13 license.

14 Sec. 32. Section 20-361, Arizona Revised Statutes, is amended to  
15 read:

16 20-361. Licensing of rating organizations

17 A. A corporation, an unincorporated association, a partnership or  
18 an individual, whether located within or outside this state, may apply to  
19 the director for a license as a rating organization for insurance subject  
20 to this article and shall file **ALL OF THE FOLLOWING WITH THE DIRECTOR:**

21 1. A copy of its constitution, its articles of agreement or  
22 association or its certificate of incorporation, ~~and~~ and a copy of its  
23 bylaws, rules and regulations governing the conduct of its business.

24 2. A list of its members.

25 3. The name and address of a resident of this state for service of  
26 process, notices and orders.

27 4. A statement of its qualifications as a rating organization.

28 5. A financial statement that is certified by an officer of the  
29 applicant, that is on a form acceptable to the director and that includes  
30 financial information that is current as of not more than ninety days  
31 before the date the application is filed with the director. The financial  
32 statement shall include an income statement and a balance sheet that is  
33 prepared according to generally accepted accounting principles and that is  
34 for the two years immediately preceding the date of the financial  
35 statement. The applicant shall not submit consolidated income statements  
36 or balance sheets.

37 6. A plan for the orderly and timely transfer to the designated  
38 statistical agent or the director of all data collected in accordance with  
39 the statistical plan in effect in this state from its member insurers in  
40 this state if the rating organization ceases to do business in this state.

41 B. If the director finds that the applicant is competent,  
42 ~~trustworthy~~ **trustworthy** and otherwise qualified to act as a rating organization and  
43 that its constitution, articles of agreement or association or certificate  
44 of incorporation and its bylaws, rules and regulations governing the  
45 conduct of its business conform to the requirements of law, the director

1 shall issue a license specifying the kinds of insurance, or subdivisions  
2 or classes of risks or parts or combinations thereof, for which the  
3 applicant is authorized to act as a rating organization. The director  
4 shall either grant or deny an application in whole or in part within sixty  
5 days after its filing.

6 C. Licenses issued pursuant to this section shall remain in effect  
7 until suspended or revoked by the director or the director has accepted  
8 the surrender of the license. The director may suspend or revoke a  
9 license after notice and a hearing if the rating organization ceases to  
10 meet the requirements of this section.

11 Sec. 33. Section 20-411, Arizona Revised Statutes, is amended to  
12 read:

13 20-411. Licensing of surplus lines broker; examination

14 A. A person shall not act as a surplus lines broker in this state  
15 on behalf of an insured whose home state is Arizona unless the person has  
16 a current surplus lines broker license issued by the director.

17 B. Any individual who is a resident of this state and who is  
18 licensed as a resident insurance producer authorized for property or  
19 casualty insurance in this state may also be licensed as a resident  
20 surplus lines broker if the director determines that the insurance  
21 producer is competent ~~and trustworthy~~. The director shall prescribe and  
22 furnish application forms.

23 C. Each individual applicant for an original license as a resident  
24 surplus lines broker or for renewal of a resident surplus lines broker  
25 license who has not previously taken and passed a surplus lines broker  
26 license examination in this state shall take and pass to the director's  
27 satisfaction a written examination given by or under the supervision of  
28 the director. The examination shall reasonably test the applicant's  
29 knowledge of surplus lines insurance and the legal responsibilities of a  
30 surplus lines broker.

31 D. The director may issue a resident surplus lines broker license  
32 to any business entity that is licensed as a resident property or casualty  
33 insurance producer in this state and that satisfies all of the  
34 requirements prescribed by section 20-285, subsections C and D.

35 E. At least one individual in each office or place where surplus  
36 lines insurance is transacted in this state shall be licensed pursuant to  
37 this title as an insurance producer authorized for property or casualty  
38 insurance, and shall be licensed pursuant to this article as a surplus  
39 lines broker.

40 F. The license prescribed in this section shall expire and be  
41 subject to renewal coincidental to, and in the same manner as, other  
42 insurance license authority as prescribed in section 20-289. The director  
43 shall charge the surplus lines broker license fee prescribed in section  
44 20-167, except that, from and after June 30, 2005, a licensee adding  
45 surplus lines broker authority to an existing insurance license shall be

1 charged one-half the surplus lines broker license fee if less than two  
2 years remain in the term of the existing insurance license as of the date  
3 the director receives the application to add surplus lines broker  
4 authority to the existing insurance license.

5 G. To the extent not inconsistent with this article, section  
6 20-281, section 20-283, subsection B, paragraph 6, section 20-286,  
7 subsection C and sections 20-287, 20-289, 20-291, 20-292, 20-295, 20-296,  
8 20-297, 20-298, 20-299, 20-300, 20-301 and 20-302 apply to surplus lines  
9 brokers.

10 H. For the purposes of implementing the nonadmitted and reinsurance  
11 reform act of 2010 (15 United States Code section 8201), the director  
12 shall participate in the national insurance producer database of the  
13 national association of insurance commissioners or any other equivalent  
14 national database for the licensure and license renewal of surplus lines  
15 brokers on and after July 21, 2012.

16 Sec. 34. Section 20-411.01, Arizona Revised Statutes, is amended to  
17 read:

18 20-411.01. Licensing of Mexican insurance surplus lines  
19 broker

20 A. Any resident or nonresident licensed insurance producer that  
21 maintains an office in this state may be licensed as a Mexican insurance  
22 surplus lines broker to transact insurance business as prescribed in  
23 section 20-422 if the director determines that the insurance producer is  
24 competent ~~and trustworthy~~ and the insurance producer complies with all of  
25 the requirements of section 20-411 except for section 20-411, subsection  
26 C. The director shall prescribe and provide application forms.

27 B. Any surplus lines broker licensed pursuant to section 20-411 or  
28 20-411.02 may transact the insurance business prescribed in section 20-422  
29 without being licensed under this section.

30 Sec. 35. Section 20-485.12, Arizona Revised Statutes, is amended to  
31 read:

32 20-485.12. Certificate of registration; fees; expiration;  
33 revocation; civil penalties; violations;  
34 classification; injunctive relief

35 A. ~~No~~ A person may NOT claim to be an administrator in this state  
36 unless the person holds a valid certificate of registration as an  
37 administrator issued by the director.

38 B. An application for a certificate of registration and an  
39 application to renew a certificate shall be in the form prescribed by the  
40 director and shall be accompanied by the fee prescribed in section  
41 20-167. The fee is not refundable if the application or renewal  
42 application is denied. Each application for a certificate shall include  
43 the following information and documents:

44 1. A financial statement that is certified by an officer of the  
45 applicant on a form acceptable to the director and that includes current

1 financial information covering the ninety days immediately preceding the  
2 date that the application is filed with the director. The financial  
3 statement shall include the following:

4 (a) A disclosure of the total amount of Arizona monies projected to  
5 be handled for the next calendar year.

6 (b) An income statement and a balance sheet prepared in accordance  
7 with generally accepted accounting principles for the two years  
8 immediately preceding the date that the application is filed. The  
9 applicant shall not submit consolidated income statements or balance  
10 sheets.

11 2. All of the administrator's basic organization documents and  
12 amendments to these documents, including any articles of incorporation,  
13 articles of association, partnership agreement, trade name certificate,  
14 trust agreement, shareholder agreement and other applicable document.

15 3. An organizational chart that identifies each member of the  
16 holding company system that directly or indirectly controls the  
17 administrator and every affiliate the administrator directly or indirectly  
18 controls.

19 4. The ADMINISTRATOR'S bylaws, rules, ~~OR~~ OR regulations or similar  
20 documents that regulate the administrator's internal affairs.

21 5. Biographical affidavits to be completed by the individuals  
22 responsible for the administrator's affairs, including affidavits for all  
23 members of the board of directors, the board of trustees, the executive  
24 committee or any other governing board or committee, the principal  
25 officers of the corporation or the partners or members of the partnership  
26 or association, shareholders that directly or indirectly hold at least ten  
27 ~~per cent~~ PERCENT of the voting securities of the administrator and any  
28 other person who exercises control or influence over the affairs of the  
29 administrator. The biographical affidavits shall include information  
30 concerning the personal history, business record, insurance experience and  
31 other pertinent facts as the director may require, including whether the  
32 affiant has been the subject of an investigation by any regulatory  
33 authority or has had any license of any type denied, suspended or revoked  
34 in any jurisdiction.

35 6. The administrator's complete name and address for all offices in  
36 each jurisdiction.

37 7. A declaration that states whether the administrator has:

38 (a) Been previously licensed to transact any kind of insurance in  
39 this state or any other jurisdiction and whether that license has been  
40 refused, suspended or revoked.

41 (b) Been indebted to any person, including all of the relevant  
42 details.

43 (c) Had an administrative agreement canceled, including all of the  
44 relevant details.

1           8. The details about the administrator's capacity to collect  
2 premiums or administer claims on behalf of the insurer in this state.

3           9. The written notice, approved by the insurer, that the  
4 administrator will provide to insured individuals and that advises the  
5 insured individuals of the administrator's identity and the relationship  
6 between the administrator and the insurer for each executed insurance  
7 administrative agreement filed in this state.

8           10. An affidavit signed by an officer of the administrator who is  
9 authorized by the administrator to verify the facts stated in the  
10 application.

11           C. The director shall issue the certificate of registration unless  
12 the director finds that the applicant is not competent, ~~trustworthy~~, OR  
13 financially responsible ~~or of good personal and business reputation~~, has  
14 had an insurance license denied for cause by any state or has failed to  
15 comply with any requirement of this article. The certificate remains in  
16 effect until the director suspends or revokes the certificate or until the  
17 director accepts the voluntary termination of the certificate. On  
18 revocation or termination, the administrator shall immediately deliver the  
19 certificate to the director.

20           D. Unless the certificate of registration is surrendered, suspended  
21 or revoked, a certificate of registration issued pursuant to this section  
22 to an administrator remains in effect for as long as the administrator  
23 continues in business in this state and the administrator remains in  
24 compliance with all of the requirements applicable to administrators  
25 prescribed by this title.

26           E. On or before March 1 of each year, each administrator that has  
27 an effective certificate of registration shall file a renewal application  
28 with the director, on a form approved by the director, that consists of a  
29 financial statement of the administrator's current financial condition,  
30 transactions and affairs as of December 31 of the preceding calendar year.  
31 The annual financial statement shall include a disclosure of the total  
32 amount of Arizona monies handled for the preceding year, including the  
33 income statement and balance sheet required by subsection B of this  
34 section and any additional information that the director may require. At  
35 least two officers of the administrator shall verify the annual financial  
36 statement. The administrator shall include with the annual financial  
37 statement the filing fee prescribed in section 20-167. The director may  
38 ~~permit~~ ALLOW an administrator that has failed to file its annual financial  
39 statement or pay its fees on time to file the statement and pay the fees  
40 if the administrator pays an additional fee to be determined by the  
41 director of not more than ~~twenty-five dollars~~ \$25 for each day of  
42 delinquency.

43           F. The director may request further information from the  
44 administrator at any time regarding a previously filed application or the  
45 annual financial statement prescribed by subsection E of this section.



1 G. Within thirty days after the change becomes effective, the  
2 administrator shall provide the director with written notice of any change  
3 in the application on which the certificate of registration was issued and  
4 of any change in the administrator's ownership or control.

5 H. After notice and a hearing, the director may either suspend or  
6 revoke a certificate of registration for any reason for which the issuance  
7 of a certificate could be denied or for any of the following reasons:

8 1. The administrator is in an unsound financial condition or in a  
9 condition that renders further administrative services in this state by  
10 the administrator hazardous to policyholders, claimants, beneficiaries or  
11 any other person.

12 2. The administrator knowingly failed to comply with any lawful  
13 order of the director.

14 3. The administrator violated any provision or requirement of this  
15 title or any rule adopted by the director pursuant to this title.

16 I. In lieu of or in addition to suspension or revocation, if the  
17 director finds grounds pursuant to subsection H of this section to suspend  
18 or revoke an administrator's certificate of registration, the director may  
19 impose a civil penalty of at least ~~one thousand dollars~~ \$1,000 and not  
20 more than ~~ten thousand dollars~~ \$10,000. The civil penalty is in addition  
21 to any other penalties that may be imposed for violations of this title or  
22 other laws of this state.

23 J. Any civil penalties imposed pursuant to this section shall be  
24 deposited, pursuant to sections 35-146 and 35-147, in the state general  
25 fund.

26 K. Any person who violates any provision of this article other than  
27 subsection A of this section is guilty of a class 3 misdemeanor. A person  
28 who violates subsection A of this section is guilty of a class 5 felony.

29 L. If the director believes from evidence satisfactory to the  
30 director that a person is violating or is about to violate subsection A of  
31 this section, the director may order the person to cease and desist and,  
32 through the attorney general, may file a complaint in the superior court  
33 in the county in which the person transacts insurance business to enjoin  
34 or restrain the person from continuing or engaging in the violation or  
35 doing any act in furtherance of the violation. If the director orders the  
36 person to cease and desist, the person may request a hearing pursuant to  
37 title 41, chapter 6, article 10. If a complaint is filed in superior  
38 court, the court has jurisdiction over the proceedings and may enter an  
39 order or judgment awarding appropriate relief.

40 Sec. 36. Section 20-486.01, Arizona Revised Statutes, is amended to  
41 read:

42 20-486.01. Licensure of reinsurance intermediaries

43 A. A person, firm, association or corporation shall not act as a  
44 reinsurance intermediary broker in this state unless:

1           1. With respect to a reinsurance intermediary broker who maintains  
2 an office in this state, whether directly or as a member or employee of a  
3 firm or association or as an officer, director or employee of a  
4 corporation, the reinsurance intermediary broker is a licensed producer in  
5 this state.

6           2. With respect to a reinsurance intermediary broker who does not  
7 maintain an office in this state, the reinsurance intermediary is a  
8 licensed producer in another state having a requirement that is  
9 substantially similar to this article or the reinsurance intermediary  
10 broker is licensed in this state as a nonresident reinsurance  
11 intermediary.

12           B. A person, firm, association or corporation shall not act as a  
13 reinsurance intermediary manager:

14           1. For a reinsurer domiciled in this state, unless the reinsurance  
15 intermediary manager is a licensed producer in this state.

16           2. In this state if the reinsurance intermediary manager maintains  
17 an office either directly or as a member or employee of a firm or  
18 association, or as an officer, director or employee of a corporation in  
19 this state, unless the reinsurance intermediary manager is a licensed  
20 producer in this state.

21           3. In another state for a nondomestic insurer, unless the  
22 reinsurance intermediary manager is a licensed producer in this state or  
23 another state under a similar law of that state or the reinsurance  
24 intermediary manager is licensed in this state as a nonresident  
25 reinsurance intermediary.

26           C. The director may require a reinsurance intermediary manager to:

27           1. File a bond from an insurer for the protection of the reinsurer  
28 in an amount that is acceptable to the director.

29           2. Maintain an errors and omissions policy in an amount that is  
30 acceptable to the director.

31           D. The director may issue a reinsurance intermediary license to a  
32 person, firm, association or corporation that complies with the  
33 requirements of this article. A license that is issued to a firm or  
34 association authorizes all the members and designated employees of the  
35 firm or association to act as reinsurance intermediaries under the  
36 license. Members and designated employees shall be named in the  
37 application and any supplements to the application. A license that is  
38 issued to a corporation authorizes all of the officers, designated  
39 employees and directors of the corporation to act as reinsurance  
40 intermediaries on behalf of the corporation. The officers, designated  
41 employees and directors shall be named in the application and any  
42 supplements to the application. If the applicant for a reinsurance  
43 intermediary license is a nonresident, as a condition precedent to  
44 receiving or holding a license the applicant shall designate the director  
45 as the agent for service of process pursuant to this article. The

1 applicant shall furnish the director with the name and address of a  
2 resident of this state on whom may be served notice, orders of the  
3 director or process affecting the nonresident reinsurance intermediary.  
4 The licensee shall notify promptly the director in writing of every change  
5 in its designated agent for service of process. The change does not  
6 become effective until it is acknowledged by the director.

7 E. The director may refuse to issue a reinsurance intermediary  
8 license if, in ~~his~~ THE DIRECTOR'S judgment, the applicant, a person named  
9 on the application or a member, principal, officer or director of the  
10 applicant or controlling person of the applicant ~~is not trustworthy to act~~  
11 ~~as a reinsurance intermediary~~, gives cause for revocation or suspension of  
12 the license or fails to comply with any prerequisite for the issuance of  
13 the license. On written request, the director shall furnish a summary of  
14 the basis for refusal to issue a license. The summary is privileged and  
15 confidential.

16 F. Attorneys licensed to practice law in this state are exempt from  
17 this section when acting in their professional capacity.

18 G. The director may exempt from this section a reinsurance  
19 intermediary broker whose activities with respect to reinsurance comply  
20 with all of the following:

21 1. Has no authorization to bind any party.

22 2. Compensation is not dependent ~~upon~~ ON the sale or placement of  
23 reinsurance and the amount of compensation is not related to the amount of  
24 reinsurance or reinsurance premium.

25 3. Reinsurance related activities are infrequent and incidental to  
26 other professional services.

27 4. Does not handle or control the funds of any party directly or  
28 indirectly involved in the reinsurance activities of the reinsurance  
29 intermediary broker.

30 Sec. 37. Section 20-1004, Arizona Revised Statutes, is amended to  
31 read:

32 20-1004. Issuance of certificate of authority

33 Issuance of a certificate of authority shall be granted by the  
34 director if the director is satisfied that the following conditions are  
35 met:

36 1. The persons responsible for conducting the affairs of the  
37 prepaid dental plan organization are competent ~~and trustworthy~~ and are  
38 professionally capable of providing or arranging for the provision of  
39 services offered.

40 2. The prepaid dental plan organization constitutes an appropriate  
41 mechanism to achieve an effective prepaid dental plan, in accordance with  
42 regulations issued by the director, that shall include at least the basic  
43 dental services appropriate to that plan as determined by the director.

44 3. The prepaid dental plan organization is financially responsible  
45 and may reasonably be expected to meet its obligations to members and

1 prospective members. In making this determination, the director shall  
2 consider at least:

3 (a) The financial soundness of the prepaid dental plan's  
4 arrangements for services and the schedule of charges used.

5 (b) Any agreement with an insurer, a hospital or a medical service  
6 corporation, a government or any other organization for insuring the  
7 payment of the cost of prepaid dental services or the provisions for  
8 automatic applicability of an alternative coverage in the event of  
9 discontinuance of the plan.

10 (c) The sufficiency of an agreement with providers for the  
11 provision of prepaid dental services.

12 4. Each officer responsible for conducting the affairs of the  
13 prepaid dental plan organization has filed with the director, subject to  
14 the director's approval, a fidelity bond in the amount of ~~fifty thousand~~  
15 ~~dollars~~ \$50,000.

16 Sec. 38. Section 20-1054, Arizona Revised Statutes, is amended to  
17 read:

18 20-1054. Issuance of certificate of authority

19 A. Issuance of a certificate of authority shall be granted within  
20 the time prescribed in section 20-216 by the director if the director is  
21 satisfied that the following conditions are met:

22 1. The persons responsible for conducting the affairs of the health  
23 care services organization are competent ~~and trustworthy~~ and are  
24 professionally capable of providing or arranging for the provision of  
25 health and medical services being offered.

26 2. The health care services organization constitutes an appropriate  
27 mechanism to achieve an effective health care plan pursuant to this title  
28 and any rule that is adopted by the director.

29 3. The health care services organization is financially responsible  
30 and may reasonably be expected to meet its obligations to enrollees and  
31 prospective enrollees. In making this determination, the director may  
32 consider:

33 (a) The financial soundness of the health care plan's arrangements  
34 for health care services and the schedule of charges used in connection  
35 therewith.

36 (b) Any agreement with an insurer, a hospital or a medical service  
37 corporation, a government or any other organization for insuring the  
38 payment of the cost of health care services or the provision for automatic  
39 applicability of an alternative coverage in the event of discontinuance of  
40 the plan.

41 (c) Any agreement with providers for the provision of health care  
42 services.

43 4. Each officer responsible for conducting the affairs of the  
44 health care services organization has filed with the director, subject to

1 the director's approval, a fidelity bond in the amount of ~~fifty thousand~~  
2 ~~dollars~~ \$50,000.

3 B. Unless preempted under federal law or unless federal law imposes  
4 greater requirements than this section, this section applies to a provider  
5 sponsored health care services organization.

6 Sec. 39. Section 20-1095.03, Arizona Revised Statutes, is amended  
7 to read:

8 20-1095.03. Qualifications for permit

9 A. The director shall not issue a permit to a service company  
10 unless all of the following conditions are met:

11 1. The applicant is solvent and organized under the laws of this  
12 state or another state, district, territory or possession of the United  
13 States.

14 2. The applicant furnishes proof as necessary to the director that  
15 the directors and management of the service company are competent ~~and~~  
16 ~~trustworthy~~ and are capable of successfully managing the service company's  
17 affairs in compliance with law.

18 3. The applicant either:

19 (a) Files a surety bond or an alternative to a surety bond as  
20 required by section 20-1095.04.

21 (b) Is insured by a mechanical reimbursement insurance policy  
22 issued by an insurer authorized to do business in this state and provides  
23 a copy of the policy to the director.

24 4. The applicant is in compliance and continues to be in compliance  
25 with all applicable laws.

26 5. The applicant pays the initial fee prescribed in section 20-167.

27 B. This article does not require the director to determine the  
28 actual financial condition or claims practices of any service company.  
29 The issuance of a service company permit indicates only that the entity  
30 appears to be financially sound and to have satisfactory claims practices  
31 and that the director has no credible evidence to the contrary.

32 Sec. 40. Section 20-1096.04, Arizona Revised Statutes, is amended  
33 to read:

34 20-1096.04. Qualifications

35 The director shall not issue a certificate of authority to a  
36 mechanical reimbursement reinsurer unless all of the following conditions  
37 are met:

38 1. The applicant is a corporation incorporated under the laws of  
39 this state.

40 2. The applicant furnishes such proof as necessary to the director  
41 that the directors and management of the reinsurer are competent ~~and~~  
42 ~~trustworthy~~ and are capable of successfully managing its affairs in  
43 compliance with law.

44 3. The applicant makes the deposit as required by section  
45 20-1096.06.



1 another state if the applicant will be driving a school bus for a school  
2 district that is adjacent to that state.

3 D. Each person who applies for a school bus driver certificate  
4 shall have a valid fingerprint clearance card that is issued pursuant to  
5 title 41, chapter 12, article 3.1 and shall submit an identity verified  
6 fingerprint card as described in section 15-106 that the department of  
7 public safety shall use to process the fingerprint clearance card as  
8 outlined in section 15-106.

9 E. A person who is issued a school bus driver certificate shall  
10 maintain a valid identity verified fingerprint clearance card for the  
11 duration of any school bus driver certification period.

12 F. The department of public safety shall suspend a school bus  
13 driver certificate if the fingerprint clearance card is invalid,  
14 suspended, canceled or revoked.

15 G. The department of public safety shall issue a school bus driver  
16 certificate to an applicant who meets the requirements of this section.  
17 The certificate is valid if the applicant maintains the minimum standards  
18 established by this section.

19 H. The department of public safety may cancel the certificate if  
20 the person's license to drive is suspended, canceled, revoked or  
21 disqualified. The department of public safety shall cancel the  
22 certificate if the person fails to maintain the minimum standards  
23 established pursuant to this section. A person whose application for a  
24 certificate is refused or whose certificate is canceled for failure to  
25 meet or maintain the minimum standards may request and receive a hearing  
26 from the department of public safety.

27 I. The department of public safety shall enforce the rules adopted  
28 pursuant to this section.

29 Sec. 42. Section 28-3413, Arizona Revised Statutes, is amended to  
30 read:

31 28-3413. License for schools; requirements; fingerprint  
32 clearance card

33 A. A person may not act as a traffic survival school unless the  
34 person applies for and obtains from the director a license in the manner  
35 and form prescribed by the director.

36 B. Rules adopted by the director shall state the requirements for a  
37 school license, including:

38 1. Requirements concerning location, equipment, courses of  
39 instruction, instructors, previous records of the school and instructors,  
40 ~~character and reputation of the operators and instructors,~~ insurance in an  
41 amount and with provisions that the director deems necessary to protect  
42 adequately the interests of the public and other matters prescribed by the  
43 director.

44 2. A requirement that traffic survival school courses of  
45 instruction must:

1 (a) Consist of at least eight hours of instruction and include  
2 information relating to aggressive driving as provided by section 28-695.

3 (b) Be offered and completed in person and may not be offered or  
4 completed online unless the governor declares a state of emergency. The  
5 department may grant a person who enrolls in a traffic survival school a  
6 onetime waiver of the in-person requirement if the person demonstrates to  
7 the department that completing the course in person would impose a  
8 substantial burden on the person.

9 C. Each applicant who owns twenty percent or more of an entity and  
10 each partner or stockholder who owns twenty percent or more of an entity  
11 and who seeks licensure pursuant to this article shall provide the  
12 department or a contracted private entity of the department pursuant to  
13 section 28-3411 with a valid fingerprint clearance card issued pursuant to  
14 section 41-1758.03.

15 Sec. 43. Section 32-122, Arizona Revised Statutes, as amended by  
16 Laws 2016, chapter 167, section 5, is amended to read:

17 32-122. Qualifications for in-training designation

18 A. An applicant for in-training designation as an engineer,  
19 geologist or land surveyor shall:

20 ~~1. Be of good moral character and repute.~~

21 ~~2.~~ 1. Be a graduate of a school approved by the board or have four  
22 years or more of education or experience, or both, in work in the  
23 profession in which registration is sought that meets standards specified  
24 by the board in its rules.

25 ~~3.~~ 2. Unless exempt under section 32-126, subsection D, pass the  
26 in-training examination in the profession in which registration is sought.

27 B. An applicant for in-training designation as an assayer shall:

28 ~~1. Be of good moral character and repute.~~

29 ~~2.~~ 1. Be a graduate of a school and curriculum approved by the  
30 board or have four years or more of education or experience, or both, in  
31 work in the profession in which registration is sought that meets  
32 standards specified by the board in its rules.

33 ~~3.~~ 2. Unless exempt under section 32-126, subsection D, pass the  
34 in-training examination in the profession in which registration is sought.

35 Sec. 44. Section 32-122, Arizona Revised Statutes, as amended by  
36 Laws 2016, chapter 352, section 9 and chapter 371, section 11, is amended  
37 to read:

38 32-122. Qualifications for in-training registration

39 A. An applicant for in-training registration as an architect,  
40 engineer, geologist or landscape architect shall:

41 ~~1. Be of good moral character and repute.~~

42 ~~2.~~ 1. Be a graduate of a school approved by the board or have four  
43 years or more, or if an applicant for in-training registration as an  
44 architect, five years or more, of education or experience, or both, in



1 work in the profession in which registration is sought that meets  
2 standards specified by the board in its rules.

