

House Engrossed Senate Bill

**FILED**

**JANICE K. BREWER  
SECRETARY OF STATE**

State of Arizona  
Senate  
Forty-eighth Legislature  
Second Regular Session  
2008

CHAPTER 311

**SENATE BILL 1029**

AN ACT

AMENDING SECTIONS 6-904, 6-944, 6-980 AND 6-981, ARIZONA REVISED STATUTES;  
RELATING TO MORTGAGE BROKERS AND MORTGAGE BANKERS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 6-904, Arizona Revised Statutes, is amended to  
3 read:

4 6-904. Issuance of license; renewal; inactive status; branch  
5 office license; application; fee

6 A. The superintendent, on determining that the applicant is qualified  
7 and has paid the fees, shall issue a mortgage broker's license to the  
8 applicant which is evidenced by a continuous certificate. The superintendent  
9 shall grant or deny a license within one hundred twenty days after receipt of  
10 the completed application and fees. An applicant who has been denied a  
11 license may not reapply for such a license before one year from the date of  
12 the previous application.

13 B. FOR LICENSES APPROVED ON OR BEFORE SEPTEMBER 30, 2008, a licensee  
14 shall pay the renewal fee on or before September 30, 2008 AND ON OR BEFORE  
15 DECEMBER 31 FOR SUBSEQUENT YEARS BEGINNING ON OR BEFORE DECEMBER 31, 2009.  
16 Licenses not renewed by September 30, 2008 are suspended, and the licensee  
17 shall not act as a mortgage broker until the license is renewed or a new  
18 license is issued pursuant to this article. A person may renew a suspended  
19 license by paying the renewal fee plus twenty-five dollars for each day after  
20 September 30, 2008 that a license renewal fee is not received by the  
21 superintendent and making application for renewal as prescribed by the  
22 superintendent. Licenses which are not renewed by October 31, 2008 expire.  
23 A license shall not be granted to the holder of an expired license except as  
24 provided in this article for the issuance of an original license.

25 C. FOR LICENSES APPROVED on or before September 30, 2008, a licensee  
26 may request inactive status ON OR BEFORE SEPTEMBER 30, 2008 for the following  
27 license year, and the license shall be placed on inactive status after  
28 payment to the superintendent of the inactive status renewal fee prescribed  
29 in section 6-126, subsection C and the surrender of the license to the  
30 superintendent. During inactive status, an inactive licensee is not required  
31 to maintain a bond and shall not act as a mortgage broker. A licensee may  
32 not be on inactive status for more than two consecutive years, nor for more  
33 than four years in any ten year period. The license is deemed expired on  
34 violation of any of the limitations of this subsection.

35 D. FOR LICENSES APPROVED AFTER OR RENEWED ON SEPTEMBER 30, 2008, A  
36 LICENSEE SHALL PAY THE RENEWAL FEE ON OR BEFORE DECEMBER 31, 2009 AND ON OR  
37 BEFORE DECEMBER 31 OF EACH SUBSEQUENT YEAR. LICENSES NOT RENEWED BY DECEMBER  
38 31 ARE SUSPENDED, AND THE LICENSEE SHALL NOT ACT AS A MORTGAGE BROKER UNTIL  
39 THE LICENSE IS RENEWED OR A NEW LICENSE IS ISSUED PURSUANT TO THIS ARTICLE.  
40 A PERSON MAY RENEW A SUSPENDED LICENSE BY PAYING THE RENEWAL FEE PLUS  
41 TWENTY-FIVE DOLLARS FOR EACH DAY AFTER DECEMBER 31 THAT A LICENSE RENEWAL FEE  
42 IS NOT RECEIVED BY THE SUPERINTENDENT AND APPLYING FOR RENEWAL AS PRESCRIBED  
43 BY THE SUPERINTENDENT. A LICENSE THAT IS NOT RENEWED BY JANUARY 31 EXPIRES.  
44 A LICENSE SHALL NOT BE GRANTED TO THE HOLDER OF AN EXPIRED LICENSE EXCEPT AS  
45 PROVIDED IN THIS ARTICLE FOR THE ISSUANCE OF AN ORIGINAL LICENSE.

1 E. FOR LICENSES APPROVED AFTER OR RENEWED ON SEPTEMBER 30, 2008,  
2 BEGINNING IN 2009 AND EACH SUBSEQUENT YEAR, A LICENSEE MAY REQUEST INACTIVE  
3 STATUS FOR THE FOLLOWING LICENSE YEAR IF THE LICENSEE MAKES THE REQUEST ON OR  
4 BEFORE DECEMBER 31. THE LICENSE SHALL BE PLACED ON INACTIVE STATUS AFTER THE  
5 LICENSEE PAYS TO THE SUPERINTENDENT THE INACTIVE STATUS RENEWAL FEE  
6 PRESCRIBED IN SECTION 6-126, SUBSECTION C AND SURRENDERS THE LICENSE TO THE  
7 SUPERINTENDENT. DURING INACTIVE STATUS, AN INACTIVE LICENSEE IS NOT REQUIRED  
8 TO MAINTAIN A BOND AND SHALL NOT ACT AS A MORTGAGE BROKER. A LICENSEE MAY  
9 NOT BE ON INACTIVE STATUS FOR MORE THAN TWO CONSECUTIVE YEARS OR FOR MORE  
10 THAN FOUR YEARS IN ANY TEN YEAR PERIOD. THE LICENSE EXPIRES ON VIOLATION OF  
11 THIS SUBSECTION.

12 ~~D.~~ F. An inactive licensee may return to active status  
13 notwithstanding the requirements of section 6-903, subsection B by making a  
14 written request to the superintendent for reactivation and paying the  
15 prorated portion of the annual assessment that would have been charged to the  
16 licensee. The licensee shall also provide the superintendent with proof that  
17 the licensee meets all of the other requirements for acting as a mortgage  
18 broker, including required bond coverage or the deposit of a cash  
19 alternative.

20 ~~E.~~ G. A licensee shall prominently display the mortgage broker  
21 license in the office of the mortgage broker.

22 ~~F.~~ H. Every licensed mortgage broker shall designate and maintain a  
23 principal place of business in this state for the transaction of business.  
24 The license shall specify the address of ~~his~~ THE LICENSEE'S principal place  
25 of business. If a licensee wishes to maintain one or more locations in  
26 addition to a principal place of business, ~~he~~ THE LICENSEE shall first obtain  
27 a branch office license from the superintendent and designate a person for  
28 each branch office to oversee the operations of that office. The licensee  
29 shall submit a fee as set forth in section 6-126 for each branch office  
30 license. If the superintendent determines that the applicant is qualified,  
31 the superintendent shall issue a branch office license indicating the address  
32 of the branch office. The licensee shall conspicuously display the branch  
33 office license in the branch office. If the address of the principal place  
34 of business or of any branch office is changed, the licensee shall  
35 immediately notify the superintendent of the change and the superintendent  
36 shall endorse the change of address on the license for a fee as prescribed in  
37 section 6-126.

38 Sec. 2. Section 6-944, Arizona Revised Statutes, is amended to read:  
39 6-944. Issuance of license; renewal; branch office license;  
40 application; fee

41 A. IF the superintendent, ~~if he~~ determines that the applicant has met  
42 the requirements set forth in section 6-943, subsection C, is qualified and  
43 has paid the fees, THE SUPERINTENDENT shall issue a mortgage banker's license  
44 to the applicant evidenced by a continuous certificate. The license is not  
45 transferable or assignable. An applicant who has been denied a license may

1 not reapply for such a license before one year from the date of the previous  
2 application. A person may not acquire control of a licensee through a