3 ~~3.~~ 2. Unless exempt under section 32-126, subsection D, pass the  
4 in-training examination in the profession in which registration is sought.

5 B. An applicant for in-training registration as a land surveyor  
6 shall:

7 1. Be a graduate of a school and curriculum approved by the board,  
8 or have four years or more of education or experience, or both, in work in  
9 the profession in which registration is sought that meets standards  
10 specified by the board in its rules.

11 2. Unless exempt under section 32-126, subsection D, pass the  
12 in-training examination in the profession in which registration is sought.

13 C. An applicant for in-training registration as a home  
14 inspector-in-training shall meet the requirements of section 32-122.02,  
15 subsection A, paragraphs 1 through ~~7~~ 6.

16 Sec. 45. Section 32-122.01, Arizona Revised Statutes, is amended to  
17 read:

18 32-122.01. Qualifications for professional registration

19 A. An applicant for professional registration as an architect,  
20 engineer, geologist or landscape architect shall:

21 ~~1. Be of good moral character and repute.~~

22 ~~2.~~ 1. Be actively engaged in education or experience, or both, in  
23 the profession for which registration is sought for at least eight years.

24 ~~3.~~ 2. Unless exempt under section 32-126, pass the applicable  
25 in-training and professional examinations in the profession in which  
26 registration is sought.

27 B. An applicant for professional registration as a land surveyor  
28 shall:

29 ~~1. Be of good moral character and repute.~~

30 ~~2.~~ 1. Be actively engaged in education or experience, or both, in  
31 the profession for which registration is sought for at least six years.

32 ~~3.~~ 2. Unless exempt under section 32-126, pass the in-training and  
33 professional examinations in the profession in which registration is  
34 sought.

35 C. In computing the period of active engagement required under this  
36 section:

37 1. Each year of study that is satisfactorily completed in an  
38 architectural, engineering, geological or landscape architectural school  
39 approved by the board is equivalent to one year of active engagement up to  
40 a maximum of five years. One year or more of teaching architectural,  
41 engineering, geological or landscape architectural subjects in a school  
42 approved by the board is equivalent to one year of active engagement.

43 2. Each year of study satisfactorily completed in a land surveying  
44 curriculum and school approved by the board is considered equivalent to  
45 one year of active engagement up to a maximum of four years. One year or

1 more of teaching land surveying or other courses approved by the board as  
2 pertinent to the profession in which registration is sought in a school  
3 approved by the board is equivalent to one year of active engagement.

4 D. Except as provided in subsection E of this section, experience  
5 credited by the board under this section and sections 32-101, 32-122 and  
6 32-126 must be attained under the direct supervision of a professional who  
7 is satisfactory to the board and registered in this state, another state  
8 or a foreign country in the profession in which the applicant is seeking  
9 registration, except that up to one year's experience may be attained  
10 under the direct supervision of a professional who is satisfactory to the  
11 board and registered in another profession regulated under this chapter in  
12 this state, another state or a foreign country.

13 E. By a two-thirds majority vote, the board may allow an applicant  
14 except for an architect applicant to meet the requirements of subsection D  
15 of this section by crediting comparable experience satisfactory to the  
16 board that the applicant attained without direct supervision of a  
17 registered professional.

18 Sec. 46. Section 32-122.02, Arizona Revised Statutes, is amended to  
19 read:

20 32-122.02. Certification of home inspectors; insurance

21 A. An applicant for certification as a home inspector shall:

22 1. Be at least eighteen years of age.

23 ~~2. Be of good moral character and repute.~~

24 ~~3.~~ 2. Have passed within two years preceding application a written  
25 examination that is approved by the board and that meets the competency  
26 standards recommended by the home inspector rules and standards committee  
27 and adopted by the board.

28 ~~4.~~ 3. Have passed a course of study that meets the standards  
29 recommended by the home inspector rules and standards committee and  
30 approved by the board.

31 ~~5.~~ 4. Pay a fee as determined by the board and for initial  
32 certification shall provide to the board evidence of having a valid  
33 fingerprint clearance card issued pursuant to title 41, chapter 12,  
34 article 3.1.

35 ~~6.~~ 5. Not have had a certificate denied or revoked pursuant to  
36 this chapter within one year immediately preceding the application.

37 ~~7.~~ 6. Have received an absolute discharge from sentence at least  
38 five years before the application if the person has been convicted of one  
39 or more felonies, ~~provided the board determines the applicant is of good~~  
40 ~~moral character and repute.~~

41 ~~8.~~ 7. Provide evidence of the applicant's ability to obtain  
42 financial assurance as provided by subsection B of this section.

43 B. Within sixty days after certification and before any fee-based  
44 home inspection is performed, a home inspector certified pursuant to this  
45 chapter shall file one of the following financial assurances pursuant to

1 rules recommended by the home inspector rules and standards committee and  
2 adopted by the board:

3 1. Errors and omissions insurance for negligent acts committed in  
4 the course of a home inspection in an amount of ~~two hundred thousand~~  
5 ~~dollars~~ \$200,000 in the aggregate and ~~one hundred thousand dollars~~  
6 \$100,000 per occurrence.

7 2. A bond that is retroactive to the certification date in the  
8 amount of ~~twenty-five thousand dollars~~ \$25,000 or proof that minimum net  
9 assets have a value of at least ~~twenty-five thousand dollars~~ \$25,000.

10 C. If a home inspector loses or otherwise fails to maintain a  
11 required financial assurance, the certification shall be automatically  
12 suspended and shall be reinstated if a financial assurance is obtained  
13 within ninety days. If a financial assurance is not obtained within  
14 ninety days, the certification shall be automatically revoked.

15 D. A home inspector is subject to this chapter and rules adopted  
16 pursuant to this chapter.

17 E. Except as provided in subsection A, paragraph ~~5~~ 4 of this  
18 section, the board may not require the submission of a fingerprint  
19 clearance card for certification renewal or any other purpose.

20 Sec. 47. Section 32-122.07, Arizona Revised Statutes, is amended to  
21 read:

22 32-122.07. Denial of alarm business, controlling person or  
23 alarm agent certification; appeal

24 A. The board may deny an application for certification as an alarm  
25 business, controlling person or alarm agent if a controlling person of an  
26 alarm business or an alarm agent ~~lacks good moral character or~~ has been  
27 convicted of an act involving moral turpitude. ~~A lack of good moral~~  
28 ~~character may be established by evidence of past criminal activity and~~  
29 ~~shall be determined by the board.~~

30 B. If the board denies an application for certification as an alarm  
31 business, controlling person or alarm agent, the board shall send notice  
32 of its action by certified mail to the applicant, setting forth the  
33 reasons for the action taken.

34 C. Within thirty days after the date of the notice, the applicant  
35 may request a hearing before the board pursuant to title 41, chapter 6,  
36 article 10.

37 Sec. 48. Section 32-721, Arizona Revised Statutes, is amended to  
38 read:

39 32-721. Certified public accountants; qualifications

40 A. The board shall issue a certificate of certified public  
41 accountant to any individual who complies with all of the following:

- 42 1. Meets the requirements of section 41-1080.
- 43 2. Is at least eighteen years of age.

44 ~~3. Is of good moral character.~~

1           ~~4.~~ 3. Has not engaged in any conduct that would constitute grounds  
2 for revocation or suspension of a certificate or other disciplinary action  
3 pursuant to section 32-741.

4           ~~5.~~ 4. Meets the requirements of subsection B, C or D of this  
5 section.

6           B. If the applicant passes the uniform certified public accountant  
7 examination and has never been certified, registered or licensed as a  
8 certified public accountant in this state or another jurisdiction, the  
9 applicant must comply with both of the following:

10           1. Have had at least two thousand hours of paid or unpaid  
11 experience, either before or after passing all sections of the uniform  
12 certified public accountant examination, that has exposed the applicant to  
13 and provided the applicant with experience in the practice of accounting.  
14 The applicant's experience must be sufficient to demonstrate the  
15 applicant's ability for critical inquiry and analysis of financial  
16 accounting information, including balance sheets, income statements, cash  
17 flow statements or tax returns and the applicant's ability to communicate,  
18 either orally or in writing, on the results of an inquiry or analysis of  
19 that information to an employer, client or third party.

20           2. Present satisfactory evidence that the person has successfully  
21 obtained a baccalaureate degree or higher degree from an accredited  
22 institution or a college or university that maintains standards comparable  
23 to those of an accredited institution and that the applicant has completed  
24 at least one hundred fifty semester hours of education of which:

25           (a) At least thirty-six semester hours are nonduplicative  
26 accounting courses of which at least thirty semester hours are upper-level  
27 courses.

28           (b) At least thirty semester hours are related courses.

29           C. If the applicant passes the uniform certified public accountant  
30 examination or the international qualification examination and has a  
31 certificate, registration or license to practice as a certified public  
32 accountant in another jurisdiction and the applicant has never had a  
33 certificate issued by the board expire or be relinquished or revoked, at  
34 least one of the following shall apply:

35           1. The certificate, registration or license is issued by a  
36 jurisdiction whose requirements are determined by the board to be  
37 substantially equivalent to the requirements prescribed in subsection B of  
38 this section.

39           2. The applicant has a baccalaureate degree or its equivalent or a  
40 higher degree from an accredited institution or a college or university  
41 that maintains standards comparable to those of an accredited institution  
42 and either of the following applies:

43           (a) The applicant has been employed as a certified public  
44 accountant in the practice of accounting for at least three years and has

1 completed at least one hundred fifty semester hours of education that  
2 includes both of the following:

3 (i) At least twenty-four semester hours of nonduplicative  
4 accounting courses, of which twelve semester hours are upper-level  
5 courses.

6 (ii) At least eighteen semester hours in related courses.

7 (b) The applicant has been employed as a certified public  
8 accountant in the practice of accounting for at least five of the ten  
9 preceding years and has completed both of the following:

10 (i) At least twenty-four semester hours of nonduplicative  
11 accounting courses, of which twelve semester hours are upper-level  
12 courses.

13 (ii) At least eighteen semester hours in related courses.

14 3. The applicant has been employed as a certified public accountant  
15 in the practice of accounting for at least ten of the fifteen preceding  
16 years.

17 D. If an applicant passes the international uniform certified  
18 public accountant qualification examination of the American institute of  
19 certified public accountants, all of the following apply:

20 1. The applicant's country has a mutual recognition agreement with  
21 the national association of state boards of accountancy that has been  
22 adopted by the board.

23 2. The board recognizes that the applicant's qualifications are  
24 substantially equivalent to the qualifications of certified public  
25 accountants in the United States in the areas of education, examination  
26 and experience.

27 Sec. 49. Section 32-823, Arizona Revised Statutes, is amended to  
28 read:

29 32-823. Qualifications of applicant

30 A. An applicant shall prove to the board that the applicant:

31 ~~1. Is of good moral character.~~

32 ~~2.~~ 1. Is a graduate of an accredited podiatry school whose  
33 standards are recognized by the American podiatry medical association.

34 ~~3.~~ 2. Has the physical and mental capability to engage safely in  
35 the practice of podiatry.

36 ~~4.~~ 3. Has a professional record that indicates that the applicant  
37 has not committed any act or engaged in any conduct that would constitute  
38 grounds for disciplinary action against a licensee under this chapter if  
39 the applicant has previously engaged in the practice of podiatry.

40 ~~5.~~ 4. Has a professional record that indicates that the applicant  
41 has not had a license to practice podiatry refused, revoked, suspended or  
42 restricted in any way by any other state, federal jurisdiction or country  
43 for reasons that relate to the ability to competently and safely practice  
44 podiatry if the applicant has previously engaged in the practice of  
45 podiatry.



1 jurisdiction for any act that constitutes unprofessional conduct pursuant  
2 to this chapter.

3 3. Is currently under investigation by a regulatory board in this  
4 or any other jurisdiction for an act that constitutes unprofessional  
5 conduct pursuant to this chapter.

6 4. Has surrendered a license to practice chiropractic in lieu of  
7 disciplinary action by a regulatory board in this or any other  
8 jurisdiction for an act that constitutes unprofessional conduct pursuant  
9 to this chapter.

10 5. Has engaged in any conduct that constitutes grounds for  
11 disciplinary action pursuant to section 32-924 or board rules.

12 D. On ~~making application~~ APPLYING, the applicant shall pay to the  
13 executive director of the board a nonrefundable fee of not more than ~~three~~  
14 ~~hundred twenty-five dollars~~ \$325 as established by the board. The board  
15 shall keep a register of all applicants and the result of each  
16 examination.

17 E. In order to determine an applicant's eligibility for examination  
18 and licensure, the board may require the applicant to submit a full set of  
19 fingerprints to the board. The board shall submit the fingerprints to the  
20 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. The board shall charge  
24 each applicant a fee that is necessary to cover the cost of the  
25 investigation. The board shall forward this fee to the department of  
26 public safety.

27 Sec. 51. Section 32-1004, Arizona Revised Statutes, is amended to  
28 read:

29 32-1004. Exemptions

30 A. The following persons are exempt from this chapter when engaged  
31 in the regular course of their respective businesses but shall comply with  
32 the requirements of section 32-1051, paragraphs 2 through ~~7~~ 6 and section  
33 32-1055, subsection C and subsection D, paragraphs 1, 2, 3 and 5:

34 1. Attorneys-at-law.

35 2. A person regularly employed on a regular wage or salary in the  
36 capacity of credit person or a similar capacity, except as an independent  
37 contractor.

38 3. Banks, including trust departments of a bank, fiduciaries and  
39 financing and lending institutions.

40 4. Common carriers.

41 5. Title insurers, title insurance agents and abstract companies  
42 while doing an escrow business.

43 6. Licensed real estate brokers.

44 7. Employees of licensees under this chapter.

- 1           8. Substation payment offices employed by or serving as independent  
2 contractors or public utilities.
- 3           9. A person licensed pursuant to title 6, chapter 7.
- 4           10. A person licensed pursuant to title 6, chapter 9.
- 5           11. A person licensed pursuant to title 6, chapter 14, article 1.
- 6           12. A participant in a finance transaction in which a lender  
7 receives the right to collect commercial claims due the borrower by  
8 assignment, by purchase or by the taking of a security interest in those  
9 commercial claims.
- 10          13. An accounting, bookkeeping or billing service provider that  
11 complies with all of the following:
- 12           (a) Does not accept accounts that are contractually past due at the  
13 time of receipt.
- 14           (b) Does not initiate any contact with individual debtors except  
15 for the initial written notice of the amount owing and one written  
16 follow-up notice.
- 17           (c) Does not give or send to any debtor a written communication  
18 that requests or demands payment.
- 19           (d) Does not receive or have access to monies paid by debtors or  
20 their insurers.
- 21           (e) All communications with the debtors are done in the name of the  
22 creditor.
- 23          14. A person collecting claims owed, due or asserted to be owed or  
24 due to a financial institution **OF WHICH** the deposits ~~of which~~ are insured  
25 by an agency of the federal government, or any affiliate of the financial  
26 institution, if the person is related by common ownership or affiliated by  
27 corporate control with the financial institution and collects the claims  
28 only for the financial institution or any affiliate of the financial  
29 institution.
- 30          15. A person who is licensed pursuant to title 20, chapter 2,  
31 article 3, 3.1, 3.2, 3.3 or 3.5 and who is authorized to collect premiums  
32 under an insurance policy financed by a premium finance agreement as  
33 defined in section 6-1401.
- 34          16. A person that is licensed pursuant to title 20, chapter 2,  
35 article 9, that is authorized to act as an administrator for an insurer as  
36 defined in section 20-485 and that collects charges pursuant to section  
37 20-485.09, subsection B.
- 38          B. For the purposes of subsection A, paragraph 12 of this section:
- 39           1. A transaction shall not be deemed a finance transaction if the  
40 primary purpose is to facilitate the collection of claims.
- 41           2. Commercial claim does not include an account arising from the  
42 purchase of a service or product intended for personal, family or  
43 household use.



1 C. For the purposes of subsection A, paragraph 13, subdivision (b)  
2 of this section, the initial written notice and follow-up notice may  
3 contain only the following information:

4 1. The name, address and telephone and telefacsimile numbers of the  
5 creditor.

6 2. The amount due and an itemization of that amount.

7 3. The date payment is due.

8 4. The address or place where payment is to be made.

9 5. If the payment is past due, that payment is past due.

10 D. For a person who is exempt under subsection A, paragraph 14 of  
11 this section, the deputy director shall investigate complaints of  
12 residents of this state relating to any violations of section 32-1051,  
13 paragraphs 2 through 7 or section 32-1055, subsection C or subsection D,  
14 paragraph 1, 2, 3 or 5 and may examine the books, accounts, claims and  
15 files of a person that relate to the complaint. A person who is exempt  
16 and who violates section 32-1051, paragraphs 2 through ~~7~~ 6 or section  
17 32-1055, subsection C or subsection D, paragraph 1, 2, 3 or 5 is subject  
18 to sections 6-132, 6-136 and 6-137.

19 Sec. 52. Section 32-1023, Arizona Revised Statutes, is amended to  
20 read:

21 32-1023. Qualifications of applicants

22 A. An applicant for a license issued under this chapter shall:

23 1. Be a citizen of the United States ~~and be of good moral~~  
24 ~~character.~~

25 2. Not have been convicted of a crime involving moral turpitude.

26 3. Not have defaulted on payment of money collected or received for  
27 another.

28 4. Not have been a former licensee under this chapter whose license  
29 was suspended or revoked and not subsequently reinstated.

30 B. If the applicant for a license is a firm, partnership,  
31 association or corporation, the qualifications required by subsection A of  
32 this section shall be required of the individual in active management of  
33 the firm, partnership, association or corporation.

34 C. When a licensed agency ceases to be under the active management  
35 of a qualified person, as defined in rules, notice of this fact shall be  
36 given to the deputy director within ten days. The licensee shall have  
37 ninety days after the termination of the services of the acting manager to  
38 replace the qualified person and notify the deputy director of the  
39 qualified replacement. If the agency is not placed under the active  
40 management of a new qualified person and notice is not given to the deputy  
41 director within the ninety-day period, the license of the agency expires  
42 unless a provisional license has been granted under section 32-1027.

1           Sec. 53. Section 32-1051, Arizona Revised Statutes, is amended to  
2 read:

3           32-1051. Duties of licensees

4           An individual, firm, partnership, association or corporation to whom  
5 a license is to be issued under this chapter shall:

6           1. Meet the financial responsibility and bonding requirements of  
7 this chapter.

8           2. Not have been a former licensee under ~~the provisions of~~ this  
9 chapter whose license was suspended or revoked and not subsequently  
10 reinstated.

11           ~~3. Deal openly, fairly and honestly in the conduct of the~~  
12 ~~collection agency business.~~

13           ~~4.~~ 3. Except for attorneys licensed to practice law, not attempt  
14 to collect any collection fee, ~~attorney's~~ ATTORNEY fee, court cost or  
15 expenses unless the fees, charges or expenses are justly due from and  
16 legally chargeable against the debtor, ~~or~~ have been judicially  
17 determined. ~~nor shall any~~ A licensee MAY NOT engage in any unfair or  
18 misleading practices or resort to any oppressive, vindictive or illegal  
19 means or methods of collection.

20           ~~5.~~ 4. Except for attorneys licensed to practice law, not give or  
21 send to any debtor, or cause to be given or sent to any debtor, any  
22 notice, letter, message or form ~~which~~ THAT:

23           (a) Simulates any legal process.

24           (b) Is ambiguous as to or misrepresents the character, extent or  
25 amount of the obligation of the debtor.

26           (c) Represents or ~~infers~~ IMPLIES that the existing obligation of  
27 the debtor may be increased by the addition of ~~attorneys'~~ ATTORNEY fees,  
28 investigation fees, service fees, ~~or~~ any other fees or charges when in  
29 fact these fees or charges may not legally be added to the existing  
30 obligation of the debtor.

31           (d) Threatens to sell the obligation of the debtor to any person,  
32 firm or group.

33           (e) Uses or sets forth the name of or purports to be from any  
34 attorney at law or legal firm.

35           ~~6.~~ 5. Except for attorneys licensed to practice law, not use any  
36 letterhead, ~~or~~ literature bearing any heading, slogan or statement  
37 representing or ~~inferring~~ IMPLYING that the licensee practices law,  
38 renders legal services or advice, ~~or~~ maintains a legal department.

39           ~~7.~~ 6. Not ~~by the~~ use ~~of~~ any letterhead, advertisement, agreement,  
40 form, circular or other printed matter, or otherwise, ~~to~~ convey the  
41 impression that the individual, firm, partnership, association or  
42 corporation is vouched for or is an instrumentality of ~~the~~ THIS state, a  
43 political subdivision of ~~the~~ THIS state, ~~or~~ the department.

1           Sec. 54. Section 32-1053, Arizona Revised Statutes, is amended to  
2 read:

3           32-1053. Denial, revocation or suspension of license

4           A. The deputy director may deny a license to a person or suspend or  
5 revoke a license pursuant to title 41, chapter 6, article 10 if the deputy  
6 director finds that an applicant or licensee:

7           1. Is insolvent as defined in section 47-1201.

8           ~~2. Has shown that the applicant or licensee is not a person of~~  
9 ~~honesty, truthfulness or good character.~~

10           ~~3.~~ 2. Has violated any applicable law, rule or order.

11           ~~4.~~ 3. Has been convicted in any state of any felony or other crime  
12 involving breach of trust or dishonesty.

13           ~~5.~~ 4. Has had an order entered against the applicant or licensee  
14 by an administrative agency of this state, the federal government or any  
15 other state of the United States and that order is based on conduct  
16 involving fraud, deceit or misrepresentation by the licensee or applicant.

17           ~~6.~~ 5. Has made a material misstatement or omission on the  
18 application for a license or on any document required to be filed with the  
19 deputy director.

20           B. It is sufficient cause for the denial, suspension or revocation  
21 of a license if an officer, director, partner, employee or controlling  
22 person of the collection agency has acted or failed to act in a manner  
23 that would be cause for denial, suspension or revocation of a license.  
24 For purposes of this subsection, "controlling person" means a person who  
25 owns more than a twenty percent equity interest in the collection agency  
26 and has the power to actively participate in the conduct of the collection  
27 agency.

28           Sec. 55. Section 32-1122, Arizona Revised Statutes, is amended to  
29 read:

30           32-1122. Qualifications for license

31           A. A contractor's license may be issued only by act of the  
32 registrar of contractors. The registrar shall:

33           1. Classify and qualify applicants for a license.

34           2. If necessary, change the license classification of a licensee in  
35 the case of a title reclassification, with or without a bond rider for the  
36 purpose of continuing liability on the bond.

37           3. Conduct investigations the registrar deems necessary.

38           4. Establish written examinations to protect the health and safety  
39 of the public.

40           B. To obtain, renew or maintain a license under this chapter, the  
41 applicant or licensee shall:

42           1. Submit to the registrar of contractors a verified application on  
43 forms that are prescribed by the registrar of contractors and that contain  
44 the following information:

- 1 (a) A designation of the classification of license that is sought  
2 by the applicant.
- 3 (b) If the applicant is a sole proprietorship, the applicant's name  
4 and address.
- 5 (c) If the applicant is a partnership, the names and addresses of  
6 all partners with a designation of any limited partners.
- 7 (d) If the applicant is a limited liability company, the names and  
8 addresses of all of the following, as applicable:
- 9 (i) If the applicant is a manager-managed limited liability  
10 company, all managers.
- 11 (ii) If the applicant is a member-managed limited liability  
12 company, all members.
- 13 (iii) All owners of twenty-five percent or more of the stock or  
14 beneficial interest.
- 15 (e) If the applicant is a corporation, an association or any other  
16 organization, the names and addresses of all of the following:
- 17 (i) The president, vice president, secretary and treasurer or the  
18 names and addresses of the functional equivalent of all of these officers.
- 19 (ii) The directors.
- 20 (iii) The owners of twenty-five percent or more of the stock or  
21 beneficial interest.
- 22 (f) The name and address of the qualifying party.
- 23 (g) If the applicant is a limited liability company or corporation,  
24 an attestation that the limited liability company or corporation is in  
25 good standing with the corporation commission.
- 26 (h) The address or location of the applicant's place of business  
27 and the mailing address if it is different from the applicant's place of  
28 business.
- 29 (i) An attestation that the applicant has complied with the  
30 statutes and rules governing workers' compensation insurance. If the  
31 applicant is required by law to secure workers' compensation insurance  
32 pursuant to ~~section 23-961~~ TITLE 23, CHAPTER 6, the attestation must  
33 contain the workers' compensation insurance policy number or be  
34 accompanied by proof of self-insurance.
- 35 (j) If the applicant is a trust, the names and addresses of all  
36 trustees.
- 37 2. Submit the appropriate fee required under this chapter.
- 38 3. Submit and maintain the appropriate bond required under this  
39 chapter.
- 40 4. Notify the registrar of any change in the information required  
41 by this section within thirty days after the change occurs.
- 42 C. To obtain, renew or maintain a license under this chapter, each  
43 person who is named on a license must ~~be of good character and~~  
44 ~~reputation. Lack of good character and reputation may be established by~~  
45 ~~showing that a person~~ NOT HAVE engaged in contracting without a license or

1 committed any act that, if committed or done by any licensed contractor,  
2 would be grounds for suspension or revocation of a contractor's license or  
3 ~~by showing that the person was~~ BE named on a license that was suspended or  
4 revoked in this state or another state.

5 D. To obtain a license under this chapter, a person may not have  
6 had a license denied, refused or revoked within one year before the  
7 person's application. The registrar may find circumstances behind the  
8 denial, refusal or revocation excusable if the applicant's actions did not  
9 result in an unremedied hardship or danger or loss to the public. A  
10 person who has been convicted of contracting without a license is not  
11 eligible to obtain a license under this chapter for one year after the  
12 date of the last conviction.

13 E. Before a license is issued, the qualifying party must:

14 1. Have a minimum of four years' practical or management trade  
15 experience, at least two of which must have been within the last ten  
16 years, dealing specifically with the type of construction, or its  
17 equivalent, for which the applicant is applying for a license. Technical  
18 training in an accredited college or university or in a manufacturer's  
19 accredited training program may be substituted for a portion of such  
20 experience, but in no case may credited technical training exceed two  
21 years of the required four years' experience. The registrar of  
22 contractors may reduce the four years' practical or management experience  
23 requirement if in the registrar's opinion it has been conclusively shown  
24 by custom and usage in the particular industry or craft involved that the  
25 four-year requirement is excessive. The registrar shall waive the work  
26 experience documentation and verification if the records reflect that the  
27 qualifying party is currently or has previously been a qualifying party  
28 for a licensee in this state in the same classification and meets all  
29 other qualifications.

30 2. Successfully show, by written examination taken not more than  
31 two years before application, if required, qualification in the kind of  
32 work for which the applicant proposes to contract, the applicant's general  
33 knowledge of the building, safety, health and lien laws of the state,  
34 administrative principles of the contracting business and the rules  
35 adopted by the registrar of contractors pursuant to this chapter,  
36 demonstrate knowledge and understanding of construction plans and  
37 specifications applicable to the particular industry or craft and of the  
38 standards of construction work and techniques and practices in the  
39 particular industry or craft and demonstrate a general understanding of  
40 other related construction trades, in addition to any other matters as may  
41 be deemed appropriate by the registrar to determine that the qualifying  
42 party meets the requirements of this chapter.

43 F. The registrar shall maintain multiple versions of examinations  
44 for each type of license that requires an examination. The registrar  
45 shall waive the examination requirement if the records reflect that the

1 qualifying party is currently or has previously been a qualifying party  
2 for a licensee in this state in the same classification within the  
3 preceding five years.

4 G. A license may not be issued to a minor, to any partnership in  
5 which one of the partners is a minor or to any corporation in which a  
6 corporate officer is a minor.

7 H. Before receiving, renewing and holding a license pursuant to  
8 this chapter, the registrar may require a license applicant or licensee to  
9 submit to the registrar a full set of fingerprints and the fees required  
10 in section 41-1750. The registrar shall submit the fingerprints and fees  
11 to the department of public safety for the purpose of obtaining a state  
12 and federal criminal records check pursuant to section 41-1750 and Public  
13 Law 92-544. The department of public safety may exchange this fingerprint  
14 data with the federal bureau of investigation.

15 Sec. 56. Section 32-1232, Arizona Revised Statutes, is amended to  
16 read:

17 32-1232. Qualifications of applicant; application; fee;  
18 fingerprint clearance card

19 A. An applicant for licensure ~~shall be of good moral character,~~  
20 shall meet the requirements of section 32-1233 and shall hold a diploma  
21 conferring a degree of doctor of dental medicine or doctor of dental  
22 surgery from a recognized dental school.

23 B. Each candidate shall submit a written application to the board  
24 accompanied by a nonrefundable Arizona dental jurisprudence examination  
25 fee of ~~three hundred dollars~~ \$300. The board shall waive this fee for  
26 candidates who are holders of valid restricted permits. Each candidate  
27 shall also obtain a valid fingerprint clearance card issued pursuant to  
28 section 41-1758.03.

29 C. The board may deny an application for a license, for license  
30 renewal or for a restricted permit if the applicant:

31 1. Has committed any act that would be cause for censure, probation  
32 or suspension or revocation of a license under this chapter.

33 2. While unlicensed, committed or aided and abetted the commission  
34 of any act for which a license is required by this chapter.

35 3. Knowingly made any false statement in the application.

36 4. Has had a license to practice dentistry revoked by a dental  
37 regulatory board in another jurisdiction in the United States for an act  
38 that occurred in that jurisdiction and that constitutes unprofessional  
39 conduct pursuant to this chapter.

40 5. Is currently under suspension or restriction by a dental  
41 regulatory board in another jurisdiction in the United States for an act  
42 that occurred in that jurisdiction and that constitutes unprofessional  
43 conduct pursuant to this chapter.

44 6. Has surrendered, relinquished or given up a license to practice  
45 dentistry in lieu of disciplinary action by a dental regulatory board in

1 another jurisdiction in the United States for an act that occurred in that  
2 jurisdiction and that constitutes unprofessional conduct pursuant to this  
3 chapter.

4 D. The board shall suspend an application for a license, for  
5 license renewal or for a restricted permit if the applicant is currently  
6 under investigation by a dental regulatory board in another jurisdiction.  
7 The board shall not issue or deny a license to the applicant until the  
8 investigation is resolved.

9 Sec. 57. Section 32-1234, Arizona Revised Statutes, is amended to  
10 read:

11 32-1234. Dental consultant license

12 A. A person may apply for a dental consultant license if the  
13 applicant demonstrates to the board's satisfaction that the applicant:

14 1. Has continuously held a license to practice dentistry for at  
15 least twenty-five years issued by one or more states or territories of the  
16 United States or the District of Columbia, but is not currently licensed  
17 to practice dentistry in Arizona.

18 ~~2. Is of good moral character.~~

19 ~~3.~~ 2. Has not had a license to practice dentistry revoked by a  
20 dental regulatory board in another jurisdiction in the United States for  
21 an act that occurred in that jurisdiction and that constitutes  
22 unprofessional conduct pursuant to this chapter.

23 ~~4.~~ 3. Is not currently under suspension or restriction by a dental  
24 regulatory board in another jurisdiction in the United States for an act  
25 that occurred in that jurisdiction and that constitutes unprofessional  
26 conduct pursuant to this chapter.

27 ~~5.~~ 4. Has not surrendered, relinquished or given up a license to  
28 practice dentistry in lieu of disciplinary action by a dental regulatory  
29 board in another jurisdiction in the United States for an act that  
30 occurred in that jurisdiction and that constitutes unprofessional conduct  
31 pursuant to this chapter.

32 ~~6.~~ 5. Meets the applicable requirements of section 32-1232.

33 ~~7.~~ 6. Meets the requirements of section 32-1233, paragraphs 1 and  
34 3. If an applicant has taken a state written theory examination instead  
35 of the written national dental board examinations, the applicant must  
36 provide the board with official documentation of passing the written  
37 theory examinations in the state where the applicant holds a current  
38 license. The board shall then determine the applicant's eligibility for a  
39 license pursuant to this section.

40 ~~8.~~ 7. Meets the application requirements as prescribed in rule by  
41 the board.

42 B. The board shall suspend an application for a dental consultant  
43 license if the applicant is currently under investigation by a dental  
44 regulatory board in another jurisdiction in the United States. The board

1 shall not issue or deny a license to the applicant until the investigation  
2 is resolved.

3 C. A person to whom a dental consultant license is issued shall  
4 practice dentistry only in the course of the person's employment or on  
5 behalf of an entity licensed under title 20 with the practice limited to  
6 supervising or conducting utilization review or other claims or case  
7 management activity on behalf of the entity licensed pursuant to title 20.  
8 A person who holds a dental consultant license is prohibited from  
9 providing direct patient care.

10 D. This section ~~shall~~ DOES not ~~be deemed to~~ require a person to  
11 apply for or hold a dental consultant license in order for that person to  
12 serve as a consultant to or engage in claims review activity for an entity  
13 licensed pursuant to title 20.

14 E. Except as provided in subsection B of this section, a dental  
15 consultant licensee is subject to all of the provisions of this chapter  
16 that are applicable to licensed dentists.

17 Sec. 58. Section 32-1284, Arizona Revised Statutes, is amended to  
18 read:

19 32-1284. Qualifications of applicant; application; fee;  
20 fingerprint clearance card; rules; denial or  
21 suspension of application

22 A. An applicant for licensure as a dental hygienist shall be at  
23 least eighteen years of age, ~~shall be of good moral character~~, shall meet  
24 the requirements of section 32-1285 and shall present to the board  
25 evidence of graduation or a certificate of satisfactory completion in a  
26 course or curriculum in dental hygiene from a recognized dental hygiene  
27 school. A candidate shall make written application to the board  
28 accompanied by a nonrefundable Arizona dental jurisprudence examination  
29 fee of ~~one hundred dollars~~ \$100. The board shall waive this fee for  
30 candidates who are holders of valid restricted permits. Each candidate  
31 shall also obtain a valid fingerprint clearance card issued pursuant to  
32 section 41-1758.03.

33 B. The board shall adopt rules that govern the practice of dental  
34 hygienists and that are not inconsistent with this chapter.

35 C. The board may deny an application for licensure or an  
36 application for license renewal if the applicant:

37 1. Has committed an act that would be cause for censure, probation  
38 or suspension or revocation of a license under this chapter.

39 2. While unlicensed, committed or aided and abetted the commission  
40 of an act for which a license is required by this chapter.

41 3. Knowingly made any false statement in the application.

42 4. Has had a license to practice dental hygiene revoked by a  
43 regulatory board in another jurisdiction in the United States for an act  
44 that occurred in that jurisdiction and that constitutes unprofessional  
45 conduct pursuant to this chapter.



1           5. Is currently under suspension or restriction by a regulatory  
2 board in another jurisdiction in the United States for an act that  
3 occurred in that jurisdiction and that constitutes unprofessional conduct  
4 pursuant to this chapter.

5           6. Has surrendered, relinquished or given up a license to practice  
6 dental hygiene instead of disciplinary action by a regulatory board in  
7 another jurisdiction in the United States for an act that occurred in that  
8 jurisdiction and that constitutes unprofessional conduct pursuant to this  
9 chapter.

10          D. The board shall suspend an application for a license if the  
11 applicant is currently under investigation by a dental regulatory board in  
12 another jurisdiction. The board shall not issue or deny a license to the  
13 applicant until the investigation is resolved.

14          Sec. 59. Section 32-1296, Arizona Revised Statutes, is amended to  
15 read:

16           32-1296. Qualifications of applicant

17          A. To be eligible for certification to practice denture technology  
18 an applicant shall:

19           ~~1. Be of good moral character.~~

20           ~~2.~~ 1. Hold a high school diploma or its equivalent.

21           ~~3.~~ 2. Present to the board evidence of graduation from a  
22 recognized denturist school or a certificate of satisfactory completion of  
23 a course or curriculum in denture technology from a recognized denturist  
24 school.

25           ~~4.~~ 3. Pass a ~~board approved~~ BOARD-APPROVED examination.

26          B. A candidate for certification shall submit a written application  
27 to the board that includes a nonrefundable Arizona dental jurisprudence  
28 examination fee as prescribed by the board.

29          Sec. 60. Section 32-1522, Arizona Revised Statutes, is amended to  
30 read:

31           32-1522. Basic qualifications for license

32          A. To be eligible for a license to practice naturopathic medicine  
33 pursuant to this chapter, the applicant shall:

34           1. Be a graduate of an approved school of naturopathic medicine.

35           2. Have satisfactorily completed an approved internship,  
36 preceptorship or clinical training program in naturopathic medicine.

37           ~~3. Possess a good moral and professional reputation.~~

38           ~~4.~~ 3. Be physically and mentally fit to practice as a doctor of  
39 naturopathic medicine.

40           ~~5.~~ 4. Not be guilty of any act of unprofessional conduct or any  
41 other conduct that would be grounds for refusal, suspension or revocation  
42 of a license under this chapter.

43           ~~6.~~ 5. Not have had a license to practice any profession refused,  
44 revoked or suspended by any other state, district or territory of the  
45 United States or another country for reasons that relate to the

1 applicant's ability to skillfully and safely practice as a physician in  
2 this state.

3 ~~7-~~ 6. File a completed application pursuant to section 32-1524 and  
4 meet the examination requirements provided for in section 32-1525.

5 B. The board may:

6 1. Require an applicant to submit credentials or other written or  
7 oral proof.

8 2. Make investigations it deems proper to adequately advise itself  
9 with respect to the qualifications of an applicant.

10 C. Within ninety days after it receives a completed application for  
11 initial licensure, the board shall issue a license if the application  
12 demonstrates to the board's satisfaction that the applicant complies with  
13 this chapter and board rules.

14 Sec. 61. Section 32-1523.01, Arizona Revised Statutes, is amended  
15 to read:

16 32-1523.01. Foreign graduates; additional qualifications

17 A. An applicant for a license to practice as a doctor of  
18 naturopathic medicine who received naturopathic medical training from an  
19 institution outside of the United States or Canada and who is not licensed  
20 by any other state, district or territory of the United States shall meet  
21 all of the following requirements:

22 1. Be a graduate of an approved school of naturopathic medicine.

23 2. Have successfully completed a clinical training program.

24 ~~3. Possess a good moral and professional reputation.~~

25 ~~4-~~ 3. Be physically and mentally fit to practice as a doctor of  
26 naturopathic medicine.

27 ~~5-~~ 4. Not be guilty of an act of unprofessional conduct or any  
28 other conduct ~~which~~ THAT is grounds for refusal, suspension or revocation  
29 of a license under this chapter.

30 ~~6-~~ 5. Not have had a license to practice any profession refused,  
31 revoked or suspended by any other state, district or territory of the  
32 United States or another country for reasons ~~which~~ THAT relate to that  
33 person's ability to skillfully and safely practice as a doctor of  
34 naturopathic medicine.

35 ~~7-~~ 6. Have successfully completed either a ~~two-year~~ TWO-YEAR  
36 internship training program approved by the board or a postdoctoral  
37 training program approved by the board.

38 B. The applicant shall file a complete application and pay the  
39 required fees as provided in section 32-1527 and, in addition, shall pay  
40 for any costs incurred by the board for investigations or verification of  
41 an applicant's credentials and qualifications.

42 C. The applicant shall pass the examination as required pursuant to  
43 section 32-1525, subsection B.

1 D. The board may:

2 1. Require the applicant to submit credentials or other written or  
3 oral proof that the applicant meets the requirements of this section.

4 2. Make investigations it deems proper to adequately determine the  
5 qualifications of the applicant.

6 Sec. 62. Section 32-1529, Arizona Revised Statutes, is amended to  
7 read:

8 32-1529. Specialists; certification; qualifications

9 A. To be eligible for a certificate to practice as a specialist, an  
10 applicant shall:

11 1. Hold a current valid license to practice naturopathic medicine  
12 under this chapter.

13 2. Have satisfactorily completed an approved postdoctoral training  
14 program in the specialty.

15 3. Be board certified in the specialty by a specialty board of  
16 examiners that is recognized by the board.

17 ~~4. Possess a good moral and professional reputation.~~

18 ~~5.~~ 4. Be physically and mentally fit to practice the specialty.

19 ~~6.~~ 5. Not be guilty of any act of unprofessional conduct or any  
20 other conduct that would be grounds for refusal, suspension or revocation  
21 of a license under this chapter.

22 ~~7.~~ 6. Not have had any license to practice any profession refused,  
23 revoked or suspended by any other state, district or territory of the  
24 United States or another country for reasons that relate to the person's  
25 ability to skillfully and safely practice as a physician in this state.

26 ~~8.~~ 7. File a completed application pursuant to section 32-1524.

27 B. The board may:

28 1. Require an applicant to submit credentials or other written or  
29 oral proof.

30 2. Make investigations it deems necessary to adequately advise it  
31 with respect to an applicant's qualifications.

32 C. A certificate issued to a physician pursuant to this section  
33 shall be concurrently renewed, suspended or revoked, with that  
34 physician's license to practice naturopathic medicine.

35 Sec. 63. Section 32-1682, Arizona Revised Statutes, is amended to  
36 read:

37 32-1682. Applications for a dispensing optician license;  
38 original and renewal; examination

39 A. An applicant for licensure shall submit a verified application  
40 to the board on a form prescribed by the board. The application shall  
41 contain information the board determines is necessary to assist the board  
42 in determining the applicant's ability to meet the requirements of this  
43 chapter and board rules.

44 B. A person who wishes to renew a license shall submit a verified  
45 renewal application to the board each year on a form prescribed by the

1 board. The renewal application shall contain information the board  
2 determines is necessary to assist the board in determining that the  
3 applicant is not in default of or in violation of this chapter or board  
4 rules and that the licensee continues to meet the requirements of this  
5 chapter.

6 C. The board may require from all applicants any additional  
7 information that in its judgment is necessary to assist the board in  
8 determining whether the applicant is entitled to initial or continued  
9 licensure.

10 D. To assist it in determining ~~if~~ **WHETHER** an applicant has acquired  
11 the minimum basic skills required for optical dispensing, the board shall  
12 require a written and practical examination of all applicants for an  
13 initial license. This requirement does not apply to applicants who qualify  
14 pursuant to section 32-1683, paragraph ~~5-~~ 4, subdivision (a). The board  
15 may prescribe other reasonable rules relating to the examination of  
16 applicants as it determines necessary for the performance of its duties.  
17 The board may accept the results of a written or practical examination  
18 prepared by a nationally recognized body as determined by the board in  
19 lieu of those portions of an examination prepared by the board if they are  
20 at least substantially equivalent to those prepared by the board. The  
21 board may keep all procedures relating to the administration of the  
22 examination and the answer keys confidential.

23 Sec. 64. Section 32-1683, Arizona Revised Statutes, is amended to  
24 read:

25 32-1683. Qualifications of applicants

26 An applicant for a license issued under this chapter shall:

27 ~~1. Be of good moral character.~~

28 ~~2.~~ 1. Not have been convicted of a crime involving moral  
29 turpitude.

30 ~~3.~~ 2. Not be a former licensee under this chapter whose license  
31 was suspended or revoked and not subsequently reinstated.

32 ~~4.~~ 3. Be a high school graduate or the equivalent as prescribed by  
33 rules of the board.

34 ~~5.~~ 4. Establish that the applicant has the required technical  
35 skill and training necessary for licensing by any one of the following  
36 means:

37 (a) Submit evidence of having a valid and subsisting license in  
38 good standing from another state that licenses dispensing opticians or  
39 ophthalmic dispensers and whose requirements are substantially equivalent  
40 to the requirements of this chapter.

41 (b) Submit evidence of having served an apprenticeship in optical  
42 dispensing for three of the six years immediately preceding the date of  
43 application under the direct supervision of a dispensing optician,  
44 optometrist or an allopathic or osteopathic physician who holds an active  
45 license in good standing issued by any state. The apprenticeship must

1 include all principal phases of optical dispensing in order to result in  
2 the applicant acquiring the minimum basic skills required for optical  
3 dispensing. The board may accept a maximum of one thousand hours of  
4 alternative optical laboratory experience toward satisfying the  
5 apprenticeship requirements if that experience meets the standards  
6 established by the board.

7 (c) Submit evidence of graduation from a school of optical  
8 dispensing that presently meets the standards required for approval by a  
9 nationally recognized body on opticianry accreditation as determined by  
10 the board. The applicant must also have served an apprenticeship in  
11 optical dispensing as prescribed in subdivision (b) **OF THIS PARAGRAPH** for  
12 one of the six years immediately preceding the date of application.

13 (d) Submit evidence of having worked as a dispensing optician or  
14 having served as an apprentice to a dispensing optician, a physician or an  
15 optometrist in a nonlicensing state for three of the six years immediately  
16 preceding the date of application. This work or apprenticeship must  
17 include all principal phases of optical dispensing in order to result in  
18 the applicant acquiring the minimum basic skills required for optical  
19 dispensing.

20 Sec. 65. Section 32-1722, Arizona Revised Statutes, is amended to  
21 read:

22 **32-1722. Qualifications of applicant; applications**

23 A. A person ~~of good moral character~~ who wishes to engage in the  
24 practice of the profession of optometry shall file with the board a  
25 verified application with the required application fee that includes:

26 1. The applicant's name, age and address.

27 2. Documentation of graduation from a university or college that  
28 teaches the profession of optometry and that is accredited by a nationally  
29 accepted accrediting body on optometric education.

30 3. Documentation of satisfactory completion of an equivalent course  
31 of study that is approved by the board in didactic education, pharmacology  
32 and clinical training in the examination, diagnosis and treatment of  
33 conditions of the human eye and its adnexa and that either:

34 (a) Meets the contemporary educational requirements at colleges of  
35 optometry in the United States.

36 (b) Totals at least one hundred twenty hours.

37 4. Documentation of the successful passage of a written examination  
38 as prescribed by the board.

39 5. Background information on a form prescribed by the attorney  
40 general for the purpose of conducting an investigation into the existence  
41 of prior arrests and convictions.

42 6. Disclosure of any investigation conducted or pending by an  
43 optometric regulatory board in another jurisdiction in the United States.

1 B. On receipt of an application in proper form and containing the  
2 information prescribed in subsection A of this section, the board may  
3 investigate the applicant's ~~character~~, ability and experience.

4 C. For the purposes of an investigation that is conducted pursuant  
5 to subsection B of this section, the board may subpoena witnesses,  
6 administer oaths and take testimony with respect to ~~the character of the~~  
7 ~~applicant or to~~ any matter affecting the application at a hearing held  
8 after sufficient notice has been given.

9 D. If the board finds that the applicant has passed the examination  
10 provided for under section 32-1724 and that the applicant's ~~character~~,  
11 ability and experience are satisfactory, the board shall issue a license.

12 Sec. 66. Section 32-1723, Arizona Revised Statutes, is amended to  
13 read:

14 32-1723. Licensure by endorsement

15 The board shall waive the written examination requirements of this  
16 chapter if all of the following are true:

17 1. The applicant submits a license or a certified copy of a license  
18 to practice optometry issued by the regulatory board of another  
19 jurisdiction of the United States that has licensure requirements that the  
20 board determines meet or exceed the requirements of this chapter.

21 2. The license of the applicant has not been suspended or revoked  
22 by any other licensing jurisdiction of the United States for any cause  
23 that is a ground for suspension or revocation of a license under this  
24 chapter.

25 3. The applicant has been engaged in the practice of the profession  
26 of optometry continuously in the other licensing jurisdiction or in a  
27 United States military branch of service for not less than four of the  
28 five years immediately preceding the application.

29 4. The information provided by national data banks designated by  
30 the board has successfully verified the applicant.

31 ~~5. The applicant meets the requirements of section 32-1722~~  
32 ~~concerning good moral character.~~

33 Sec. 67. Section 32-1822, Arizona Revised Statutes, is amended to  
34 read:

35 32-1822. Qualifications of applicant; application;  
36 fingerprinting; fees

37 A. On a form and in a manner prescribed by the board, an applicant  
38 for licensure shall submit proof that the applicant:

39 1. Is the person named on the application and on all supporting  
40 documents submitted.

41 2. Is a citizen of the United States or a resident alien.

42 3. Is a graduate of a school of osteopathic medicine approved by  
43 the American osteopathic association.

1           4. Has successfully completed an approved internship, the first  
2 year of an approved multiple-year residency or a board-approved  
3 equivalency.

4           5. Has passed the approved examinations for licensure within seven  
5 years of application or has the board-approved equivalency of practice  
6 experience.

7           6. Has not engaged in any conduct that, if it occurred in this  
8 state, would be considered unprofessional conduct or, if the applicant has  
9 engaged in unprofessional conduct, is rehabilitated from the underlying  
10 conduct.

11          7. Is physically, mentally and emotionally able to practice  
12 medicine, or, if limited, restricted or impaired in the ability to  
13 practice medicine, consents to contingent licensure pursuant to subsection  
14 E of this section or to entry into a program prescribed in section  
15 32-1861.

16           ~~8. Is of good moral character.~~

17           ~~9. 8. Beginning September 1, 2017,~~ Has submitted a full set of  
18 fingerprints to the board for the purpose of obtaining a state and federal  
19 criminal records check pursuant to section 41-1750 and Public Law  
20 92-544. The department of public safety may exchange this fingerprint  
21 data with the federal bureau of investigation.

22          B. An applicant must submit with the application the nonrefundable  
23 application fee prescribed in section 32-1826 and pay the prescribed  
24 license issuance fee to the board at the time the license is issued.

25          C. The board or the executive director may require an applicant to  
26 submit to a personal interview, a physical examination or a mental  
27 evaluation or any combination of these, at the applicant's expense, at a  
28 reasonable time and place as prescribed by the board if the board  
29 determines that this is necessary to provide the board adequate  
30 information regarding the applicant's ability to meet the licensure  
31 requirements of this chapter. An interview may include medical knowledge  
32 questions and other matters that are relevant to licensure.

33          D. The board may deny a license for any unprofessional conduct that  
34 would constitute grounds for disciplinary action pursuant to this chapter  
35 or as determined by a competent domestic or foreign jurisdiction.

36          E. The board may issue a license that is contingent on the  
37 applicant entering into a stipulated order that may include a period of  
38 probation or a restriction on the licensee's practice.

39          F. The executive director may issue licenses to applicants who meet  
40 the requirements of this section.

41          G. A person whose license has been revoked, denied or surrendered  
42 in this or any other state may apply for licensure not sooner than five  
43 years after the revocation, denial or surrender.

1 H. A license issued pursuant to this section is valid for the  
2 remainder of the calendar year in which it was issued, at which time it is  
3 eligible for renewal.

4 Sec. 68. Section 32-1829, Arizona Revised Statutes, is amended to  
5 read:

6 32-1829. Training permits; issuance of permits

7 A. The board may grant a one-year renewable training permit to a  
8 person who is participating in a teaching hospital's accredited  
9 internship, residency or clinical fellowship training program to allow  
10 that person to practice medicine only in the supervised setting of that  
11 program. Before the board issues the permit, the person shall:

12 1. Submit an application on a form and in a manner prescribed by  
13 the board and proof that the applicant:

14 (a) Is the person named on the application and on all supporting  
15 documentation.

16 (b) Is a citizen of the United States or a resident alien.

17 (c) Is a graduate of a school approved by the American osteopathic  
18 association.

19 (d) Participated in postgraduate training, if any.

20 (e) Has passed approved examinations appropriate to the applicant's  
21 level of education and training.

22 (f) Has not engaged in any conduct that, if it occurred in this  
23 state, would be considered unprofessional conduct or, if the applicant has  
24 engaged in unprofessional conduct, is rehabilitated from the underlying  
25 conduct.

26 ~~(g) Is of good moral character.~~

27 ~~(h)~~ (g) Is physically, mentally and emotionally able to practice  
28 medicine, or, if limited, restricted or impaired in the ability to  
29 practice medicine, consents to a contingent permit or to entry into a  
30 program described in section 32-1861.

31 2. Pay the nonrefundable application fee prescribed by the board.

32 B. If a permittee who is participating in a teaching hospital's  
33 accredited internship, residency or clinical fellowship training program  
34 must repeat or make up time in the program due to resident progression or  
35 for other reasons, the board may grant that person an extension of the  
36 training permit if requested to do so by the program's director of medical  
37 education or a person who holds an equivalent position. The extended  
38 permit limits the permittee to practicing only in the supervised setting  
39 of that program for a period of time sufficient to repeat or make up the  
40 training.

41 C. The board may grant a training permit to a person who is not  
42 licensed in this state and who is participating in a short-term training  
43 program of four months or less for continuing medical education conducted  
44 in an approved school of osteopathic medicine or a hospital that has an  
45 accredited hospital internship, residency or clinical fellowship training



1 program in this state. Before the board issues the permit, the person  
2 shall:

3 1. Submit an application on a form and in a manner prescribed by  
4 the board and proof that the applicant meets the requirements prescribed  
5 in subsection A, paragraph 1 of this section.

6 2. Pay the nonrefundable application fee prescribed by the board.

7 D. A permittee is subject to the disciplinary provisions of this  
8 chapter.

9 E. The executive director may issue a permit to an applicant who  
10 meets the requirements of this chapter.

11 F. If a permit is not issued pursuant to subsection E of this  
12 section, the board may issue a permit or may:

13 1. Issue a permit that is contingent on the applicant entering into  
14 a stipulated agreement that may include a period of probation or a  
15 restriction on the permittee's practice.

16 2. Deny a permit to an applicant who does not meet the requirements  
17 of this chapter.

18 Sec. 69. Section 32-1854, Arizona Revised Statutes, is amended to  
19 read:

20 32-1854. Definition of unprofessional conduct

21 For the purposes of this chapter, "unprofessional conduct" includes  
22 the following acts, whether occurring in this state or elsewhere:

23 1. Knowingly betraying a professional secret or wilfully violating  
24 a privileged communication except as either of these may otherwise be  
25 required by law. This paragraph does not prevent members of the board  
26 from exchanging information with the licensing and disciplinary boards of  
27 other states, territories or districts of the United States or with  
28 foreign countries or with osteopathic medical organizations located in  
29 this state or in any state, district or territory of this country or in  
30 any foreign country.

31 2. Committing a felony or a misdemeanor involving moral turpitude.  
32 In either case conviction by any court of competent jurisdiction is  
33 conclusive evidence of the commission of the offense.

34 3. Practicing medicine while under the influence of alcohol, a  
35 dangerous drug as defined in section 13-3401, narcotic or hypnotic drugs  
36 or any substance that impairs or may impair the licensee's ability to  
37 safely and skillfully practice medicine.

38 4. Being diagnosed by a physician licensed under this chapter or  
39 chapter 13 of this title or a psychologist licensed under chapter 19.1 of  
40 this title as excessively or illegally using alcohol or a controlled  
41 substance.

42 5. Prescribing, dispensing or administering controlled substances  
43 or prescription-only drugs for other than accepted therapeutic purposes.

1           6. Engaging in the practice of medicine in a manner that harms or  
2 may harm a patient or that the board determines falls below the community  
3 standard.

4           7. Impersonating another physician.

5           8. Acting or assuming to act as a member of the board if this is  
6 not true.

7           9. Procuring, renewing or attempting to procure or renew a license  
8 to practice osteopathic medicine by fraud or misrepresentation.

9           10. Having professional connection with or lending one's name to an  
10 illegal practitioner of osteopathic medicine or any of the other healing  
11 arts.

12           11. Representing that a manifestly incurable disease, injury,  
13 ailment or infirmity can be permanently cured or that a curable disease,  
14 injury, ailment or infirmity can be cured within a stated time, if this  
15 is not true.

16           12. Failing to reasonably disclose and inform the patient or the  
17 patient's representative of the method, device or instrumentality the  
18 licensee uses to treat the patient's disease, injury, ailment or  
19 infirmity.

20           13. Refusing to divulge to the board on demand the means, method,  
21 device or instrumentality used ~~in the treatment of~~ TO TREAT a disease,  
22 injury, ailment or infirmity.

23           14. Charging a fee for services not rendered or dividing a  
24 professional fee for patient referrals. This paragraph does not apply to  
25 payments from a medical researcher to a physician in connection with  
26 identifying and monitoring patients for clinical trial regulated by the  
27 United States food and drug administration.

28           15. Knowingly making any false or fraudulent statement, written or  
29 oral, in connection with the practice of medicine or when applying for or  
30 renewing privileges at a health care institution or a health care program.

31           16. Advertising in a false, deceptive or misleading manner.

32           17. Representing or claiming to be an osteopathic medical  
33 specialist if the physician has not satisfied the applicable requirements  
34 of this chapter or board rules.

35           18. Having a license denied or disciplinary action taken against a  
36 license by any other state, territory, district or country, unless it can  
37 be shown that this occurred for reasons that did not relate to the  
38 person's ability to safely and skillfully practice osteopathic medicine or  
39 to any act of unprofessional conduct as provided in this section.

40           19. Committing any conduct or practice contrary to recognized  
41 standards of ethics of the osteopathic medical profession.

42           20. Violating or attempting to violate, directly or indirectly, or  
43 assisting in or abetting the violation of or conspiring to violate any of  
44 the provisions of this chapter.

1           21. Failing or refusing to establish and maintain adequate records  
2 on a patient as follows:

3           (a) If the patient is an adult, for at least six years after the  
4 last date the licensee provided the patient with medical or health care  
5 services.

6           (b) If the patient is a child, either for at least three years  
7 after the child's eighteenth birthday or for at least six years after the  
8 last date the licensee provided that patient with medical or health care  
9 services, whichever date occurs later.

10          22. Using controlled substances or prescription-only drugs unless  
11 they are provided by a medical practitioner, as defined in section  
12 32-1901, as part of a lawful course of treatment.

13          23. Prescribing controlled substances to members of one's immediate  
14 family unless there is no other physician available within fifty miles to  
15 treat a member of the family and an emergency exists.

16          24. Committing nontherapeutic use of injectable amphetamines.

17          25. Violating a formal order, probation or a stipulation issued by  
18 the board under this chapter.

19          26. Charging or collecting an inappropriate fee. This paragraph  
20 does not apply to a fee that is fixed in a written contract between the  
21 physician and the patient and entered into before treatment begins.

22          27. Using experimental forms of therapy without adequate informed  
23 patient consent or without conforming to generally accepted criteria and  
24 complying with federal and state statutes and regulations governing  
25 experimental therapies.

26          28. Failing to make patient medical records in the physician's  
27 possession promptly available to a physician assistant, a nurse  
28 practitioner, a person licensed pursuant to this chapter or a podiatrist,  
29 chiropractor, naturopathic physician, physician or homeopathic physician  
30 licensed under chapter 7, 8, 13, 14 or 29 of this title on receipt of  
31 proper authorization to do so from the patient, a minor patient's parent,  
32 the patient's legal guardian or the patient's authorized representative or  
33 failing to comply with title 12, chapter 13, article 7.1.

34          29. Failing to allow properly authorized board personnel to have,  
35 on presentation of a subpoena, access to any documents, reports or records  
36 that are maintained by the physician and that relate to the physician's  
37 medical practice or medically related activities pursuant to section  
38 32-1855.01.

39          30. Signing a blank, undated or predated prescription form.

40          31. Obtaining a fee by fraud, deceit or misrepresentation.

41          32. Failing to report to the board an osteopathic physician and  
42 surgeon who is or may be guilty of unprofessional conduct or is or may be  
43 mentally or physically unable safely to engage in the practice of  
44 medicine.

1           33. Referring a patient to a diagnostic or treatment facility or  
2 prescribing goods and services without disclosing that the physician has a  
3 direct pecuniary interest in the facility, goods or services to which the  
4 patient has been referred or prescribed. This paragraph does not apply to  
5 a referral by one physician to another physician within a group of  
6 physicians practicing together.

7           34. Exhibiting a lack of or inappropriate direction, collaboration  
8 or supervision of a licensed, certified or registered health care provider  
9 or office personnel employed by or assigned to the physician in the  
10 medical care of patients.

11           35. Violating a federal law, a state law or a rule applicable to  
12 the practice of medicine.

13           36. Prescribing or dispensing controlled substances or  
14 prescription-only medications without establishing and maintaining  
15 adequate patient records.

16           37. Dispensing a schedule II controlled substance that is an  
17 opioid, except as provided in section 32-1871.

18           38. Failing to dispense drugs and devices in compliance with  
19 article 4 of this chapter.

20           39. Committing any conduct or practice that endangers a patient's  
21 or the public's health or may reasonably be expected to do so.

22           40. Committing any conduct or practice that impairs the licensee's  
23 ability to safely and skillfully practice medicine or that may reasonably  
24 be expected to do so.

25           41. With the exception of heavy metal poisoning, using chelation  
26 therapy in the treatment of arteriosclerosis or as any other form of  
27 therapy without adequate informed patient consent and without conforming  
28 to generally accepted experimental criteria, including protocols, detailed  
29 records, periodic analysis of results and periodic review by a medical  
30 peer review committee.

31           42. Prescribing, dispensing or administering anabolic-androgenic  
32 steroids to a person for other than therapeutic purposes.

33           43. Engaging in sexual conduct with a current patient or with a  
34 former patient within six months after the last medical consultation  
35 unless the patient was the licensee's spouse at the time of the contact  
36 or, immediately preceding the physician-patient relationship, was in a  
37 dating or engagement relationship with the licensee. For the purposes of  
38 this paragraph, "sexual conduct" includes:

39           (a) Engaging in or soliciting sexual relationships, whether  
40 consensual or nonconsensual.

41           (b) Making sexual advances, requesting sexual favors or engaging in  
42 any other verbal conduct or physical conduct of a sexual nature.

43           44. Committing conduct that is in violation of section 36-2302.

1           45. Committing conduct that the board determines constitutes gross  
2 negligence, repeated negligence or negligence that results in harm or  
3 death of a patient.

4           46. Committing conduct in the practice of medicine that evidences  
5 ~~morat~~ unfitness to practice medicine.

6           47. Engaging in disruptive or abusive behavior in a professional  
7 setting.

8           48. Failing to disclose to a patient that the licensee has a direct  
9 financial interest in a prescribed treatment, good or service if the  
10 treatment, good or service is available on a competitive basis. This  
11 paragraph does not apply to a referral by one licensee to another licensee  
12 within a group of licensees who practice together. A licensee meets the  
13 disclosure requirements of this paragraph if both of the following are  
14 true:

15           (a) The licensee makes the disclosure on a form prescribed by the  
16 board.

17           (b) The patient or the patient's guardian or parent acknowledges by  
18 signing the form that the licensee has disclosed the licensee's direct  
19 financial interest.

20           49. Prescribing, dispensing or furnishing a prescription medication  
21 or a prescription-only device to a person if the licensee has not  
22 conducted a physical or mental health status examination of that person or  
23 has not previously established a physician-patient relationship. The  
24 physical or mental health status examination may be conducted through  
25 telehealth as defined in section 36-3601 with a clinical evaluation that  
26 is appropriate for the patient and the condition with which the patient  
27 presents, unless the examination is for the purpose of obtaining a written  
28 certification from the physician for the purposes of title 36,  
29 chapter 28.1. This paragraph does not apply to:

30           (a) Emergencies.

31           (b) A licensee who provides patient care on behalf of the patient's  
32 regular treating licensed health care professional or provides a  
33 consultation requested by the patient's regular treating licensed health  
34 care professional.

35           (c) Prescriptions written or antimicrobials dispensed to a contact  
36 as defined in section 36-661 who is believed to have had significant  
37 exposure risk as defined in section 36-661 with another person who has  
38 been diagnosed with a communicable disease as defined in section 36-661 by  
39 the prescribing or dispensing physician.

40           (d) Prescriptions for epinephrine auto-injectors written or  
41 dispensed for a school district or charter school to be stocked for  
42 emergency use pursuant to section 15-157 or for an authorized entity to be  
43 stocked pursuant to section 36-2226.01.

1 (e) Prescriptions written by a licensee through a telehealth  
2 program that is covered by the policies and procedures adopted by the  
3 administrator of a hospital or outpatient treatment center.

4 (f) Prescriptions for naloxone hydrochloride or any other opioid  
5 antagonist approved by the United States food and drug administration that  
6 are written or dispensed for use pursuant to section 36-2228 or 36-2266.

7 50. If a licensee provides medical care by computer, failing to  
8 disclose the licensee's license number and the board's address and  
9 telephone number.

10 Sec. 70. Section 32-1901.01, Arizona Revised Statutes, is amended  
11 to read:

12 32-1901.01. Definition of unethical and unprofessional  
13 conduct; permittees; licensees

14 A. In this chapter, unless the context otherwise requires, for the  
15 purposes of disciplining a permittee, "unethical conduct" means the  
16 following, whether occurring in this state or elsewhere:

17 1. Committing a felony, whether or not involving moral turpitude,  
18 or a misdemeanor involving moral turpitude or any drug-related offense.  
19 In either case, conviction by a court of competent jurisdiction or a plea  
20 of no contest is conclusive evidence of the commission.

21 2. Committing an act that is substantially related to the  
22 qualifications, functions or duties of a permittee and that demonstrates  
23 ~~either a lack of good moral character or~~ an actual or potential unfitness  
24 to hold a permit in light of the public's safety.

25 3. Working under the influence of alcohol or other drugs.

26 4. Using alcohol or other drugs to such a degree as to render the  
27 permittee unfit to perform the permittee's employment duties.

28 5. Violating a federal or state law or administrative rule relating  
29 to the manufacture, sale or distribution of drugs, devices, poisons,  
30 hazardous substances or precursor chemicals.

31 6. Violating a federal or state law or administrative rule relating  
32 to marijuana, prescription-only drugs, narcotics, dangerous drugs,  
33 controlled substances or precursor chemicals.

34 7. Violating state or federal reporting or recordkeeping  
35 requirements on transactions relating to precursor chemicals.

36 8. Failing to report in writing to the board any evidence that a  
37 pharmacist or pharmacy intern is or may be professionally incompetent, is  
38 or may be guilty of unprofessional conduct or is or may be mentally or  
39 physically unable safely to engage in the practice of pharmacy.

40 9. Failing to report in writing to the board any evidence that a  
41 pharmacy technician or pharmacy technician trainee is or may be  
42 professionally incompetent, is or may be guilty of unprofessional conduct  
43 or is or may be mentally or physically unable safely to engage in the  
44 permissible activities of a pharmacy technician or pharmacy technician  
45 trainee.

1           10. Failing to report in writing to the board any evidence that  
2 appears to show that a permittee or permittee's employee is or may be  
3 guilty of unethical conduct, is or may be mentally or physically unable  
4 safely to engage in employment duties related to manufacturing, selling,  
5 distributing or dispensing drugs, devices, poisons, hazardous substances,  
6 controlled substances or precursor chemicals or is or may be violating  
7 this chapter or a rule adopted under this chapter.

8           11. Intending to sell, transfer or distribute, or to offer for  
9 sale, transfer or distribution, or selling, transferring, distributing or  
10 dispensing or offering for sale, transfer or distribution an imitation  
11 controlled substance, imitation over-the-counter drug or imitation  
12 prescription-only drug as defined in section 13-3451.

13           12. Having the permittee's permit to manufacture, sell, distribute  
14 or dispense drugs, devices, poisons, hazardous substances or precursor  
15 chemicals denied or disciplined in another jurisdiction.

16           13. Committing an offense in another jurisdiction that if committed  
17 in this state would be grounds for discipline.

18           14. Obtaining or attempting to obtain a permit or a permit renewal  
19 by fraud, by misrepresentation or by knowingly taking advantage of the  
20 mistake of another person or an agency.

21           15. Wilfully making a false report or record that is required by  
22 this chapter, that is required by federal or state laws pertaining to  
23 drugs, devices, poisons, hazardous substances or precursor chemicals or  
24 that is required to pay for drugs, devices, poisons or hazardous  
25 substances or precursor chemicals or for services pertaining to such drugs  
26 or substances.

27           16. Knowingly filing with the board any application, renewal or  
28 other document that contains false or misleading information.

29           17. Providing false or misleading information or omitting material  
30 information in any communication to the board or the board's employees or  
31 agents.

32           18. Violating or attempting to violate, directly or indirectly, or  
33 assisting in or abetting the violation of, or conspiring to violate this  
34 chapter.

35           19. Violating a formal order, terms of probation, a consent  
36 agreement or a stipulation issued or entered into by the board or its  
37 executive director pursuant to this chapter.

38           20. Failing to comply with a board subpoena or failing to comply in  
39 a timely manner with a board subpoena without providing any explanation to  
40 the board for not complying with the subpoena.

41           21. Failing to provide the board or its employees or agents or an  
42 authorized federal or state official conducting a site investigation,  
43 inspection or audit with access to any place for which a permit has been  
44 issued or for which an application for a permit has been submitted.

- 1           22. Failing to notify the board of a change of ownership,  
2 management or pharmacist in charge.
- 3           23. Failing to promptly produce on the request of the official  
4 conducting a site investigation, inspection or audit any book, record or  
5 document.
- 6           24. Overruling or attempting to overrule a pharmacist in matters of  
7 pharmacy ethics or interpreting laws pertaining to the practice of  
8 pharmacy or the distribution of drugs or devices.
- 9           25. Distributing premiums or rebates of any kind in connection with  
10 the sale of prescription medication, other than to the prescription  
11 medication recipient.
- 12           26. Failing to maintain effective controls against the diversion of  
13 controlled substances or precursor chemicals to unauthorized persons or  
14 entities.
- 15           27. Fraudulently claiming to have performed a service.
- 16           28. Fraudulently charging a fee for a service.
- 17           29. Advertising drugs or devices, or services pertaining to drugs  
18 or devices, in a manner that is untrue or misleading in any particular,  
19 and that is known, or that by the exercise of reasonable care should be  
20 known, to be untrue or misleading.
- 21           B. In this chapter, unless the context otherwise requires, for the  
22 purposes of disciplining a pharmacist or pharmacy intern, "unprofessional  
23 conduct" means the following, whether occurring in this state or  
24 elsewhere:
- 25           1. Using alcohol or other drugs to such a degree as to render the  
26 licensee unfit to practice the profession of pharmacy.
- 27           2. Violating any federal or state law, rule or regulation relating  
28 to the manufacture or distribution of drugs and devices or the practice of  
29 pharmacy.
- 30           3. Dispensing a different drug or brand of drug in place of the  
31 drug or brand of drug ordered or prescribed without the express permission  
32 in each case of the orderer, or in the case of a prescription order, the  
33 medical practitioner. The conduct prohibited by this paragraph does not  
34 apply to substitutions authorized pursuant to section 32-1963.01.
- 35           4. Obtaining or attempting to obtain a license to practice pharmacy  
36 or a license renewal by fraud, by misrepresentation or by knowingly taking  
37 advantage of the mistake of another person or an agency.
- 38           5. Having the licensee's license to practice pharmacy denied or  
39 disciplined in another jurisdiction.
- 40           6. Claiming professional superiority in compounding or dispensing  
41 prescription orders.
- 42           7. Failing to comply with the mandatory continuing professional  
43 pharmacy education requirements of sections 32-1936 and 32-1937 and rules  
44 adopted by the board.



1           8. Committing a felony, whether or not involving moral turpitude,  
2 or a misdemeanor involving moral turpitude or any drug-related offense. In  
3 either case, conviction by a court of competent jurisdiction or a plea of  
4 no contest is conclusive evidence of the commission.

5           9. Working under the influence of alcohol or other drugs.

6           10. Violating a federal or state law or administrative rule  
7 relating to marijuana, prescription-only drugs, narcotics, dangerous  
8 drugs, controlled substances or precursor chemicals when determined by the  
9 board or by conviction in a federal or state court.

10          11. Knowingly dispensing a drug without a valid prescription order  
11 as required pursuant to section 32-1968, subsection A.

12          12. Knowingly dispensing a drug on a prescription order that was  
13 issued in the course of the conduct of business of dispensing drugs  
14 pursuant to diagnosis by mail or the internet, unless the order was any of  
15 the following:

16           (a) Made by a physician who provides temporary patient supervision  
17 on behalf of the patient's regular treating licensed health care  
18 professional or provides a consultation requested by the patient's regular  
19 treating licensed health care professional.

20           (b) Made in an emergency medical situation as defined in section  
21 41-1831.

22           (c) Written to prepare a patient for a medical examination.

23           (d) Written or the prescription medications were issued for use by  
24 a county or tribal public health department for immunization programs or  
25 emergency treatment or in response to an infectious disease investigation,  
26 a public health emergency, an infectious disease outbreak or an act of  
27 bioterrorism. For the purposes of this subdivision, "bioterrorism" has  
28 the same meaning prescribed in section 36-781.

29           (e) Written or antimicrobials were dispensed by the prescribing or  
30 dispensing physician to a contact as defined in section 36-661 who is  
31 believed to have had significant exposure risk as defined in section  
32 36-661 with another person who has been diagnosed with a communicable  
33 disease as defined in section 36-661.

34           (f) Written or the prescription medications were issued for  
35 administering immunizations or vaccines listed in the United States  
36 centers for disease control and prevention's recommended immunization  
37 schedule to a household member of a patient.

38           (g) For epinephrine auto-injectors that are written or dispensed  
39 for a school district or charter school and that are to be stocked for  
40 emergency use pursuant to section 15-157 or for an authorized entity to be  
41 stocked pursuant to section 36-2226.01.

42           (h) Written by a licensee through a telehealth program that is  
43 covered by the policies and procedures adopted by the administrator of a  
44 hospital or outpatient treatment center.

1 (i) Written pursuant to a physical or mental health status  
2 examination that was conducted through telehealth as defined in section  
3 36-3601 and consistent with federal law.

4 (j) For naloxone hydrochloride or any other opioid antagonist  
5 approved by the United States food and drug administration and written or  
6 dispensed for use pursuant to section 36-2228 or 36-2266.

7 13. Failing to report in writing to the board any evidence that a  
8 pharmacist or pharmacy intern is or may be professionally incompetent, is  
9 or may be guilty of unprofessional conduct or is or may be mentally or  
10 physically unable to safely engage in the practice of pharmacy.

11 14. Failing to report in writing to the board any evidence that a  
12 pharmacy technician or pharmacy technician trainee is or may be  
13 professionally incompetent, is or may be guilty of unprofessional conduct  
14 or is or may be mentally or physically unable to safely engage in the  
15 permissible activities of a pharmacy technician or pharmacy technician  
16 trainee.

17 15. Failing to report in writing to the board any evidence that a  
18 permittee or a permittee's employee is or may be guilty of unethical  
19 conduct or is or may be violating this chapter or a rule adopted under  
20 this chapter.

21 16. Committing an offense in another jurisdiction that if committed  
22 in this state would be grounds for discipline.

23 17. Knowingly filing with the board any application, renewal or  
24 other document that contains false or misleading information.

25 18. Providing false or misleading information or omitting material  
26 information in any communication to the board or the board's employees or  
27 agents.

28 19. Violating or attempting to violate, directly or indirectly, or  
29 assisting in or abetting in the violation of, or conspiring to violate  
30 this chapter.

31 20. Violating a formal order, terms of probation, a consent  
32 agreement or a stipulation issued or entered into by the board or its  
33 executive director pursuant to this chapter.

34 21. Failing to comply with a board subpoena or failing to comply in  
35 a timely manner with a board subpoena without providing any explanation to  
36 the board for not complying with the subpoena.

37 22. Refusing without just cause to allow authorized agents of the  
38 board to examine documents that are required to be kept pursuant to this  
39 chapter or title 36.

40 23. Participating in an arrangement or agreement to allow a  
41 prescription order or a prescription medication to be left at, picked up  
42 from, accepted by or delivered to a place that is not licensed as a  
43 pharmacy. This paragraph does not prohibit a pharmacist or a pharmacy  
44 from using an employee or a common carrier to pick up prescription orders

1 at or deliver prescription medications to the office or home of a medical  
2 practitioner, the residence of a patient or a patient's hospital.

3 24. Paying rebates or entering into an agreement for paying rebates  
4 to a medical practitioner or any other person in the health care field.

5 25. Providing or causing to be provided to a medical practitioner  
6 prescription order blanks or forms bearing the pharmacist's or pharmacy's  
7 name, address or other means of identification.

8 26. Fraudulently claiming to have performed a professional service.

9 27. Fraudulently charging a fee for a professional service.

10 28. Failing to report a change of the licensee's home address,  
11 contact information, employer or employer's address as required by section  
12 32-1926.

13 29. Failing to report a change in the licensee's residency status  
14 as required by section 32-1926.01.

15 30. Failing to maintain effective controls against the diversion of  
16 controlled substances or precursor chemicals to unauthorized persons or  
17 entities.

18 C. In this chapter, unless the context otherwise requires, for the  
19 purposes of disciplining a pharmacy technician or pharmacy technician  
20 trainee, "unprofessional conduct" means the following, whether occurring  
21 in this state or elsewhere:

22 1. Using alcohol or other drugs to such a degree as to render the  
23 licensee unfit to perform the licensee's employment duties.

24 2. Violating a federal or state law or administrative rule relating  
25 to the manufacture or distribution of drugs or devices.

26 3. Obtaining or attempting to obtain a pharmacy technician or  
27 pharmacy technician trainee license or a pharmacy technician license  
28 renewal by fraud, by misrepresentation or by knowingly taking advantage of  
29 the mistake of another person or an agency.

30 4. Having the licensee's license to practice as a pharmacy  
31 technician denied or disciplined in another jurisdiction.

32 5. Failing to comply with the mandatory continuing professional  
33 education requirements of section 32-1925, subsection H and rules adopted  
34 by the board.

35 6. Committing a felony, whether or not involving moral turpitude,  
36 or a misdemeanor involving moral turpitude or any drug-related offense. In  
37 either case, conviction by a court of competent jurisdiction or a plea of  
38 no contest is conclusive evidence of the commission.

39 7. Working under the influence of alcohol or other drugs.

40 8. Violating a federal or state law or administrative rule relating  
41 to marijuana, prescription-only drugs, narcotics, dangerous drugs,  
42 controlled substances or precursor chemicals when determined by the board  
43 or by conviction in a federal or state court.

44 9. Failing to report in writing to the board any evidence that a  
45 pharmacist or pharmacy intern is or may be professionally incompetent, is

1 or may be guilty of unprofessional conduct or is or may be mentally or  
2 physically unable to safely engage in the practice of pharmacy.

3 10. Failing to report in writing to the board any evidence that a  
4 pharmacy technician or pharmacy technician trainee is or may be  
5 professionally incompetent, is or may be guilty of unprofessional conduct  
6 or is or may be mentally or physically unable to safely engage in the  
7 permissible activities of a pharmacy technician or pharmacy technician  
8 trainee.

9 11. Failing to report in writing to the board any evidence that a  
10 permittee or a permittee's employee is or may be guilty of unethical  
11 conduct or is or may be violating this chapter or a rule adopted under  
12 this chapter.

13 12. Committing an offense in another jurisdiction that if committed  
14 in this state would be grounds for discipline.

15 13. Knowingly filing with the board any application, renewal or  
16 other document that contains false or misleading information.

17 14. Providing false or misleading information or omitting material  
18 information in any communication to the board or the board's employees or  
19 agents.

20 15. Violating or attempting to violate, directly or indirectly, or  
21 assisting in or abetting in the violation of, or conspiring to violate  
22 this chapter.

23 16. Violating a formal order, terms of probation, a consent  
24 agreement or a stipulation issued or entered into by the board or its  
25 executive director pursuant to this chapter.

26 17. Failing to comply with a board subpoena or failing to comply in  
27 a timely manner with a board subpoena without providing any explanation to  
28 the board for not complying with the subpoena.

29 18. Failing to report a change of the licensee's home address,  
30 contact information, employer or employer's address as required by section  
31 32-1926.

32 19. Failing to report a change in the licensee's residency status  
33 as required by section 32-1926.01.

34 Sec. 71. Section 32-1922, Arizona Revised Statutes, is amended to  
35 read:

36 32-1922. Qualifications of applicant; reciprocity;  
37 preliminary equivalency examination; honorary  
38 certificate; fee

39 A. An applicant for licensure as a pharmacist shall:

40 ~~1. Be of good moral character.~~

41 ~~2.~~ 1. Be a graduate of a school or college of pharmacy or  
42 department of pharmacy of a university recognized by the board or the  
43 accreditation council for pharmacy education, or qualify under subsection  
44 D of this section.

1           ~~3.~~ 2. Have successfully completed, as substantiated by proper  
2 affidavits, a program of practical experience under the direct supervision  
3 of a licensed pharmacist who is approved by the board.

4           ~~4.~~ 3. Pass the pharmacist licensure examination and jurisprudence  
5 examination approved by the board. An applicant who fails an examination  
6 three times shall petition the board for permission before retaking the  
7 examination. The board shall evaluate the petition and determine whether  
8 to require additional educational training before approving each  
9 additional retake of the examination.

10           ~~5.~~ 4. Pay an application fee prescribed by the board of not more  
11 than \$500. An applicant for reciprocal licensure shall pay the fee  
12 prescribed in section 32-1924, subsection D.

13           B. The board may license as a pharmacist, without a pharmacist  
14 licensure examination, a person who is licensed as a pharmacist by a  
15 pharmacist licensure examination in some other jurisdiction if that  
16 person:

17           1. Produces satisfactory evidence to the board of having had the  
18 required secondary and professional education and training.

19           ~~2. Is possessed of good morals as demanded of applicants for~~  
20 ~~licensure and relicensure under this chapter.~~

21           ~~3.~~ 2. Presents proof to the board's satisfaction that the person  
22 is licensed by a pharmacist licensure examination and that the person  
23 holds the license in good standing.

24           ~~4.~~ 3. Presents proof to the board's satisfaction that any other  
25 license granted to the applicant by any other jurisdiction has not been  
26 suspended, revoked or otherwise restricted for any reason except  
27 nonrenewal or for failure to obtain the required continuing education  
28 credits in any jurisdiction where the applicant is currently licensed but  
29 not engaged in the practice of pharmacy.

30           ~~5.~~ 4. Passes a board-approved jurisprudence examination.

31           C. Subsection B of this section applies only if the jurisdiction in  
32 which the person is licensed grants, under like conditions, reciprocal  
33 licensure as a pharmacist to a pharmacist who is licensed by examination  
34 in this state and the person holds a license in good standing issued by an  
35 active member board of the national association of boards of pharmacy.

36           D. If an applicant for licensure is a graduate of a pharmacy degree  
37 program at a school or college of pharmacy that was not recognized by the  
38 board at the time of the person's graduation, the applicant shall pass a  
39 preliminary equivalency examination approved by the board in order to  
40 qualify to take the examinations prescribed in subsection A of this  
41 section.

42           E. The preliminary equivalency examination required pursuant to  
43 subsection D of this section shall cover proficiency in English and  
44 academic areas the board deems essential to a satisfactory pharmacy  
45 curriculum.

1 F. An applicant who fails the preliminary equivalency examination  
2 required pursuant to subsection D of this section shall not retake the  
3 preliminary equivalency examination until the applicant files written  
4 proof with the board that the applicant has completed additional remedial  
5 academic work previously approved by the board to correct deficiencies in  
6 the applicant's education that were indicated by the results of the  
7 applicant's last preliminary equivalency examination.

8 G. A pharmacist who has been licensed in this state for at least  
9 fifty years shall be granted an honorary certificate of licensure by the  
10 board without the payment of the usual renewal fee, but that certificate  
11 of licensure does not confer an exemption from any other requirement of  
12 this chapter.

13 H. The board may require a pharmacist who has not been actively  
14 engaged in the practice of pharmacy for over one year to serve not more  
15 than four hundred hours in an internship training program approved by the  
16 board or its designee before the pharmacist may resume the active practice  
17 of pharmacy.

18 I. An applicant must complete the application process within twelve  
19 months after submitting the application.

20 Sec. 72. Section 32-1923.01, Arizona Revised Statutes, is amended  
21 to read:

22 32-1923.01. Pharmacy technicians; pharmacy technician  
23 trainees; qualifications; remote dispensing  
24 site pharmacies

25 A. An applicant for licensure as a pharmacy technician must:

26 ~~1. Be of good moral character.~~

27 ~~2.~~ 1. Be at least eighteen years of age.

28 ~~3.~~ 2. Have a high school diploma or the equivalent of a high  
29 school diploma.

30 ~~4.~~ 3. Complete a training program prescribed by board rules.

31 ~~5.~~ 4. Pass a board-approved pharmacy technician examination.

32 B. An applicant for licensure as a pharmacy technician trainee  
33 must:

34 ~~1. Be of good moral character.~~

35 ~~2.~~ 1. Be at least eighteen years of age.

36 ~~3.~~ 2. Have a high school diploma or the equivalent of a high  
37 school diploma.

38 C. Before a pharmacy technician prepares, compounds or dispenses  
39 prescription medications at a remote dispensing site pharmacy, the  
40 pharmacy technician shall:

41 1. Complete, in addition to any other board-approved mandatory  
42 continuing professional education requirements, a two-hour continuing  
43 education program on remote dispensing site pharmacy practices provided by  
44 an approved provider.



1           ~~4.~~ 3. Provide written proof of legal authorization to practice as  
2 a physical therapist without limitation in the country where the  
3 professional education occurred. The board may waive this requirement on  
4 receipt of written proof that the applicant cannot demonstrate legal  
5 authorization based on the citizenship requirements of the country where  
6 the professional education occurred.

7           ~~5.~~ 4. Provide proof of legal authorization to reside and seek  
8 employment in the United States or its territories.

9           ~~6.~~ 5. Have passed the board-approved English proficiency  
10 examinations if the applicant's native language is not English.

11           ~~7.~~ 6. Have participated in an interim supervised clinical practice  
12 period before licensure as approved by the board or shall have already met  
13 this requirement to the board's satisfaction by virtue of the applicant's  
14 clinical practice in another jurisdiction of the United States.

15           ~~8.~~ 7. Have successfully passed the national examination approved  
16 by the board.

17           ~~9.~~ 8. Have successfully passed a jurisprudence examination that  
18 tests the applicant's knowledge of board statutes and rules.

19           ~~10.~~ 9. Obtain a valid fingerprint clearance card issued pursuant  
20 to section 41-1758.03.

21           C. Notwithstanding the requirements of subsection B of this  
22 section, if the foreign-educated physical therapist applicant is a  
23 graduate of an accredited educational program as determined by the board,  
24 the board may waive the requirements of subsection B, paragraphs ~~3~~ 2 and  
25 ~~7~~ 6 of this section.

26           D. An applicant for certification as a physical therapist assistant  
27 shall meet the following requirements:

28           ~~1. Be of good moral character.~~

29           ~~2.~~ 1. Complete the application process.

30           ~~3.~~ 2. Be a graduate of a physical therapist assistant education  
31 program accredited by an agency approved by the board.

32           ~~4.~~ 3. Have successfully passed the national examination approved  
33 by the board.

34           ~~5.~~ 4. Have successfully passed a jurisprudence examination that  
35 tests the applicant's knowledge of board statutes and rules.

36           ~~6.~~ 5. Obtain a valid fingerprint clearance card issued pursuant to  
37 section 41-1758.03.

38           E. For the purposes of subsection B, paragraph ~~3~~ 2 of this  
39 section, "substantially equivalent" means that the applicant provides  
40 documentation satisfactory to the board that:

41           1. The applicant graduated from a physical therapist education  
42 program that prepares the applicant to engage without restriction in the  
43 practice of physical therapy.



1           2. The applicant's school of physical therapy education is  
2 recognized by its own ministry of education. The board may waive this  
3 requirement for good cause shown.

4           3. The applicant has undergone a credentials evaluation as directed  
5 by the board that determines that the applicant has met uniform criteria  
6 for educational requirements pursuant to board rules.

7           4. The applicant has completed any additional education required by  
8 the board.

9           Sec. 74. Section 32-2024, Arizona Revised Statutes, is amended to  
10 read:

11           32-2024. Examinations

12           A. The board shall prescribe examinations for licensure and  
13 certification and determine the passing score.

14           B. An applicant may take the examinations for licensure if either  
15 of the following applies:

16           1. The applicant has met all of the requirements of section  
17 32-2022, subsection A, paragraphs 1, ~~AND 2 and 3~~ and has paid the fees  
18 prescribed by this chapter.

19           2. The applicant has:

20           (a) Met all of the requirements of section 32-2022, subsection A,  
21 ~~paragraphs~~ PARAGRAPH 1 ~~and 2~~.

22           (b) Paid the fees prescribed by this chapter.

23           (c) Submitted with the application a letter on the official  
24 letterhead of the accredited educational institution where the applicant  
25 is completing an accredited educational program that includes the  
26 signature of the program director, the department chairperson or a  
27 similarly authorized person of the university or college and that states  
28 that:

29           (i) The applicant is a candidate for a degree as a physical  
30 therapist at the next scheduled graduation date.

31           (ii) The date the national examination for licensure is to be taken  
32 by the applicant is the one nearest to and before the applicant's expected  
33 graduation date and is not more than one hundred twenty days before the  
34 date of the applicant's expected graduation date.

35           (iii) The applicant meets any other established requirements of the  
36 accredited educational program, if applicable.

37           C. An applicant may take the examinations for licensure if the  
38 applicant has met all of the requirements of section 32-2022, subsection  
39 B, paragraphs 1 through ~~6~~ 5 and has paid the fees prescribed by this  
40 chapter.

41           D. An applicant may take the examinations for certification if  
42 either of the following applies:

43           1. The applicant has met all of the requirements of section  
44 32-2022, subsection D, paragraphs 1, ~~AND 2 and 3~~ and has paid the fees  
45 prescribed by this chapter.

- 1           2. The applicant has:
- 2           (a) Met all of the requirements of section 32-2022, subsection D,
- 3 ~~paragraphs~~ PARAGRAPH 1 ~~and 2~~.
- 4           (b) Paid the fees prescribed by this chapter.
- 5           (c) Submitted with the application a letter on the official
- 6 letterhead of the accredited educational institution where the applicant
- 7 is completing an accredited educational program that includes the
- 8 signature of the program director, the department chairperson or a
- 9 similarly authorized person of the university, school or college and that
- 10 states that:
- 11           (i) The applicant is a candidate for a certificate or degree as a
- 12 physical therapist assistant at the next scheduled graduation date.
- 13           (ii) The date the national examination for certification is to be
- 14 taken by the applicant is the one nearest to and before the applicant's
- 15 expected graduation date and is not more than one hundred twenty days
- 16 before the date of the applicant's expected graduation date.
- 17           (iii) The applicant meets any other established requirements of the
- 18 accredited educational program, if applicable.
- 19           E. An applicant for licensure or certification who does not pass
- 20 the national examination after the first attempt may retake the
- 21 examination one additional time within six months after the first failure
- 22 without reapplication for licensure or certification. An applicant may
- 23 retake the examinations as prescribed by the organization that administers
- 24 the examinations.
- 25           F. The board shall not issue a license or certificate to a person
- 26 who passes an examination through fraud.
- 27           G. The national examination for licensure as a physical therapist
- 28 shall test ~~entry level~~ ENTRY-LEVEL competence related to physical therapy
- 29 theory, examination and evaluation, diagnosis, prognosis, treatment
- 30 intervention, prevention and consultation. The national examination for
- 31 certification as a physical therapist assistant shall test for requisite
- 32 knowledge and skills in the technical application of physical therapy
- 33 services.
- 34           Sec. 75. Section 32-2091.02, Arizona Revised Statutes, is amended
- 35 to read:
- 36           32-2091.02. Qualifications of applicant
- 37           A person who wishes to practice as a behavior analyst must be
- 38 licensed pursuant to this article. An applicant for licensure must meet
- 39 all of the following requirements:
- 40           1. Submit an application as prescribed by the board.
- 41           2. Be at least twenty-one years of age.
- 42           ~~3. Be of good moral character. The board's standard to determine~~
- 43 ~~good moral character shall not violate federal discrimination laws.~~
- 44           ~~4.~~ 3. Pay all applicable fees prescribed by the board.

1 ~~5.~~ 4. Have the physical and mental capability to safely and  
2 competently engage in the practice of behavior analysis.

3 ~~6.~~ 5. Not have committed any act or engaged in any conduct that  
4 would constitute grounds for disciplinary action against a licensee  
5 pursuant to this article.

6 ~~7.~~ 6. Not have had a professional license or certificate refused,  
7 revoked, suspended or restricted in any regulatory jurisdiction in the  
8 United States or in another country for reasons that relate to  
9 unprofessional conduct. If the board finds that the applicant committed  
10 an act or engaged in conduct that would constitute grounds for  
11 disciplinary action in this state, the board shall determine to its  
12 satisfaction that the conduct has been corrected, monitored and resolved.  
13 If the matter has not been resolved, the board shall determine to its  
14 satisfaction that mitigating circumstances exist that prevent its  
15 resolution.

16 ~~8.~~ 7. Not have voluntarily surrendered a license or certificate in  
17 another regulatory jurisdiction in the United States or in another country  
18 while under investigation for reasons that relate to unprofessional  
19 conduct. If another jurisdiction has taken disciplinary action against an  
20 applicant, the board shall determine to its satisfaction that the cause  
21 for the action was corrected and the matter resolved. If the matter has  
22 not been resolved by that jurisdiction, the board shall determine to its  
23 satisfaction that mitigating circumstances exist that prevent its  
24 resolution.

25 ~~9.~~ 8. Not have a complaint, allegation or investigation pending  
26 before another regulatory jurisdiction in the United States or another  
27 country that relates to unprofessional conduct. If an applicant has any  
28 such complaints, allegations or investigations pending, the board shall  
29 suspend the application process and may not issue or deny a license to the  
30 applicant until the complaint, allegation or investigation is resolved.

31 ~~10.~~ 9. Beginning January 1, 2022, have applied for a fingerprint  
32 clearance card pursuant to title 41, chapter 12, article 3.1.

33 Sec. 76. Section 32-2091.04, Arizona Revised Statutes, is amended  
34 to read:

35 32-2091.04. Reciprocity

36 The board may issue a license to a person as a behavior analyst if  
37 the person is licensed or certified by a regulatory agency of another  
38 state that imposes requirements that are substantially equivalent to those  
39 imposed by this article at an equivalent or higher practice level as  
40 determined by the board, pays the fee prescribed by the board and meets  
41 all of the following requirements:

42 1. Submits a written application prescribed by the board.

43 ~~2. Is of good moral character. The board's standard to determine~~  
44 ~~good moral character shall not violate federal discrimination laws.~~

1           ~~3-~~ 2. Documents to the board's satisfaction proof of initial  
2 licensure or certification at an equivalent designation for which the  
3 applicant is seeking licensure in this state and proof that the license or  
4 certificate is current and in good standing.

5           ~~4-~~ 3. Documents to the board's satisfaction proof that any other  
6 license or certificate issued to the applicant by another state has not  
7 been suspended or revoked. If a licensee or certificate holder has been  
8 subjected to any other disciplinary action, the board may assess the  
9 magnitude of that action and make a decision regarding reciprocity based  
10 on this assessment.

11           ~~5-~~ 4. Meets any other requirements prescribed by the board by  
12 rule.

13           Sec. 77. Section 32-2108, Arizona Revised Statutes, is amended to  
14 read:

15           32-2108. Powers and duties of commissioner to make  
16 investigations and require information

17           A. The commissioner on the commissioner's own motion may, and ~~upon~~  
18 **ON** a verified complaint in writing shall, investigate the actions of any  
19 natural person or entity engaged in the business or acting in the capacity  
20 of a broker, salesperson or developer and may at any time examine the  
21 books and records used in connection with the business insofar as the  
22 commissioner reasonably believes the books or records pertain to the  
23 transfer, sale, rental, lease, use or management of real property. In  
24 connection with an investigation, the commissioner or the commissioner's  
25 representative may take testimony and may examine and copy documents and  
26 other physical evidence that relate to the investigation. If necessary,  
27 the commissioner or the commissioner's representative may issue subpoenas  
28 to compel the testimony of witnesses and the production of documents and  
29 other evidence. If a person refuses to comply with a subpoena, the  
30 commissioner or the commissioner's representative may apply to the  
31 superior court for an order to compel compliance.

32           B. The commissioner shall establish a certification and enforcement  
33 unit that is charged with investigative duties relevant to the rules of  
34 the commissioner and the laws of this state, including applications for  
35 certification, investigations and enforcement and other duties as the  
36 commissioner prescribes.

37           C. The commissioner may require any **REASONABLY NECESSARY** additional  
38 information ~~and documents that are reasonably necessary to determine the~~  
39 ~~good moral character of~~ **ABOUT** an applicant for or holder of a license or  
40 public report or renewal or amendment of a license or public report. For  
41 the purposes of this subsection, "applicant" or "holder" means a person  
42 and, if an entity, any officer, director, member, manager, partner, owner,  
43 trust beneficiary holding ten ~~per cent~~ **PERCENT** or more beneficial  
44 interest, stockholder owning ten ~~per cent~~ **PERCENT** or more stock and person  
45 exercising control of the entity. The information may include:

- 1 1. Prior criminal records.
- 2 2. A valid fingerprint clearance card issued pursuant to section  
3 41-1758.03.
- 4 3. An affidavit setting out whether the applicant or holder has:
  - 5 (a) Been convicted of a felony or a misdemeanor.
  - 6 (b) Had any business or professional license denied, suspended or  
7 revoked or had any other disciplinary action taken or administrative order  
8 entered against the applicant or holder by any regulatory agency.
  - 9 (c) Had a public report denied or suspended.
  - 10 (d) Been permanently or temporarily enjoined by order, judgment or  
11 decree from engaging in or continuing any conduct or practice in  
12 connection with the sale or purchase of real estate, cemetery property,  
13 ~~time-share~~ **TIMESHARE** intervals, membership camping campgrounds or  
14 contracts or securities or involving consumer fraud or the racketeering  
15 laws of this state.
  - 16 (e) Had any adverse decision or judgment entered against the  
17 applicant or holder arising out of the conduct of any business in or  
18 involving a transaction in real estate, cemetery property, ~~time-share~~  
19 **TIMESHARE** intervals or membership camping campgrounds or contracts  
20 involving fraud, dishonesty or moral turpitude.
  - 21 (f) Filed, or is subject to, a petition under any chapter of the  
22 federal bankruptcy act.
  - 23 (g) Participated in, operated or held an interest or exercised  
24 control in any entity to which subdivision (b), (c), (d), (e) or (f) **OF**  
25 **THIS PARAGRAPH** applies.
- 26 Sec. 78. Section 32-2123, Arizona Revised Statutes, is amended to  
27 read:
  - 28 **32-2123. Application for license as broker or salesperson**
    - 29 A. Every application for an original license shall be either  
30 submitted in writing and signed by the applicant or submitted  
31 electronically and contain an electronic or digital identifier that the  
32 commissioner deems appropriate. The application shall be accompanied by  
33 all applicable fees.
    - 34 B. An application for an original license as a broker or  
35 salesperson shall set forth:
      - 36 1. The applicant's residence address and legal name and any  
37 derivative of the applicant's first name or middle name or a nickname that  
38 the applicant regularly uses for advertising purposes.
      - 39 2. The applicant's employers and employment history for the  
40 immediately preceding ten years and any experience in real estate sales,  
41 appraisals, transfers or similar business in which the applicant  
42 previously engaged, if the commissioner determines that this information  
43 is needed to reasonably evaluate the ~~good moral character of the~~  
44 applicant.

1           3. The name and place of business of the applicant's present  
2 employer, if any.

3           4. Whether the applicant has ever been convicted of a felony and,  
4 if so, the nature of the felony, where and when committed and the  
5 disposition of the conviction, or whether the applicant has been disbarred  
6 or suspended from the practice of law.

7           5. Whether the applicant has ever been refused a broker's or  
8 salesperson's license or any other occupational license in this or any  
9 other state, whether the applicant's license as a broker or salesperson  
10 has been revoked or suspended in this or any other state or whether the  
11 applicant has had any other occupational or professional license,  
12 certificate or registration revoked or suspended in this or any other  
13 state.

14           6. The name of any corporation, company or partnership that is or  
15 ever has been licensed by the department in which the applicant exercised  
16 any control.

17           7. If the applicant is a natural person, the applicant's social  
18 security number. If the applicant, due to bona fide religious convictions  
19 or other bona fide reasons that the applicant documents on the application  
20 to the satisfaction of the commissioner, does not have a social security  
21 number, the applicant may provide the applicant's federal tax  
22 identification number with the application. The state real estate  
23 department shall use the applicant's social security number or federal tax  
24 identification number to aid the department of economic security in  
25 locating noncustodial parents or the assets of noncustodial parents, and  
26 for no other purpose.

27           C. An application for a license as a broker additionally shall set  
28 forth:

29           1. The name under which the business is to be conducted.

30           2. The situs and mailing address of the applicant's place of  
31 business, or if more than one, the situs and mailing addresses of each.

32           D. An applicant for a broker's or salesperson's license shall  
33 provide information that the commissioner determines is reasonably  
34 necessary ~~to establish the character of the applicant~~. The information  
35 may include ~~but shall not be limited to~~:

36           1. Prior criminal records.

37           2. A valid fingerprint clearance card issued pursuant to section  
38 41-1758.03.

39           3. An affidavit setting out whether the applicant has participated  
40 in, operated or held an interest in any land development company ~~which~~  
41 ~~THAT~~ has filed, or is subject to, a petition under any chapter of the  
42 federal bankruptcy act.

43           E. Each person licensed pursuant to this article, whether the  
44 license is active or inactive, shall have available for the licensee's use  
45 a current copy of the department's statutes, rules and annotations

1 pertaining to real estate laws. Failure to comply with this requirement  
2 shall not be deemed grounds for a civil penalty or for denial, suspension  
3 or revocation of a license.

4 Sec. 79. Section 32-2124, Arizona Revised Statutes, is amended to  
5 read:

6 32-2124. Qualifications of licensees

7 A. Except as otherwise provided in this chapter, the commissioner  
8 shall require proof, through the application or otherwise, as the  
9 commissioner deems advisable with due regard to the interests of the  
10 public, as to the ~~honesty, truthfulness, good character and~~ competency of the  
11 applicant and shall require that the applicant has:

12 1. If for an original real estate broker's license, at least three  
13 years' actual experience as a licensed real estate salesperson or real  
14 estate broker during the five years immediately preceding the time of  
15 application.

16 2. If for an original cemetery broker's license, either a current  
17 real estate broker's license, or if the applicant does not have a current  
18 real estate broker's license, at least three years' actual experience as a  
19 cemetery salesperson or broker or as a licensed real estate salesperson or  
20 broker during the five years immediately preceding the time of  
21 application.

22 3. If for an original membership camping broker's license, either a  
23 current real estate broker's license, or if the applicant does not have a  
24 current real estate broker's license, at least three years' actual  
25 experience as a licensed membership camping salesperson or broker or as a  
26 licensed real estate salesperson or broker during the five years  
27 immediately preceding the time of application.

28 4. If for any type of broker's or salesperson's license, not had a  
29 license denied within one year immediately preceding application in this  
30 state pursuant to section 32-2153 or a similar statute in any other state.

31 5. If for any type of broker's or salesperson's license, not had a  
32 license revoked within the two years immediately preceding application in  
33 this state pursuant to section 32-2153 or a similar statute in any other  
34 state.

35 6. If reapplying for a license that expired more than one year  
36 before the date of application, met all current education and experience  
37 requirements and retakes the examination the same as if the applicant were  
38 applying for the license for the first time.

39 7. If for a real estate, cemetery or membership camping broker's  
40 license, other than a renewal application, an equivalent amount of active  
41 experience within the immediately preceding five years in the field in  
42 which the applicant is applying for the broker's license, as a substitute  
43 for the licensed active experience otherwise required in paragraphs 1, 2  
44 and 3 of this subsection. The licensed active experience required may be  
45 met if the applicant can demonstrate to the commissioner's satisfaction

1 that the applicant has an equivalent amount of experience in the past five  
2 years that, if the applicant had held a license, would have been  
3 sufficient to fulfill the licensed experience requirement.

4 B. All applicants other than renewal applicants under section  
5 32-2130 for a real estate salesperson's license shall show evidence  
6 satisfactory to the commissioner that they have completed a real estate  
7 salesperson's course that is prescribed and approved by the commissioner  
8 and that is at least ninety classroom hours, or its equivalent, of  
9 instruction in a real estate school certified by the commissioner and have  
10 satisfactorily passed an examination on the course. An applicant may  
11 complete the real estate salesperson's course prescribed by this  
12 subsection through an online course if the online course is offered by a  
13 real estate school that is certified by the commissioner, but the  
14 applicant must complete an examination on the online course in person. ~~in~~  
15 ~~no case shall~~ The real estate salesperson's course completion or its  
16 equivalent MAY NOT be more than ten years before the date of application  
17 unless, at the time of application, the commissioner determines in the  
18 commissioner's discretion that the applicant has work experience in a real  
19 estate-related field and education that together are equivalent to the  
20 prelicensure education requirement. The commissioner may waive all or a  
21 portion of the prelicensure course requirement, other than the  
22 twenty-seven-hour Arizona-specific course, for an applicant who holds a  
23 current real estate license in another state.

24 C. All applicants other than renewal applicants under section  
25 32-2130 for a real estate broker's license shall show evidence  
26 satisfactory to the commissioner that they have completed a real estate  
27 broker's course that is prescribed and approved by the commissioner and  
28 that is at least ninety classroom hours, or the equivalent, of instruction  
29 in a real estate school certified by the commissioner and have  
30 satisfactorily passed an examination on the course. An applicant may  
31 complete the real estate broker's course prescribed by this subsection  
32 through an online course if the online course is offered by a real estate  
33 school that is certified by the commissioner, but the applicant must  
34 complete an examination on the online course in person. ~~in no case shall~~  
35 The real estate broker's course completion or its equivalent MAY NOT be  
36 more than ten years before the date of application unless, at the time of  
37 application, the commissioner determines in the commissioner's discretion  
38 that the applicant has work experience in a real estate-related field and  
39 education that together are equivalent to the prelicensure education  
40 requirement. The commissioner may waive all or a portion of the  
41 prelicensure course requirement, other than the twenty-seven-hour  
42 Arizona-specific course, for an applicant who holds a current real estate  
43 license in another state.

44 D. Before receiving any license provided for by this chapter, an  
45 applicant must be at least eighteen years of age.



1 E. The commissioner shall ascertain by a written, electronic or  
2 other examination method that an applicant for a real estate license has:

3 1. An appropriate knowledge of the English language, including  
4 reading, writing and spelling, and of arithmetical computations common to  
5 real estate practices.

6 2. At a minimum, an understanding of the general purpose and legal  
7 effect of any real estate practices, principles and related forms,  
8 including agency contracts, real estate contracts, deposit receipts,  
9 deeds, mortgages, deeds of trust, security agreements, bills of sale, land  
10 contracts of sale and property management, and of any other areas that the  
11 commissioner deems necessary and proper.

12 3. A thorough understanding of the obligations between principal  
13 and agent, the principles of real estate and business opportunity  
14 practice, the applicable canons of business ethics, the provisions of this  
15 chapter and rules adopted pursuant to this chapter.

16 4. An appropriate knowledge of other real estate practices and  
17 principles as determined by the commissioner.

18 F. The commissioner shall ascertain by a written, electronic or  
19 other examination method that an applicant for a license as a cemetery  
20 broker or a cemetery salesperson has:

21 1. Appropriate knowledge of the English language, including  
22 reading, writing and spelling, and of elementary arithmetic.

23 2. A general understanding of:

24 (a) Cemetery associations, cemetery corporations and duties of  
25 cemetery directors and officers.

26 (b) Plot ownership, deeds, certificates of ownership, contracts of  
27 sale, liens and leases.

28 (c) Establishing, dedicating, maintaining, managing, operating,  
29 improving, preserving and conducting a cemetery.

30 (d) The provisions of this chapter and rules adopted pursuant to  
31 this chapter relating to the organization and regulation of cemeteries and  
32 the licensing and regulation of cemetery brokers and cemetery  
33 salespersons.

34 3. A general understanding of the obligations between principal and  
35 agent, the principles of cemetery practice and the canons of business  
36 ethics pertaining to the operation of cemeteries and the sale of cemetery  
37 property.

38 G. The commissioner shall ascertain by a written, electronic or  
39 other examination method that an applicant for a license as a membership  
40 camping broker or a membership camping salesperson has:

41 1. An appropriate knowledge of the English language, including  
42 reading, writing and spelling, and of elementary arithmetic.

43 2. A general understanding of:

44 (a) The general purposes and legal effect of contracts and agency  
45 contracts.

1 (b) Establishing, maintaining, managing and operating a membership  
2 campground.

3 (c) The provisions of this chapter and rules adopted pursuant to  
4 this chapter relating to the organization and regulation of membership  
5 campgrounds and the licensing and regulation of membership camping brokers  
6 and membership camping salespersons.

7 3. A general understanding of the obligations between principal and  
8 agent and the canons of business ethics pertaining to the operation and  
9 promotion of membership campgrounds.

10 H. A renewal applicant for a real estate, cemetery or membership  
11 camping broker's or salesperson's license is not required to submit to an  
12 examination if the application is made within twelve months after the  
13 license expires and the license is not canceled, terminated or suspended  
14 at the time of application.

15 I. The examination for a broker's license shall be more exacting  
16 and stringent and of a broader scope than the examination for a  
17 salesperson's license.

18 J. An applicant for a real estate salesperson's or broker's license  
19 who currently holds at least an equivalent license in another state may be  
20 exempt from taking the national portion of the real estate examination if  
21 the applicant can demonstrate passing a national examination within the  
22 past five years that is satisfactorily similar to the one administered by  
23 the department.

24 K. Identification of each applicant whose licensing requirement was  
25 allowed to be met by an equivalent alternative pursuant to this section  
26 shall be included in the annual performance report presented by the board  
27 to the governor pursuant to section 32-2104.

28 L. An applicant for an original real estate salesperson's license,  
29 after ~~completion of~~ **COMPLETING** the requirements of subsection B of this  
30 section, shall provide certification to the department at the time of  
31 application evidencing completion of six hours of instruction in real  
32 estate contract law and contract writing. This instruction shall include  
33 participation by the applicant in ~~the~~ drafting ~~of~~ contracts to purchase  
34 real property, listing agreements and lease agreements.

35 M. The commissioner shall not issue a license to a person who has  
36 been convicted of a felony offense and who is currently incarcerated for  
37 the conviction, paroled or under community supervision and under the  
38 supervision of a parole or community supervision officer or who is on  
39 probation as a result of the conviction.

40 N. The commissioner shall require an out-of-state applicant for a  
41 license that is issued pursuant to section 32-4302 to pass an examination  
42 specific to the laws of this state relating to this chapter before the  
43 commissioner issues the license to the applicant.

1           Sec. 80. Section 32-2153, Arizona Revised Statutes, is amended to  
2 read:

3           32-2153. Grounds for denial, suspension or revocation of  
4                           licenses; letters of concern; provisional license;  
5                           retention of jurisdiction by commissioner;  
6                           definitions

7           A. The commissioner may suspend or revoke a license, deny the  
8 issuance of a license, issue a letter of concern to a licensee, issue a  
9 provisional license or deny the renewal or the right of renewal of a  
10 license issued under this chapter if it appears that the holder or  
11 applicant, within five years immediately preceding, in the performance of  
12 or attempt to perform any acts authorized by the license or by this  
13 chapter, has:

14           1. Pursued a course of misrepresentation or made false promises,  
15 either directly or through others, whether acting in the role of a  
16 licensee or a principal in a transaction.

17           2. Acted for more than one party in a transaction without the  
18 knowledge or consent of all parties to the transaction.

19           3. Disregarded or violated any of the provisions of this chapter or  
20 any rules adopted by the commissioner.

21           4. Knowingly authorized, directed, connived at or aided in the  
22 publication, advertisement, distribution or circulation of any material  
23 false or misleading statement or representation concerning the licensee's  
24 business or any land, cemetery property, subdivision or membership  
25 campground or camping contract offered for sale in this or any other  
26 state.

27           5. Knowingly used the term "real estate broker", "cemetery broker"  
28 or "membership camping broker" without THE legal right to do so.

29           6. Employed any unlicensed salesperson or unlicensed associate  
30 broker.

31           7. Accepted compensation as a licensee for ~~the performance of~~  
32 PERFORMING any of the acts specified in this chapter from any person other  
33 than the licensed broker to whom the licensee is licensed, the licensed  
34 professional corporation of which the licensee is an officer and  
35 shareholder or the licensed professional limited liability company of  
36 which the licensee is a member or manager.

37           8. Represented or attempted to represent a broker other than the  
38 broker to whom the salesperson or associate broker is licensed.

39           9. Failed, within a reasonable time, to account for or to remit any  
40 monies, to surrender to the rightful owner any documents or other valuable  
41 property coming into the licensee's possession ~~and~~ that belongs to others,  
42 or to issue an appraisal report on real property or cemetery property in  
43 which the licensee has an interest, unless the nature and extent of the  
44 interest are fully disclosed in the report.

- 1           10. Paid or received any rebate, profit, compensation or commission  
2 in violation of this chapter.
- 3           11. Induced any party to a contract to break the contract for the  
4 purpose of substituting a new contract with the same or a different  
5 principal, if the substitution is motivated by the personal gain of the  
6 licensee.
- 7           12. Placed a sign on any property offering it for sale or for rent  
8 without the written authority of the owner or the owner's authorized  
9 agent.
- 10          13. Solicited, either directly or indirectly, prospects for the  
11 sale, lease or use of real property, cemetery property or membership  
12 camping contracts through a promotion of a speculative nature involving a  
13 game of chance or risk or through conducting lotteries or contests that  
14 are not specifically authorized under this chapter.
- 15          14. Failed to pay to the commissioner the renewal fee as specified  
16 in this chapter promptly and before the time specified.
- 17          15. Failed to keep an escrow or trust account or other record of  
18 ~~funds~~ MONIES deposited with the licensee relating to a real estate  
19 transaction.
- 20          16. Commingled the ~~money~~ MONIES or other property of the licensee's  
21 principal or client with the licensee's own or converted ~~that money~~ THOSE  
22 MONIES or property to the licensee or another.
- 23          17. Failed or refused ~~upon~~ ON demand to produce any document,  
24 contract, book, record, information, compilation or report that is in the  
25 licensee's possession or that the licensee is required by law to maintain  
26 concerning any real estate, cemetery or membership camping business,  
27 services, activities or transactions involving or conducted by the  
28 licensee for inspection by the commissioner or the commissioner's  
29 representative.
- 30          18. Failed to maintain a complete record of each transaction ~~which~~  
31 THAT comes within this chapter.
- 32          19. Violated the federal fair housing law, the Arizona civil rights  
33 law or any local ordinance of a similar nature.
- 34          20. Tendered to a buyer a wood infestation report in connection with  
35 the transfer of residential real property or an interest in residential  
36 real property knowing that wood infestation exists or that the wood  
37 infestation report was inaccurate or false as of the date of the tender or  
38 that an inspection was not done in conjunction with the preparation of the  
39 wood infestation report.
- 40          21. As a licensed broker, failed to exercise reasonable supervision  
41 over the activities of salespersons, associate brokers or others under the  
42 broker's employ or failed to exercise reasonable supervision and control  
43 over the activities for which a license is required of a corporation,  
44 limited liability company or partnership on behalf of which the broker  
45 acts as designated broker under section 32-2125.

- 1           22. Demonstrated negligence in performing any act for which a  
2 license is required.
- 3           23. Sold or leased a property to a buyer or lessee that was not the  
4 property represented to the buyer or lessee.
- 5           24. Violated any condition or term of a commissioner's order.
- 6           25. Signed the name of another person on any document or form  
7 without the express written consent of the person.
- 8           26. As a licensed school, failed to exercise reasonable supervision  
9 over the activities for which a license is required for an owner,  
10 director, administrator or instructor in the school's employ.
- 11           B. The commissioner may suspend or revoke a license, deny the  
12 issuance of a license, issue a letter of concern to a licensee, issue a  
13 provisional license or deny the renewal or the right of renewal of a  
14 license issued under this chapter when it appears that the holder or  
15 applicant has:
- 16           1. Procured or attempted to procure a license under this chapter  
17 for the holder or applicant or another by fraud, misrepresentation or  
18 deceit, or by filing an original or renewal application ~~which~~ THAT is  
19 false or misleading.
- 20           2. Been convicted in a court of competent jurisdiction in this or  
21 any other state of a felony or of any crime of forgery, theft, extortion,  
22 conspiracy to defraud, a crime of moral turpitude or any other like  
23 offense.
- 24           3. Made any substantial misrepresentation.
- 25           4. Made any false promises of a character likely to influence,  
26 persuade or induce.
- 27           5. Been guilty of any conduct, whether of the same or a different  
28 character than specified in this section, ~~which~~ THAT constitutes fraud or  
29 dishonest dealings.
- 30           6. Engaged in the business of a real estate, cemetery or membership  
31 camping broker or real estate, cemetery or membership camping salesperson  
32 without holding a license as prescribed in this chapter.
- 33           ~~7. Not shown that the holder or applicant is a person of honesty,  
34 truthfulness and good character.~~
- 35           ~~8.~~ 7. Demonstrated incompetence to perform any duty or requirement  
36 of a licensee under or arising from this chapter. For the purposes of  
37 this paragraph, "incompetence" means a lack of basic knowledge or skill  
38 appropriate to the type of license the person holds or a failure to  
39 appreciate the probable consequences of the licensee's action or inaction.
- 40           ~~9.~~ 8. Violated the terms of any criminal or administrative order,  
41 decree or sentence.
- 42           ~~10.~~ 9. Violated any federal or state law, regulation or rule that  
43 relates to real estate or securities or that involves forgery, theft,  
44 extortion, fraud, substantial misrepresentation, dishonest dealings or  
45 violence against another person or failure to deal fairly with any party

1 to a transaction that materially and adversely affected the transaction.  
2 This paragraph applies equally to violations of which the licensee was  
3 convicted in any lawful federal or state tribunal and to any admissions  
4 made in any settlement agreement by the licensee to violations.

5 ~~11.~~ 10. Failed to respond in the course of an investigation or  
6 audit by providing documents or written statements.

7 C. A judgment based on a court's finding or stipulation of fraud by  
8 a licensee following a trial on the merits or a criminal conviction of a  
9 licensee that results in a payment from the real estate recovery fund is  
10 prima facie evidence of a violation and grounds for discipline under this  
11 section.

12 D. The commissioner may deny, suspend or revoke the issuance of a  
13 license ~~upon~~ ON application by a corporation, a limited liability company  
14 or a partnership if it appears that an owner, officer, director, member,  
15 manager, partner, stockholder owning ten ~~per cent~~ PERCENT or more of the  
16 stock in the corporation or limited liability company or person exercising  
17 control of the entity is a current or former licensee whose license as a  
18 broker or a salesperson has been denied, suspended or revoked.

19 E. The lapsing or suspension of a license by operation of law or by  
20 order or decision of the commissioner or a court of law or the voluntary  
21 surrender of a license by a licensee ~~shall~~ DOES not deprive the  
22 commissioner of jurisdiction to do any of the following:

23 1. Proceed with any investigation of or action or disciplinary  
24 proceeding against the licensee.

25 2. Render a decision suspending or revoking the license, ~~or~~  
26 denying the renewal or right of renewal of the license.

27 3. Assess a civil penalty pursuant to section 32-2160.01.

28 F. For the purposes of this section:

29 1. "Letter of concern" means an advisory letter to notify a  
30 licensee that, while the conduct or evidence does not warrant other  
31 disciplinary action, the commissioner believes that the licensee should  
32 modify or eliminate certain practices and that continuation of the  
33 activities may result in further disciplinary action against the licensee.

34 2. "Provisional license" means a license that the department issues  
35 and that allows a licensee to practice subject to either a consent order  
36 as prescribed in section 32-2153.01 or the commissioner's terms,  
37 conditions and restrictions.

38 Sec. 81. Section 32-2215, Arizona Revised Statutes, is amended to  
39 read:

40 32-2215. Qualifications for license to practice veterinary  
41 medicine

42 A. An applicant for a license issued under this chapter shall:

43 ~~1. Be of good moral character.~~

44 ~~2.~~ 1. Be a graduate of a veterinary college that is accredited by  
45 the American veterinary medical association or hold a certificate issued

1 by the educational commission for foreign veterinary graduates, the  
2 program for the assessment of veterinary education equivalence or a  
3 foreign graduate testing program approved by the board. This paragraph  
4 does not apply to an applicant for a veterinary faculty member license who  
5 has graduated from a veterinary college.

6 ~~3.~~ 2. Satisfactorily pass both a state examination approved by the  
7 board as provided in this chapter and the North American veterinary  
8 licensing examination. This paragraph does not apply to an applicant for  
9 a veterinary faculty member license.

10 B. An applicant may be denied licensure either before or after an  
11 examination if the applicant has committed any act that if committed by a  
12 licensee would be grounds for suspension or revocation of a license to  
13 practice veterinary medicine under this chapter.

14 C. The board may waive the examination requirement pursuant to  
15 section 32-2214, subsection A, paragraph 2 and, except as provided in  
16 subsection E of this section, may issue a license by endorsement to an  
17 applicant to practice veterinary medicine if the applicant provides all  
18 required documentation pursuant to section 32-2213 and meets the following  
19 requirements:

20 1. Holds an active license in one or more other states or in Canada  
21 and submits verification that the applicant has previously taken and  
22 passed the examination required by section 32-2214, with a score at least  
23 equal to the score required to pass in this state. An applicant who  
24 received original licensure before the examination required by section  
25 32-2214 was required in the state in which the applicant was originally  
26 licensed may be eligible for licensure without having taken that  
27 examination as required pursuant to this chapter if all other requirements  
28 are met.

29 2. Lawfully and actively engages in the practice of veterinary  
30 medicine for at least three of the preceding five years or six of the  
31 preceding ten years in one or more states in this country or in Canada  
32 before filing an application for licensure in this state.

33 3. Has graduated from a veterinary college recognized by the board.

34 4. Successfully passes a state examination approved by the board  
35 with a grade of at least seventy-five percent.

36 5. Pays a fee for the license of ~~seven hundred fifty dollars~~ \$750.

37 D. The board may waive the examination requirement pursuant to  
38 section 32-2214, subsection A, paragraph 2 and, except as provided in  
39 subsection E of this section, may issue a specialty license to an  
40 applicant to practice veterinary medicine if the applicant provides all  
41 required documentation pursuant to section 32-2213 and meets the following  
42 requirements:

43 1. Holds a current certification as a specialist of a national  
44 specialty board or college recognized by the American veterinary medical  
45 association.

1           2. Limits the applicant's practice to the scope of the applicant's  
2 board certification.

3           3. Successfully passes a state examination approved by the board  
4 with a score of at least seventy-five percent.

5           4. Pays a fee for the specialty license of ~~seven hundred fifty~~  
6 ~~dollars~~ \$750.

7           E. The board shall determine whether previous disciplinary action  
8 prevents licensure by endorsement or specialty licensure of an applicant  
9 to practice veterinary medicine, and the board may discipline the licensee  
10 at the time of licensure as a result of the previous disciplinary action.

11           F. Any veterinary faculty member who is employed by a veterinary  
12 college that is accredited by the American veterinary medical association,  
13 if applicable, is subject to the requirements under the veterinary faculty  
14 member license.

15           Sec. 82. Section 32-2217, Arizona Revised Statutes, is amended to  
16 read:

17           32-2217. Employees of the state or political subdivisions;  
18                                   licensure

19           The board shall issue a license to any person who is not licensed by  
20 examination to practice veterinary medicine in ~~the~~ THIS state and who is  
21 employed as a veterinarian by ~~the~~ THIS state or any political subdivision  
22 ~~thereof~~. An applicant for a license under the terms of this section shall  
23 ~~make written application therefor~~ APPLY IN WRITING to the board as  
24 required by section 32-2213 and shall meet the qualifications prescribed  
25 by section 32-2215 with the exception of SECTION 32-2215, subsection A,  
26 paragraph ~~3~~ 2. The holder of a license issued under the terms of this  
27 section shall engage only in such actions of the practice of veterinary  
28 medicine as ~~shall be~~ authorized by the board, and ~~in no event shall~~ acts  
29 of practice MAY NOT be performed for any person or firm other than ~~the~~  
30 THIS state or the political subdivision employing the licensee. The  
31 licensee ~~shall be~~ IS subject to the rules of the board and ~~the provisions~~  
32 ~~of~~ this chapter relating to unprofessional or dishonorable conduct. A  
33 license expires on December 31 of every ~~even numbered~~ EVEN-NUMBERED year  
34 unless suspended or revoked. A license is renewable for two years on  
35 payment of the renewal fee. The fee for issuance of the license shall be  
36 ~~five dollars~~ \$5 in ~~even numbered~~ EVEN-NUMBERED years and ~~ten dollars~~ \$10  
37 in ~~odd numbered~~ ODD-NUMBERED years, and the biennial renewal fee shall be  
38 ~~ten dollars~~ \$10. The license shall be revoked ~~upon~~ ON termination of  
39 employment of the licensee.





1 on or after March 13, 1968 unless ~~such~~ THE school applies for and obtains  
2 from the director a license in the manner and form prescribed by the  
3 director.

4 B. Rules adopted by the director shall state the requirements for a  
5 school license, including requirements concerning location, equipment,  
6 courses of instruction, instructors, previous records of the school and  
7 instructors, schedule of fees and charges, ~~character and reputation of the~~  
8 ~~operators and instructors~~, insurance in such A sum and with such  
9 provisions as the director deems necessary to protect adequately the  
10 interests of the public, and such other matters as the director may  
11 prescribe for the protection of the public.

12 C. Each applicant who owns twenty ~~per cent~~ PERCENT or more of an  
13 entity, and each partner or stockholder who owns twenty ~~per cent~~ PERCENT  
14 or more of an entity, and who seeks licensure pursuant to this chapter  
15 shall provide the department or a contracted private entity of the  
16 department pursuant to section 32-2352 with a valid fingerprint clearance  
17 card issued pursuant to section 41-1758.03.

18 Sec. 86. Section 32-2812, Arizona Revised Statutes, is amended to  
19 read:

20 32-2812. Applications for certificate; qualifications; fees;  
21 examination; denial

22 A. An applicant for a certificate shall submit an application for  
23 certification or an application for examination for certification,  
24 accompanied by a nonrefundable fee established by the director. An  
25 applicant who has practiced radiography without certification shall pay a  
26 prorated fee retroactively to the earliest date of uncertified  
27 practice. The fee for a replacement certificate is ~~ten dollars~~ \$10. The  
28 application for examination fee is ~~seventy dollars~~ \$70 and shall not be  
29 prorated. An application shall contain information that the applicant:

30 1. Is at least eighteen years of age.

31 ~~2. Is of good moral character.~~

32 ~~3.~~ 2. Meets one of the following requirements:

33 (a) In the case of an application for radiologic technologist,  
34 radiation therapy technologist or nuclear medicine technologist  
35 certification, has successfully completed a course of study at a school of  
36 radiologic technology that is approved by the department or an  
37 out-of-state school of radiologic technology that is approved by the joint  
38 review committee on education in radiologic technology, the American  
39 registry of radiologic technologists or the nuclear medicine technology  
40 certification board.

41 (b) In the case of an application for practical technologist in  
42 podiatry certification, practical technologist in bone densitometry  
43 certification and practical technologist in radiology certification,  
44 satisfactorily meets the basic requisites determined by the department  
45 pursuant to section 32-2803.

1 (c) In the case of an application for radiologist assistant  
2 certification, has obtained a baccalaureate degree or postbaccalaureate  
3 certificate from an advanced academic program that encompasses a  
4 nationally recognized radiologist assistant curriculum that includes a  
5 radiologist-directed clinical preceptorship. An applicant for  
6 certification before April 1, 2009 is not required to have a baccalaureate  
7 degree or postbaccalaureate certificate, but must have completed an  
8 advanced academic program that encompasses a nationally recognized  
9 radiologist assistant curriculum that includes a radiologist-directed  
10 clinical preceptorship.

11 B. If the application is in proper form and it appears that the  
12 applicant meets the eligibility requirements, the applicant shall be  
13 notified of the time and place of the next examination.

14 C. The department may accept, in lieu of its own examination, a  
15 certificate issued on the basis of an examination by a  
16 certificate-granting body recognized by the department or a certificate,  
17 registration or license issued by another state if that state's standards  
18 for certification, registration or licensure are satisfactory to the  
19 department.

20 D. The department may deny a certificate to an applicant who has  
21 committed an act or engaged in conduct in any jurisdiction that resulted  
22 in a disciplinary action against the applicant or that would constitute  
23 grounds for disciplinary action under this chapter.

24 Sec. 87. Section 32-2912, Arizona Revised Statutes, is amended to  
25 read:

26 32-2912. Qualifications of applicant; applications; scope of  
27 practice

28 A. The board shall grant a license to practice pursuant to this  
29 chapter to an applicant who meets all of the following requirements:

30 ~~1. Is a person of good moral character.~~

31 ~~2.~~ 1. Holds a degree from an approved school of medicine or has  
32 received a medical education that the board determines is of equivalent  
33 quality.

34 ~~3.~~ 2. Holds a license in good standing to practice medicine or  
35 osteopathic medicine that is issued under chapter 13 or 17 of this title  
36 or by another state, district or territory of the United States.

37 ~~4.~~ 3. Has a professional record that indicates that the applicant  
38 has not had a license to practice medicine refused, revoked, suspended or  
39 restricted in any way by any state, territory, district or country for  
40 reasons that relate to the applicant's ability to competently and safely  
41 practice medicine.

42 ~~5.~~ 4. Has a professional record that indicates that the applicant  
43 has not committed any act or engaged in any conduct that would constitute  
44 grounds for disciplinary action against a licensee under this chapter.

1           ~~6.~~ 5. Has the physical and mental capacity to safely engage in the  
2 practice of medicine.

3           ~~7.~~ 6. Pays all fees and costs required by the board.

4           ~~8.~~ 7. Completes the application required by the board.

5           B. Notwithstanding subsection A, paragraphs ~~2~~ 1 and ~~3~~ 2 of this  
6 section, the board shall issue a license pursuant to this chapter to an  
7 applicant who meets the requirements of subsection A, paragraphs ~~1~~ 3, 4,  
8 5, ~~6~~, AND 7 and ~~8~~ of this section and who holds a degree from an approved  
9 school of medicine.

10          C. The board may require an applicant to submit additional written  
11 or oral information and may conduct additional investigations if it  
12 determines that this is necessary to adequately inform itself of the  
13 applicant's ability to meet the requirements of this chapter. If an  
14 applicant has had a license revoked by or has surrendered a license to  
15 another jurisdiction, the applicant may attempt to demonstrate to the  
16 board's satisfaction that the applicant is completely rehabilitated with  
17 respect to the conduct that was the basis for the revocation or surrender  
18 of the license.

19          D. The board shall vacate its previous order to deny or revoke a  
20 license if that denial or revocation was based on the applicant's  
21 conviction of a felony or an offense involving moral turpitude and that  
22 conviction has been reversed on appeal. The applicant may resubmit an  
23 application for licensure as soon as the court enters the reversal.

24          E. If the board finds that an applicant has committed an act or  
25 engaged in conduct that would constitute grounds for disciplinary action,  
26 the board shall determine to its satisfaction that the conduct has been  
27 corrected, monitored and resolved. If the matter has not been resolved,  
28 before it issues a license the board shall determine to its satisfaction  
29 that mitigating circumstances exist that prevent its resolution.

30          F. Except as provided in subsection D of this section, a person  
31 shall not submit an application for reinstatement or a new application  
32 within five years after the person has completely corrected the conduct  
33 and made full legal restitution to the board's satisfaction.

34          G. An applicant shall submit a verified completed application to  
35 the board in a form and within a period of time prescribed by the  
36 board. The application shall include:

37           1. The application fee.

38           2. Affidavits from three persons who are actively licensed to  
39 practice allopathic, osteopathic or homeopathic medicine in any state or  
40 district of the United States and who are able to attest to the  
41 applicant's ~~good moral character and~~ fitness to practice pursuant to this  
42 chapter.

43           3. A diploma or certificate issued by a homeopathic college or any  
44 other educational institution approved by the board or documentation of

1 the applicant's successful completion of preceptorships or formal  
2 postgraduate courses approved by the board.

3 4. If the person is applying for licensure pursuant to subsection A  
4 of this section, proof that the applicant has served a board-approved  
5 internship.

6 5. The applicant's oath that:

7 (a) All of the information contained in the application and the  
8 accompanying evidence or other credentials is correct.

9 (b) The applicant submitted the credentials without fraud or  
10 misrepresentation and that the applicant is the lawful holder of the  
11 credentials.

12 (c) The applicant authorizes the release to the board of any  
13 information from any source that the board determines is necessary for it  
14 to act on the application.

15 H. The board shall promptly inform an applicant in writing of any  
16 deficiency in the application that prevents the board from acting on it.

17 I. The board shall consider an application withdrawn if any of the  
18 following is true:

19 1. The applicant submits a written request to withdraw the  
20 application.

21 2. The applicant without good cause fails to appear for a board  
22 interview.

23 3. The applicant fails to submit information to the board within  
24 one year ~~of~~ AFTER the board's request for that information.

25 4. The applicant fails to complete the required examination or  
26 personal interview within one year ~~of~~ AFTER submitting the application.

27 J. A person who is issued a license pursuant to subsection B of  
28 this section shall practice only within the scope of practice as  
29 prescribed by this chapter. A licensee who acts outside that scope of  
30 practice commits an act of unprofessional conduct. In addition to all  
31 other available remedies, the board may seek injunctive relieve pursuant  
32 to section 32-2940.

33 Sec. 88. Section 32-3275, Arizona Revised Statutes, is amended to  
34 read:

35 32-3275. Requirements for licensure; withdrawal of  
36 application

37 A. An applicant for licensure must meet all of the following  
38 requirements:

39 1. Submit an application as prescribed by the board.

40 2. Be at least twenty-one years of age.

41 ~~3. Be of good moral character. The board's standard to determine~~  
42 ~~good moral character shall not violate federal discrimination laws.~~

43 ~~4.~~ 3. Pay all applicable fees prescribed by the board.

44 ~~5.~~ 4. Have the physical and mental capability to safely and  
45 competently engage in the practice of behavioral health.

1           ~~6.~~ 5. Not have committed any act or engaged in any conduct that  
2 would constitute grounds for disciplinary action against a licensee  
3 pursuant to this chapter.

4           ~~7.~~ 6. Not have had a professional license or certificate refused,  
5 revoked, suspended or restricted by this state or any other regulatory  
6 jurisdiction in the United States or any other country for reasons that  
7 relate to unprofessional conduct.

8           ~~8.~~ 7. Not have voluntarily surrendered a professional license or  
9 certificate in this state or another regulatory jurisdiction in the United  
10 States or any other country while under investigation for conduct that  
11 relates to unprofessional conduct.

12           ~~9.~~ 8. Not have a complaint, allegation or investigation pending  
13 before the board or another regulatory jurisdiction in the United States  
14 or another country that relates to unprofessional conduct. If an  
15 applicant has any such complaint, allegation or investigation pending, the  
16 board shall suspend the application process and may not issue or deny a  
17 license to the applicant until the complaint, allegation or investigation  
18 is resolved.

19           B. Before the board considers denial of a license based on a  
20 deficiency pursuant to subsection A, paragraph 4, 5, 6, ~~OR 7 OR 8~~ of this  
21 section, the applicant shall be given thirty-five days' notice of the time  
22 and place of ~~the A meeting.~~ ~~at the time of the meeting,~~ WHICH the  
23 applicant may provide in person, by counsel or in written form information  
24 and evidence related to any deficiency relating to subsection A, paragraph  
25 4, 5, 6, ~~OR 7 OR 8~~ of this section, including any evidence that the  
26 deficiency has been corrected or monitored or that a mitigating  
27 circumstance exists. In any notice of denial, the board shall provide  
28 notice of the applicant's right to a hearing pursuant to title 41, chapter  
29 6, article 10.

30           C. If the board finds that an applicant is subject to subsection A,  
31 paragraphs 4, 5, 6, ~~OR 7 and 8~~ of this section, the board may determine  
32 to its satisfaction that the conduct or condition has been corrected,  
33 monitored and resolved and may issue a license. If the conduct or  
34 condition has not been resolved, the board may determine to its  
35 satisfaction that mitigating circumstances exist that prevent its  
36 resolution and may issue a license.

37           D. An applicant for licensure may withdraw the application unless  
38 the board has sent to the applicant notification that the board has  
39 initiated an investigation concerning professional misconduct. Following  
40 that notification, the applicant may request that the board review the  
41 applicant's request to withdraw the application. In considering the  
42 request the board shall determine whether it is probable that the  
43 investigation would result in an adverse action against the applicant.

44           E. After a final board order of denial has been issued, the board  
45 shall report the denial if required by the health care quality improvement

1 act of 1986 (42 United States Code chapter 117). For the purposes of this  
2 subsection and except as required by federal law, "final board order"  
3 means:

4 1. For an applicant who seeks a hearing pursuant to title 41,  
5 chapter 6, article 10, when a final administrative decision has been made.

6 2. For an applicant who does not timely file a notice of appeal,  
7 after the time for the filing expires pursuant to section 41-1092.03.

8 Sec. 89. Section 32-3423, Arizona Revised Statutes, is amended to  
9 read:

10 32-3423. Application for licensure: qualifications

11 A. An applicant for licensure as an occupational therapist or as an  
12 occupational therapy assistant shall:

13 ~~1. Be of good moral character.~~

14 ~~2.~~ 1. Successfully complete the academic and fieldwork  
15 requirements of an educational program subject to board review and  
16 standards prescribed by the board. The board shall require:

17 (a) For an occupational therapist, a minimum of nine hundred  
18 twenty-eight hours of supervised fieldwork experience as determined by the  
19 supervising institution, organization or sponsor.

20 (b) For an occupational therapy assistant, a minimum of six hundred  
21 eight hours of supervised fieldwork experience as determined by the  
22 supervising institution, organization or sponsor.

23 ~~3.~~ 2. Pass an examination administered pursuant to section  
24 32-3424.

25 ~~4.~~ 3. Complete the application process and pay all fees required  
26 pursuant to this chapter.

27 B. The board may deny a license to an applicant who:

28 1. Commits a felony, whether or not involving moral turpitude, or a  
29 misdemeanor involving moral turpitude. In either case conviction by a  
30 court of competent jurisdiction is conclusive evidence of the commission.

31 2. Engages in any conduct that violates section 32-3401.

32 C. An applicant who is denied a license may request a hearing  
33 pursuant to title 41, chapter 6, article 10.

34 Sec. 90. Section 32-3429, Arizona Revised Statutes, is amended to  
35 read:

36 32-3429. Foreign trained applicants

37 Foreign trained occupational therapists and occupational therapy  
38 assistants shall:

39 1. Satisfy the examination requirements of section 32-3424.

40 ~~2. Provide proof of good moral character.~~

41 ~~3.~~ 2. Complete the academic and supervised fieldwork  
42 requirements, ~~THAT ARE~~ substantially equal to those ~~contained~~ PRESCRIBED  
43 in section 32-3423 before taking the examination.

44 ~~4.~~ 3. Submit a completed application as prescribed by the board.

1           ~~5.~~ 4. Pay all applicable fees prescribed pursuant to section  
2 32-3427.

3           Sec. 91. Section 32-3611, Arizona Revised Statutes, is amended to  
4 read:

5           32-3611. Registration, licensure and certification process

6           A. Applications for original registration, licensure or  
7 certification, renewals and examinations shall be made in writing to the  
8 deputy director on forms approved by the deputy director.

9           B. Appropriate fees, as fixed by the deputy director pursuant to  
10 section 32-3607, shall accompany all applications for original  
11 registration, licensure or certification, renewal and examination.

12           C. At the time of filing an application for registration, licensure  
13 or certification, each applicant shall sign a pledge to comply with the  
14 standards set forth in this chapter and shall state that the applicant  
15 understands the types of misconduct for which disciplinary proceedings may  
16 be initiated against a registered trainee appraiser or a state-licensed or  
17 state-certified appraiser, as set forth in this chapter.

18           D. Except as otherwise provided in this chapter, the deputy  
19 director shall require such other proof and request such documents,  
20 through the application or otherwise, as the deputy director deems  
21 necessary for the interests of the public and to verify the ~~honesty,~~  
22 ~~truthfulness, reputation and~~ competency of the applicant and shall require  
23 that the applicant for registration, licensure or certification:

24           1. Be at least eighteen years of age and a citizen of the United  
25 States or a qualified alien as defined in 8 United States Code section  
26 1641.

27           2. Not have had a license or certificate denied pursuant to this  
28 chapter within one year immediately preceding the application.

29           3. Not have had a license or certificate revoked pursuant to this  
30 chapter within five years immediately preceding the application.

31           4. State whether or not the applicant has ever been convicted in a  
32 court of competent jurisdiction in this or any other state of a felony or  
33 of forgery, theft, extortion or conspiracy to defraud or any other crime  
34 involving dishonesty or moral turpitude.

35           E. Applications for registration, licensure or certification by  
36 persons who are charged or under indictment for fraud involving appraisal  
37 of real property may be denied pending final disposition of the charge or  
38 indictment. On final disposition, the deputy director shall review the  
39 proceedings and act on the application.

40           Sec. 92. Section 32-3668, Arizona Revised Statutes, is amended to  
41 read:

42           32-3668. Owner requirements

43           A. An appraisal management company applying for registration may  
44 not be owned by a person or have any principal of the company who has had  
45 any financial, real estate or mortgage lending industry license or



1 certificate refused, denied, canceled, revoked or voluntarily surrendered  
2 in this state or in any other state. This requirement may be waived at  
3 the discretion of the deputy director.

4 B. Each person that owns, is an officer of or has a financial  
5 interest in an appraisal management company in this state shall:

6 ~~1. Be of good moral character.~~

7 ~~2.~~ 1. Apply for a valid fingerprint clearance card issued pursuant  
8 to section 41-1758.03.

9 ~~3.~~ 2. Certify to the deputy director that the person has never had  
10 any financial, real estate or mortgage lending industry license or  
11 certificate refused, denied, canceled, revoked or voluntarily surrendered  
12 in this state or in any other state. This requirement may be waived by  
13 appeal and at the discretion of the deputy director.

14 Sec. 93. Section 32-3669, Arizona Revised Statutes, is amended to  
15 read:

16 32-3669. Controlling person requirements

17 A. Each appraisal management company applying to the deputy  
18 director for registration in this state shall designate one controlling  
19 person who will be the main contact for all communication between the  
20 deputy director and the appraisal management company.

21 B. To serve as a controlling person of an appraisal management  
22 company, a person shall:

23 1. Certify to the deputy director that the person has never had any  
24 financial, real estate or mortgage lending industry license or certificate  
25 issued by this state, or any other state, refused, denied, canceled,  
26 revoked or voluntarily surrendered. This requirement may be waived by  
27 appeal and at the discretion of the deputy director.

28 ~~2. Be of good moral character.~~

29 ~~3.~~ 2. Apply for a valid fingerprint clearance card issued pursuant  
30 to section 41-1758.03.

31 Sec. 94. Section 32-4021, Arizona Revised Statutes, is amended to  
32 read:

33 32-4021. Standard certification qualifications; application

34 A. An applicant for standard certification as a certified reporter  
35 shall apply on approved forms and, at a minimum, shall:

- 36 1. Be at least eighteen years of age.
- 37 2. Be a citizen or legal resident of the United States.
- 38 3. Satisfy the requirements of section 32-4022.

39 ~~4. Be of good moral character.~~

40 ~~5.~~ 4. Possess a high school diploma or general equivalency diploma  
41 or a similar document or certificate.

42 ~~6.~~ 5. Pursuant to rules adopted by the supreme court, demonstrate  
43 reasonable proficiency in making verbatim records of trial or judicial or  
44 related proceedings.

1           ~~7.~~ 6. Comply with the laws and rules and orders adopted by the  
2 supreme court governing certified reporters in this state.

3           ~~8.~~ 7. Pay the fees established pursuant to section 32-4008.

4           ~~9.~~ 8. Submit a full set of fingerprints with the fee prescribed in  
5 section 41-1750 to the supreme court for the purpose of obtaining a state  
6 and federal criminal records check pursuant to section 41-1750 and Public  
7 Law 92-544.

8           B. If the board is satisfied that an applicant meets the  
9 requirements of this section and section 32-4022, the supreme court shall  
10 issue a certificate to the applicant. The board may refuse to issue a  
11 certificate if section 32-4024 applies.

12           Sec. 95. Section 32-4122, Arizona Revised Statutes, is amended to  
13 read:

14           32-4122. Qualifications for licensure

15           An applicant for a license as an athletic trainer shall:

16           ~~1. Be of good moral character. To determine if a person is of good  
17 moral character, the board may consider if the person has been convicted  
18 of a felony or a misdemeanor involving moral turpitude.~~

19           ~~2.~~ 1. Have successfully completed the application process.

20           ~~3.~~ 2. Possess a minimum of a baccalaureate degree from an  
21 accredited institution with coursework and supervised clinical experience  
22 as required and approved by the board.

23           ~~4.~~ 3. Have passed a national examination approved by the board  
24 within one year before the date of application or currently possess  
25 certification as an athletic trainer from a nationally recognized board of  
26 certification.

27           ~~5.~~ 4. Pay the application fee prescribed in section 32-4126.

28           Sec. 96. Section 32-4222, Arizona Revised Statutes, is amended to  
29 read:

30           32-4222. Qualifications for licensure

31           A. An applicant for a license as a massage therapist shall:

32           1. Be at least eighteen years of age.

33           2. Be a citizen or legal resident of the United States.

34           3. Satisfy the requirements of section 32-4224.

35           ~~4. Be of good moral character.~~

36           ~~5.~~ 4. Receive either a high school diploma or general equivalency  
37 diploma or a similar document or certificate or submit proof that the  
38 applicant has passed an ability to benefit examination recognized by the  
39 United States department of education.

40           ~~6.~~ 5. Pay the fees established pursuant to section 32-4227.

41           ~~7.~~ 6. Within five years preceding the date of the application, not  
42 have been convicted of:

43           (a) A class 1, 2 or 3 felony.

44           (b) A class 4, 5 or 6 felony offense involving moral turpitude that  
45 has a reasonable relationship to the practice of massage therapy.

1 (c) A misdemeanor involving prostitution or solicitation or ~~other~~  
2 ANOTHER similar offense involving moral turpitude that has a reasonable  
3 relationship to the practice of massage therapy.

4 ~~8.~~ 7. Within the ~~past~~ PRECEDING five years, not have voluntarily  
5 surrendered a license under section 32-4254 or not have had a license to  
6 practice massage therapy or another similar license revoked by a political  
7 subdivision of this state or a regulatory agency in another jurisdiction  
8 in the United States for an act that occurred in that jurisdiction and  
9 that would be subject to discipline pursuant to this chapter.

10 ~~9.~~ 8. Not be currently under investigation, suspension or  
11 restriction by a political subdivision of this state or a regulatory  
12 agency in another jurisdiction in the United States for an act that  
13 occurred in that jurisdiction and that would be subject to discipline  
14 pursuant to this chapter. If the applicant is under investigation by a  
15 regulatory agency in another jurisdiction, the board shall suspend the  
16 application process and may not issue or deny a license to the applicant  
17 until the investigation is resolved.

18 ~~10.~~ 9. Submit a full set of fingerprints to the board for the  
19 purpose of obtaining a state and federal criminal records check pursuant  
20 to section 41-1750 and Public Law 92-544. The department of public safety  
21 may exchange this fingerprint data with the federal bureau of  
22 investigation. The board may charge the cost of each criminal background  
23 check to the applicant.

24 B. In addition to the requirements of subsection A of this section,  
25 an applicant for licensure as a massage therapist shall either:

26 1. Have successfully completed a course of study of massage therapy  
27 or bodywork therapy consisting of a minimum of five hundred classroom and  
28 clinical hours of supervised instruction at a board recognized school in  
29 this state that is accredited by an agency recognized by the secretary of  
30 the United States department of education.

31 2. Have done both of the following:

32 (a) Successfully completed a course of study in massage therapy or  
33 bodywork therapy consisting of a minimum of five hundred classroom and  
34 clinical hours of supervised instruction at a school in this state that is  
35 licensed by the state board for private postsecondary education or at a  
36 school outside of this state that is recognized by the board pursuant to  
37 section 32-4228.

38 (b) Successfully passed an examination administered by a national  
39 board accredited by the certifying agency that has been approved by the  
40 national commission on competency assurance and that is in good standing  
41 with that agency or have successfully passed an examination that is  
42 administered or approved by the board.

43 C. The board may adopt rules to allow it to consider the education  
44 and experience of an applicant who came from a foreign country. The board  
45 by rule may increase the minimum number of classroom hours of supervised

1 instruction at a board recognized school that an applicant for licensure  
2 must successfully have completed.

3 D. If the board is satisfied that an applicant meets the  
4 requirements of this section, the board shall issue a license to the  
5 applicant.

6 E. The board, by rule, shall establish communication proficiency  
7 requirements related to an applicant's ability to protect health and  
8 safety in connection with the practice of massage therapy.

9 F. Subject to the board's approval, the executive director may  
10 issue licenses to applicants who meet the requirements of this chapter.

11 G. The board may deny an application for a license if the applicant  
12 committed an act that would subject a person licensed under this chapter  
13 to disciplinary action.

14 Sec. 97. Section 36-446.04, Arizona Revised Statutes, is amended to  
15 read:

16 36-446.04. Qualifications; period of validity; exemption

17 A. The board shall issue a license as a nursing care institution  
18 administrator pursuant to its rules to any person who meets the following  
19 qualifications:

20 ~~1. Is of good character.~~

21 ~~2.~~ 1. Has satisfactorily completed a course of instruction and  
22 training approved by the board that:

23 (a) Is designed and sufficiently administered to give the applicant  
24 knowledge of the proper needs to be served by nursing care institutions.

25 (b) Includes a thorough background in the laws and rules governing  
26 the operation of nursing care institutions and the protection of the  
27 interests of the patients in nursing care institutions.

28 (c) Includes thorough training in elements of good health care  
29 facilities administration.

30 ~~3.~~ 2. Has passed an examination administered by the board designed  
31 to test for competency in the subject matter referred to in this  
32 subsection.

33 ~~4.~~ 3. Has met one of the following fingerprinting requirements:

34 (a) Has a valid fingerprint clearance card issued pursuant to title  
35 41, chapter 12, article 3.1.

36 (b) Has provided proof of the submission of an application for a  
37 fingerprint clearance card. An applicant who has been denied a  
38 fingerprint clearance card must also provide proof that the applicant  
39 qualifies for a good cause exception hearing pursuant to section  
40 41-619.55.

41 B. A person who is licensed pursuant to this section must maintain  
42 a valid fingerprint clearance card during the valid period of the person's  
43 license.

1 C. The board shall issue a certificate as an assisted living  
2 facility manager pursuant to its rules to a person who meets the following  
3 qualifications:

4 ~~1. Is of good character.~~

5 ~~2.~~ 1. Has satisfactorily completed a course of instruction and  
6 training approved by the board that:

7 (a) Is designed and sufficiently administered to give the applicant  
8 knowledge of the proper needs to be served by an assisted living facility.

9 (b) Includes a thorough background in the laws governing the  
10 operation of assisted living facilities and the protection of the  
11 interests of the patients in assisted living facilities.

12 (c) Includes thorough training in elements of assisted living  
13 facility administration.

14 ~~3.~~ 2. Has passed an examination administered by the board that is  
15 designed to test for competency in the subject matter prescribed in this  
16 subsection.

17 ~~4.~~ 3. Provides documentation satisfactory to the board that the  
18 applicant has completed two thousand eighty hours of paid work experience  
19 in a health related field within the preceding five years as prescribed by  
20 board rule.

21 ~~5.~~ 4. Has met one of the following fingerprinting requirements:

22 (a) Has a valid fingerprint clearance card issued pursuant to title  
23 41, chapter 12, article 3.1.

24 (b) Has provided proof of the submission of an application for a  
25 fingerprint clearance card. An applicant who has been denied a  
26 fingerprint clearance card must also provide proof that the applicant  
27 qualifies for a good cause exception hearing pursuant to section  
28 41-619.55.

29 D. Notwithstanding any other provision of this article, beginning  
30 July 1, 2021, all new licenses and certifications issued by the board must  
31 be approved by both the board and the department of health services.

32 E. A person who is certified pursuant to this section must maintain  
33 a valid fingerprint clearance card during the valid period of the person's  
34 certificate.

35 F. In lieu of the requirements contained in subsection A, paragraph  
36 ~~2~~ 1 or subsection C, paragraph ~~2~~ 1 OF THIS SECTION, an applicant may  
37 present satisfactory evidence to the board of sufficient education and  
38 training in the areas listed in ~~that~~ THE RESPECTIVE paragraph.

39 G. A license is nontransferable and remains in effect until the  
40 following June 30 of an ~~even-numbered~~ EVEN-NUMBERED year, at which time  
41 the license may be renewed if the licensee otherwise complies with this  
42 article and unless the license has been surrendered, suspended or revoked.

43 H. A certificate is nontransferable and remains in effect until the  
44 following June 30 of an ~~odd-numbered~~ ODD-NUMBERED year, at which time the  
45 certificate may be renewed if the certificate holder otherwise complies

1 with this article and the certificate has not been surrendered, suspended  
2 or revoked.

3 I. This section does not apply to managers of adult foster care  
4 homes as defined in section 36-401.

5 Sec. 98. Section 36-446.06, Arizona Revised Statutes, is amended to  
6 read:

7 36-446.06. Temporary licenses and certificates

8 A. The board may issue a temporary nursing care institution  
9 administrator's license or TEMPORARY assisted living facility manager's  
10 certificate to individuals WHO ARE determined to meet standards  
11 established by the board and MAY revoke or suspend temporary licenses or  
12 certificates previously issued by the board in any case ~~where~~ IN WHICH the  
13 individual holding a license or certificate is determined to have  
14 substantially failed to conform to the requirements of such standards  
15 during the term of the temporary license or certificate.

16 B. A temporary license or certificate is automatically revoked if  
17 the licensee or certificate holder fails either the state or national  
18 examination during the term of the license OR CERTIFICATE.

19 C. Temporary licenses or certificates may be issued without  
20 examination, for a single nonrenewable period of one hundred fifty days,  
21 to a qualified individual for the purpose of enabling the individual to  
22 fill a nursing care INSTITUTION administrator or assisted living facility  
23 manager position. Qualifications for a temporary license or certificate  
24 shall include ~~good character and~~ the ability to meet such other standards  
25 as are established by the board.

26 D. An applicant for a temporary license or certificate shall not  
27 have failed a state or national examination either before or after  
28 applying for the temporary license or certificate.

29 Sec. 99. Section 36-755, Arizona Revised Statutes, is amended to  
30 read:

31 36-755. Powers and duties of the director

32 A. The director may adopt rules necessary for the proper  
33 administration and enforcement of this article.

34 B. The director shall, by rule:

35 1. Define and describe, consistent with this article and the laws  
36 of this state, the duties and ~~limitations~~ LIMITS of the practice of  
37 midwifery.

38 2. Adopt standards with respect to the practice of midwifery  
39 designed to safeguard the health and safety of the mother and child.

40 3. Establish the criteria for granting, denying, suspending and  
41 revoking a license in order to protect the health and safety of the mother  
42 and child.

43 4. Describe and define reasonable and necessary minimum  
44 qualifications for midwives, including:

45 (a) The ability to read and write.

1 (b) Knowledge of the fundamentals of hygiene.

2 (c) The ability to recognize abnormal or potentially abnormal  
3 conditions during pregnancy, labor and delivery and following birth.

4 (d) Knowledge of the laws of this state concerning reporting of  
5 births, prenatal blood tests and newborn screening and of the rules  
6 pertaining to midwifery.

7 (e) Education requirements.

8 (f) Age requirements.

9 ~~(g) Good moral character.~~

10 Sec. 100. Section 36-1923, Arizona Revised Statutes, is amended to  
11 read:

12 36-1923. Hearing aid dispensers; licensure requirements

13 A. An applicant for a hearing aid dispenser license shall pay to  
14 the director a nonrefundable application fee and shall show to the  
15 satisfaction of the director that the applicant:

16 ~~1. Is a person of good moral character.~~

17 ~~2.~~ 1. Has an education equivalent to a four-year course in an  
18 accredited high school or has continuously engaged in the practice of  
19 fitting and dispensing hearing aids during the three years preceding  
20 August 11, 1970.

21 ~~3.~~ 2. Has not had the applicant's license revoked or suspended by  
22 a state within the ~~past~~ PRECEDING two years and is presently not  
23 ineligible for licensure in any state due to prior revocation or  
24 suspension.

25 B. An applicant for a hearing aid dispenser license who is notified  
26 by the director that the applicant has fulfilled the requirements of  
27 subsection A of this section shall appear to be examined by written and  
28 practical tests as designated by the director in order to demonstrate that  
29 the applicant is qualified to practice the fitting and dispensing of  
30 hearing aids.

31 C. The director shall give at least two and not ~~exceeding~~ MORE THAN  
32 four examinations of the type described in this section in each calendar  
33 year unless there is an insufficient number of applicants for the second  
34 annual examination.

35 Sec. 101. Section 36-1940, Arizona Revised Statutes, is amended to  
36 read:

37 36-1940. Audiologists; licensure requirements

38 A. A person who wishes to be licensed as an audiologist shall:

39 1. Submit a nonrefundable application fee as prescribed by section  
40 36-1908.

41 2. Submit evidence satisfactory to the director that the applicant  
42 has:

43 (a) A doctoral degree with an emphasis in audiology from a  
44 nationally or regionally accredited college or university in an accredited  
45 program consistent with the standards of this state's universities.

1 (b) Completed supervised clinical rotations in audiology from a  
2 nationally or regionally accredited college or university in an accredited  
3 program consistent with the standards of this state's universities.

4 3. Pass an examination pursuant to section 36-1902, subsection  
5 G. The applicant must have completed the examination within three years  
6 before the date of application for licensure pursuant to this article.

7 ~~4. Be of good moral character.~~

8 ~~5.~~ 4. Not have had a license revoked or suspended by a state  
9 within the ~~past~~ PRECEDING two years and not be presently ineligible for  
10 licensure in any state because of a prior revocation or suspension.

11 B. A person who has a doctoral degree in audiology and who wishes  
12 to be licensed as an audiologist to fit and dispense hearing aids shall:

13 1. Submit a nonrefundable application fee as prescribed by section  
14 36-1908.

15 2. Submit evidence satisfactory to the director that the applicant  
16 has:

17 (a) A doctoral degree with an emphasis in audiology from a  
18 nationally or regionally accredited college or university in a program  
19 consistent with the standards of this state's universities.

20 (b) Completed supervised clinical rotations in audiology from a  
21 nationally or regionally accredited college or a university in an  
22 accredited program that is consistent with the standards of this state's  
23 universities.

24 3. Pass an examination pursuant to section 36-1902, subsection  
25 G. The applicant must have completed the examination within three years  
26 before the date of application for licensure pursuant to this article.

27 4. Pass an examination approved by the director in jurisprudence  
28 and ethics related to this chapter within six months after initial  
29 licensure. The director shall offer the examination at least four times  
30 each calendar year.

31 ~~5. Be of good moral character.~~

32 ~~6.~~ 5. Not have had a license revoked or suspended by a state  
33 within the ~~past~~ PRECEDING two years and not be presently ineligible for  
34 licensure in any state because of a prior revocation or suspension.

35 C. A person who wishes to be licensed as an audiologist to fit and  
36 dispense hearing aids and who was awarded a master's degree in audiology  
37 before December 31, 2007 must:

38 1. Submit a nonrefundable application fee as prescribed pursuant to  
39 section 36-1908.

40 2. Submit evidence satisfactory to the director that the applicant  
41 meets the requirements prescribed in section 36-1940.02, subsection C for  
42 a waiver of the educational and clinical rotation requirements of this  
43 article.

44 3. Pass an audiology examination pursuant to section 36-1902,  
45 subsection E. The applicant must have completed the examination within



1 three years before the date of application for licensure pursuant to this  
2 article unless the applicant is currently practicing audiology and meets  
3 the audiology examination waiver requirements of section 36-1940.02,  
4 subsection D.

5 4. Pass the hearing aid dispenser's examination pursuant to section  
6 36-1924.

7 ~~5. Be of good moral character.~~

8 ~~6.~~ 5. Not have had a license to practice as an audiologist or  
9 hearing aid dispenser revoked or suspended by another state within the  
10 ~~past~~ PRECEDING two years and not currently be ineligible for licensure in  
11 any state because of a prior revocation or suspension.

12 D. The director shall adopt rules prescribing criteria for approved  
13 postgraduate professional experience.

14 Sec. 102. Section 36-1940.01, Arizona Revised Statutes, is amended  
15 to read:

16 36-1940.01. Speech-language pathologist; licensure  
17 requirements

18 A. A person who wishes to be licensed as a speech-language  
19 pathologist shall:

20 1. Submit a nonrefundable application fee as prescribed by section  
21 36-1908.

22 2. Submit evidence satisfactory to the director that the applicant  
23 has:

24 (a) A master's degree in speech-language pathology or the  
25 equivalent from a nationally or regionally accredited college or  
26 university in a program consistent with the standards of this state's  
27 universities.

28 (b) Completed a supervised clinical practicum in speech-language  
29 pathology from a nationally or regionally accredited college or university  
30 in a program consistent with the standards of this state's universities.

31 (c) Completed postgraduate professional experience in the field of  
32 speech-language pathology approved by the director.

33 3. Pass an examination pursuant to section 36-1902, subsection G.

34 ~~4. Be of good moral character.~~

35 ~~5.~~ 4. Not have had a license revoked or suspended by a state  
36 within the ~~past~~ PRECEDING two years and not be presently ineligible for  
37 licensure in any state because of a prior revocation or suspension.

38 B. A person who wishes to be licensed as a speech-language  
39 pathologist whose practice is limited to providing services to pupils  
40 under the authority of a local education agency or ~~state supported~~  
41 STATE-SUPPORTED institution shall:

42 1. Submit a nonrefundable application fee as provided by section  
43 36-1908.

44 2. Submit proof of an employee or contractor relationship with a  
45 local education agency or a ~~state supported~~ STATE-SUPPORTED institution.

1           3. Hold a certificate in speech and language therapy awarded by the  
2 state board of education.

3           C. The director shall adopt rules prescribing criteria for approved  
4 postgraduate professional experience.

5           Sec. 103. Section 36-1940.04, Arizona Revised Statutes, is amended  
6 to read:

7           36-1940.04. Speech-language pathology assistants; licensure  
8           requirements; scope of practice; supervision

9           A. A person who wishes to be licensed as a speech-language  
10 pathology assistant shall:

11           1. Submit a nonrefundable application fee as prescribed by section  
12 36-1908.

13           2. Submit written evidence satisfactory to the director that the  
14 applicant has completed:

15           (a) An approved training program for speech-language pathology  
16 assistants or the equivalent from a nationally or regionally accredited  
17 college or university that consisted of a minimum of sixty semester credit  
18 hours of coursework with the following curriculum content:

19           (i) Twenty to forty semester credit hours of general education or a  
20 bachelor's degree.

21           (ii) Twenty to forty semester credit hours of speech-language  
22 pathology technical coursework.

23           (b) A minimum of one hundred hours of clinical interaction that  
24 does not include observation, under the supervision of a licensed master's  
25 level speech-language pathologist.

26           ~~3. Be of good moral character.~~

27           ~~4.~~ 3. Not have had a license revoked or suspended by a state  
28 within the ~~past~~ PRECEDING two years and not be presently ineligible for  
29 licensure in any state because of a prior revocation or suspension.

30           B. The director may waive the requirements of subsection A,  
31 paragraph 2 of this section if the applicant holds certification as a  
32 speech-language pathology assistant from a nationally recognized  
33 speech-language hearing association approved by the department in the  
34 field for which the applicant is applying for licensure.

35           C. A speech-language pathology assistant may do the following under  
36 the supervision of a licensed speech-language pathologist:

37           1. Conduct speech and language screenings without interpretation,  
38 using screening protocols specified by the supervising speech-language  
39 pathologist.

40           2. Provide direct treatment assistance, including feeding for  
41 nutritional purposes to patients, clients or students except for patients,  
42 clients or students with dysphagia, identified by the supervising  
43 speech-language pathologist by following written treatment plans,  
44 individualized education programs, individual support plans or protocols  
45 developed by the supervising speech-language pathologist.

- 1           3. Document patient, client or student progress toward meeting  
2 established objectives as stated in the treatment plan, individual support  
3 plan or individualized education program without interpreting the  
4 findings, and report this information to the supervising speech-language  
5 pathologist.
- 6           4. Assist the speech-language pathologist in collecting and  
7 tallying data for assessment purposes, without interpreting the data.
- 8           5. Act as a second-language interpreter during assessments.
- 9           6. Assist with informal documentation during an intervention  
10 session by collecting and tallying data as directed by the speech-language  
11 pathologist, preparing materials and assisting with other clerical duties  
12 as specified by the supervising speech-language pathologist.
- 13           7. Schedule activities and prepare charts, records, graphs or other  
14 displays of data.
- 15           8. Perform checks and maintenance of equipment.
- 16           9. Participate with the speech-language pathologist in research  
17 projects, in-service training and public relations programs.
- 18           10. Sign and initial treatment notes for review and cosignature by  
19 the supervising speech-language pathologist.
- 20           D. A speech-language pathology assistant shall not:
  - 21           1. Conduct swallowing screening, assessment and intervention  
22 protocols, including modified barium swallow studies.
  - 23           2. Administer standardized or nonstandardized diagnostic tests or  
24 formal or informal evaluations or interpret test results.
  - 25           3. Participate in parent conferences, case conferences or any  
26 interdisciplinary team meeting without the presence of the supervising  
27 speech-language pathologist, except for individualized education program  
28 or individual support plan meetings if the licensed speech-language  
29 pathologist has been excused by the individualized education program team  
30 or the individual support plan team.
  - 31           4. Write, develop or modify a patient's, client's or student's  
32 treatment plan, individual support plan or individualized education  
33 program in any way.
  - 34           5. Provide intervention for patients, clients or students without  
35 following the treatment plan, individual support plan or individualized  
36 education program prepared by the supervising speech-language pathologist.
  - 37           6. Sign any formal documents, including treatment plans, individual  
38 support plans, individualized education programs, reimbursement forms or  
39 reports.
  - 40           7. Select patients, clients or students for services.
  - 41           8. Discharge patients, clients or students from services.
  - 42           9. Unless required by law, disclose clinical or confidential  
43 information orally or in writing to anyone not designated by the  
44 speech-language pathologist.
  - 45           10. Make a referral for any additional service.

- 1           11. Communicate with the patient, client or student or with family  
2 or others regarding any aspect of the patient, client or student status  
3 without the specific consent of the supervising speech-language  
4 pathologist.
- 5           12. Claim to be a speech-language pathologist.
- 6           13. Write a formal screening, diagnostic, progress or discharge  
7 note.
- 8           14. Perform any task without the express knowledge and approval of  
9 the supervising speech-language pathologist.
- 10          E. All services provided by a speech-language pathology assistant  
11 shall be performed under the direction and supervision of a  
12 speech-language pathologist who is licensed pursuant to this chapter.
- 13          F. A licensed speech-language pathologist who supervises or directs  
14 the services provided by a speech-language pathology assistant shall:
- 15           1. Have at least two years of full-time professional experience as  
16 a licensed speech-language pathologist.
- 17           2. Provide direction and supervision to not more than two full-time  
18 or three part-time speech-language pathology assistants at one time.
- 19           3. Ensure that the amount and type of supervision and direction  
20 provided to a speech-language pathology assistant is consistent with the  
21 individual's skills and experience, the needs of the patient, client or  
22 student served, the setting in which services are provided and the tasks  
23 assigned and provide:
- 24           (a) At least twenty percent direct supervision and ten percent  
25 indirect supervision of all the time that the speech-language pathology  
26 assistant is providing services during the individual's first ninety days  
27 of employment. After the first ninety days of the speech-language  
28 pathology assistant's employment, the supervising speech-language  
29 pathologist may adjust the amount of supervision if the supervising  
30 speech-language pathologist determines that the speech-language pathology  
31 assistant meets appropriate competencies and skill levels regarding  
32 various disorders of communication and related disorders. Minimum ongoing  
33 supervision after the first ninety days shall include documentation of  
34 direct and indirect supervision provided by the supervising  
35 speech-language pathologist and shall include at least one hour of direct  
36 supervision weekly and as much indirect supervision as needed to maintain  
37 the delivery of quality services. Minimum ongoing supervision after the  
38 first ninety days shall include documentation by the supervising  
39 speech-language pathologist of the supervisor's direct contact with at  
40 least ten percent of the speech-language pathology assistant's patients,  
41 clients or students served each quarter. The supervising speech-language  
42 pathologist shall ensure that the ten percent direct client contact varies  
43 each quarter. The supervising speech-language pathologist shall require  
44 direct supervision of a speech-language pathology assistant when services  
45 are provided to a medically fragile individual.

1 (b) At least ten percent direct supervision and ten percent  
2 indirect supervision of all the time that the speech-language pathology  
3 assistant is providing services during the individual's first thirty days  
4 of employment if the speech-language pathology assistant completed  
5 supervision pursuant to subdivision (a) of this paragraph at a previous  
6 employer and provides documentation of that supervision to the supervising  
7 speech-language pathologist. After the first thirty days of the  
8 speech-language pathology assistant's employment, the supervising  
9 speech-language pathologist may adjust the amount of supervision if the  
10 supervising speech-language pathologist determines that the  
11 speech-language pathology assistant meets appropriate competencies and  
12 skill levels regarding various disorders of communication and related  
13 disorders. Minimum ongoing supervision after the first thirty days of  
14 employment shall include documentation of direct and indirect supervision  
15 provided by the supervising speech-language pathologist and shall include  
16 at least one hour of direct supervision weekly and as much indirect  
17 supervision as needed to maintain the delivery of quality services.  
18 Minimum ongoing supervision after the first ninety days shall include  
19 documentation by the supervising speech-language pathologist of the  
20 supervisor's direct contact with at least ten percent of the  
21 speech-language pathology assistant's patients, clients or students served  
22 each quarter. The supervising speech-language pathologist shall ensure  
23 that the ten percent direct client contact varies each quarter. The  
24 supervising speech-language pathologist shall require direct supervision  
25 of a speech-language pathology assistant when services are provided to a  
26 medically fragile individual.

27 4. Inform a patient, client or student when the services of a  
28 speech-language pathology assistant are being provided.

29 5. Document all periods of direct supervision and indirect  
30 supervision provided to a speech-language pathology assistant.

31 G. If more than one speech-language pathologist provides  
32 supervision to a speech-language pathology assistant, one of the  
33 speech-language pathologists shall be designated as the primary supervisor  
34 who is responsible for coordinating any supervision provided by other  
35 speech-language pathologists.

36 Sec. 104. Section 41-271, Arizona Revised Statutes, is amended to  
37 read:

38 41-271. Grounds to deny, refuse to renew, revoke, suspend or  
39 condition commission of notary public

40 A. The secretary of state may deny, refuse to renew, revoke,  
41 suspend or impose a condition on a commission as notary public for any act  
42 or omission that demonstrates the individual lacks the ~~honesty, integrity,~~  
43 competence or reliability to act as a notary public, including any of the  
44 following:

- 45 1. Failure to comply with this article.

- 1           2. A fraudulent, dishonest or deceitful misstatement or omission in  
2 the application for a commission as a notary public submitted to the  
3 secretary of state.
- 4           3. A conviction of the applicant or notary public of any felony or  
5 a crime involving fraud, dishonesty or deceit. A conviction after a plea  
6 of no contest is deemed to be a conviction for the purposes of this  
7 paragraph.
- 8           4. A finding against or admission of liability by the applicant or  
9 notary public in any legal proceeding or disciplinary action based on the  
10 applicant's or notary public's fraud, dishonesty or deceit.
- 11           5. Failure by the notary public to discharge any duty required of a  
12 notary public, whether by this article, rules of the secretary of state or  
13 federal or state law.
- 14           6. Use of false or misleading advertising or representation by the  
15 notary public **representing** that the notary has a duty, right or privilege  
16 that the notary does not have.
- 17           7. Violation by the notary public of a rule of the secretary of  
18 state regarding a notary public.
- 19           8. Denial, refusal to renew, revocation, suspension or conditioning  
20 of a notary public commission in another state.
- 21           9. Failure of the notary public to maintain an assurance as  
22 provided in section 41-269, subsection D.
- 23           10. Charging more than the fees authorized by this article or rule.
- 24           11. The return for insufficient funds or for any other reason for  
25 nonpayment of a check issued for the assurance filing fees or application  
26 fees to the secretary of state.
- 27           12. Failure to respond to any request for information or to comply  
28 with any investigation initiated by the secretary of state or the attorney  
29 general.
- 30           13. The prior revocation of a notary public commission in this  
31 state.
- 32           B. If the secretary of state denies, refuses to renew, revokes,  
33 suspends or imposes conditions on a commission as a notary public, the  
34 applicant or notary public is entitled to timely notice and a hearing in  
35 accordance with chapter 6, article 10 of this title. The denial of an  
36 application or revocation or suspension of a commission is an appealable  
37 agency action. If an applicant appeals the denial of an application, the  
38 applicant may not submit a new application for consideration while the  
39 appeal is pending. If an individual's commission as a notary public in  
40 this state is revoked, the individual may not submit a new application for  
41 commission for one year after the date of revocation.
- 42           C. The authority of the secretary of state to deny, refuse to  
43 renew, suspend, revoke or impose conditions on a commission as a notary  
44 public does not prevent a person from seeking and obtaining other criminal  
45 or civil remedies provided by law.

1           Sec. 105. Section 41-4025, Arizona Revised Statutes, is amended to  
2 read:

3           41-4025. Qualifications and requirements for licensure

4           A. A manufacturer, dealer, broker, salesperson or installer license  
5 shall be issued by the director.

6           B. The director shall:

7           1. Qualify applicants for a license.

8           2. Conduct such investigations as the director deems necessary.

9           3. Establish and administer written examinations for the applicable  
10 license classifications.

11           C. The director may establish experience requirements for  
12 installers of manufactured homes, mobile homes, residential factory-built  
13 buildings and accessory structures.

14           D. To obtain a license pursuant to this article, the applicant  
15 shall submit to the director a notarized application on forms prescribed  
16 by the department together with the required license fee. ~~Such~~ THE  
17 application shall contain the following information:

18           1. A designation of the classification of license sought by the  
19 applicant.

20           2. The name, birth date and address of an individual applicant.

21           3. If the applicant is a partnership, the name, birth date and  
22 address of all partners with a designation of any limited partners.

23           4. If the applicant is a corporation, association or other  
24 organization, the names, birth dates and addresses of the president, vice  
25 president, secretary and treasurer.

26           5. For all licenses, except those for salespersons, the name, birth  
27 date and address of the qualifying party. The qualifying party must  
28 reside within the state of the principal place of the licensee's business  
29 and shall not act in the capacity of a qualifying party for more than one  
30 license in the same classification.

31           6. If the applicant is a corporation, association or other  
32 organization, evidence that the corporation, association or other  
33 organization is in good standing with the Arizona corporation commission.

34           7. Whether the owner, if the applicant is a sole proprietorship,  
35 all partners, if the applicant is a partnership, all officers, if the  
36 applicant is a corporation or other type of association, the managers or  
37 managing members, if the applicant is a limited liability company, the  
38 general partner, if the applicant is a limited partnership, or the  
39 individual, if the applicant is a salesperson, has ever been charged or  
40 convicted of a felony, or has ever received an adverse final decision in a  
41 civil action alleging fraud or misrepresentation, and, if so, the nature  
42 of the action and the final disposition of the case.

43           8. For corporations, the name and address of a statutory agent  
44 appointed by the licensee on whom legal notices, summonses or other

1 processes may be served, which service shall be deemed personal service on  
2 the licensee.

3 9. If it is an application for a salesperson's license, the  
4 applicant shall designate an employing dealer or broker and the  
5 application shall include the signature of the qualifying party or the  
6 qualifying party's designee.

7 10. Other information as the director may deem necessary.

8 E. Before the issuance of any license pursuant to this article, the  
9 owner, if the applicant is a sole proprietorship, all partners, if the  
10 applicant is a partnership, the general partner, if the applicant is a  
11 limited partnership, the president, vice president, secretary, and  
12 treasurer, if the applicant is a corporation or other type of association,  
13 the manager or managing members, if the applicant is a limited liability  
14 company, the individual, if the applicant is a salesperson, and the  
15 qualifying party shall ~~be of good character and reputation and shall~~  
16 submit a fingerprint card for background analysis. ~~Lack of good character~~  
17 ~~and reputation may be established by showing that such person has~~  
18 ~~committed any act that, if committed by any licensee, would be grounds for~~  
19 ~~suspension or revocation of such license.~~

20 F. To obtain a license pursuant to this article, a person shall not  
21 have had a license refused or revoked within one year before the date of  
22 the application, ~~nor~~ SHALL NOT have engaged in the business without first  
23 having been licensed ~~nor~~ AND shall ~~a person~~ NOT act as a licensee between  
24 the filing of the application and actual issuance of the license. For the  
25 purposes of this subsection, "person" means an applicant, an individual, a  
26 qualifying party, any partner of a partnership, any manager or managing  
27 member of a limited liability company, or any officer, director,  
28 qualifying party or owner of forty percent or more of the stock or  
29 beneficial interest of a corporation.

30 G. Before issuance of a dealer, broker or installer license, the  
31 qualifying party, in addition to meeting the requirements provided in  
32 subsection D of this section, shall successfully show, by written  
33 examination within three attempts, qualification in the kind of work or  
34 business in which the applicant proposes to engage. Before the issuance  
35 of an installer license, the qualifying party shall also provide the  
36 department with evidence of successful completion of the online installer  
37 course that is administered by the manufactured housing educational  
38 institute and proof of three years of practical or field experience or  
39 training that is deemed acceptable by the department.

40 H. A license shall not be issued to a minor or to any partnership  
41 in which one of the partners is a minor.

42 I. Every salesperson who holds an active license shall maintain on  
43 file with the department a current residence address and shall notify the  
44 department within five working days of any change of address, of any



1 discontinued employment, and where, if anywhere, the salesperson is  
2 currently working.

3 J. The license of a salesperson who is no longer employed by the  
4 dealer of record is deemed inactive. The salesperson shall turn the  
5 license into the department until the salesperson is employed by another  
6 dealer and a written notification of the change has been received by the  
7 department. On notification, the department shall return the license to  
8 the salesperson.

9 Sec. 106. Section 44-1961, Arizona Revised Statutes, is amended to  
10 read:

11 44-1961. Grounds for denial, revocation or suspension of  
12 dealer registration; administrative remedies

13 A. After a hearing or notice and opportunity for a hearing as  
14 provided in article 11 of this chapter, the commission may enter an order  
15 suspending for a period of not to exceed one year, denying or revoking the  
16 registration of a dealer if the commission finds that:

17 1. The application for registration of the dealer, any financial  
18 statement, document or other exhibit filed with the application or any  
19 supplement or amendment to the application is incomplete, inaccurate or  
20 misleading.

21 2. The dealer is insolvent or is in an unsound financial condition.

22 3. The dealer has violated this chapter or any rule or order of the  
23 commission under this chapter.

24 4. The dealer purchases or sells securities at such variations from  
25 current market prices as, in the light of all the circumstances, are  
26 unconscionable.

27 5. The dealer has failed to file with the commission any record,  
28 report, financial statement or other information required under this  
29 chapter or any rule or order of the commission under this chapter, or has  
30 refused to ~~permit~~ ALLOW an examination into the dealer's affairs.

31 6. The dealer is ~~lacking in integrity, is not of good business~~  
32 ~~reputation or is~~ not qualified by training or experience.

33 7. The dealer has knowingly retained a salesman after notice that  
34 the salesman has committed an offense under this chapter.

35 8. The dealer has been convicted within ten years preceding the  
36 date of filing the application for registration as a dealer, or at anytime  
37 thereafter, of a felony or misdemeanor involving a transaction in  
38 securities, of which fraud is an essential element or arising out of the  
39 conduct of any business in securities.

40 9. The dealer is permanently or temporarily enjoined by order,  
41 judgment or decree of an administrative tribunal or a court of competent  
42 jurisdiction from engaging in or continuing any conduct or practice in  
43 connection with the sale or purchase of securities.

44 10. The dealer is subject to an order of an administrative tribunal,  
45 an SRO or the SEC denying, suspending or revoking membership or

1 registration as a broker or dealer in securities or an investment adviser  
2 or investment adviser representative for at least six months.

3 11. The dealer has been guilty of any fraudulent act or practice in  
4 connection with the purchase or sale of securities.

5 12. The dealer has failed to reasonably supervise its salesmen.

6 13. The dealer has engaged in dishonest or unethical practices in  
7 the securities industry.

8 14. The dealer has engaged in dishonest or unethical practices in  
9 business or financial matters.

10 B. In addition to denying, revoking or suspending the registration,  
11 if the commission finds that a dealer has engaged in an act, practice or  
12 transaction described in subsection A, paragraph 4, 12 or 13 OF THIS  
13 SECTION, the commission may do one or more of the following:

14 1. Assess administrative penalties.

15 2. Order the dealer to cease and desist from engaging in the act,  
16 practice or transaction or doing any other act in furtherance of the act,  
17 practice or transaction.

18 3. Take appropriate affirmative action, as prescribed by the  
19 commission, to correct the conditions resulting from the act, practice or  
20 transaction, including a requirement to provide restitution.

21 C. It is sufficient cause for denial, revocation or suspension of  
22 registration of a dealer as provided in this section, if the dealer is a  
23 partnership, corporation, unincorporated association or trust, that a  
24 member of the partnership, an officer or director of the corporation or  
25 unincorporated association, a trustee or other fiduciary of such trust or  
26 a person controlling, controlled by or under common control with the  
27 dealer has been guilty of any act or omission ~~which~~ THAT would be a  
28 sufficient ground for denying or revoking the registration of an  
29 individual dealer.

30 D. If the registration of a dealer is revoked or denied, that  
31 dealer may not file with the commission an application for registration  
32 under this chapter or for licensure under chapter 13 of this title for at  
33 least one year after the date of the revocation or denial.

34 Sec. 107. Section 44-1962, Arizona Revised Statutes, is amended to  
35 read:

36 44-1962. Grounds for denial, revocation or suspension of  
37 registration of salesman; administrative remedies

38 A. After a hearing or notice and opportunity for a hearing as  
39 provided by article 11 of this chapter, the commission may enter an order  
40 suspending for a period of not to exceed one year, denying or revoking the  
41 registration of a salesman if the commission finds that:

42 1. The application for registration of the salesman, any statement,  
43 document or other exhibit filed with the application or any supplement or  
44 amendment to the application is incomplete, inaccurate or misleading.

1           2. The salesman has violated this chapter or any rule or order of  
2 the commission under this chapter.

3           3. The salesman has failed to file with the commission any record,  
4 report or other information required under this chapter or any rule or  
5 order of the commission under this chapter or has refused to ~~permit~~ ALLOW  
6 an examination into ~~his~~ THE SALESMAN'S affairs.

7           4. The salesman is ~~lacking in integrity, is not of good business~~  
8 ~~reputation or is~~ not qualified by training or experience.

9           5. The salesman is not employed by a registered dealer.

10          6. The salesman has been convicted within ten years preceding the  
11 date of filing the application for registration as a salesman, or at  
12 anytime thereafter, of a felony or misdemeanor involving a transaction in  
13 securities, of which fraud is an essential element or arising out of the  
14 conduct of any business in securities.

15          7. The salesman is permanently or temporarily enjoined by order,  
16 judgment or decree of an administrative tribunal or a court of competent  
17 jurisdiction from engaging in or continuing any conduct or practice in  
18 connection with the sale or purchase of securities.

19          8. The salesman is subject to an order of an administrative  
20 tribunal, an SRO or the SEC denying, suspending or revoking membership or  
21 registration as a broker or dealer in securities or an investment adviser  
22 or investment adviser representative for at least six months.

23          9. The salesman has been guilty of any fraudulent act or practice  
24 in connection with the purchase or sale of securities.

25          10. The salesman has engaged in dishonest or unethical practices in  
26 the securities industry.

27          11. The salesman has failed to reasonably supervise salesmen under  
28 the salesman's supervisory control.

29          12. The salesman has engaged in dishonest or unethical practices in  
30 business or financial matters.

31          B. In addition to denying, revoking or suspending the registration,  
32 if the commission finds that a salesman has engaged in an act, practice or  
33 transaction described in subsection A, paragraph 10 or 11 OF THIS SECTION,  
34 the commission may do one or more of the following:

35           1. Assess administrative penalties.

36           2. Order the salesman to cease and desist from engaging in the act,  
37 practice or transaction or doing any other act in furtherance of the act,  
38 practice or transaction.

39           3. Take appropriate affirmative action, as prescribed by the  
40 commission, to correct the conditions resulting from the act, practice or  
41 transaction, including a requirement to provide restitution.

42          C. If the registration of a salesman is revoked or denied, that  
43 salesman may not file with the commission an application for registration  
44 under this chapter or for licensure under chapter 13 of this title for at  
45 least one year after the date of the revocation or denial.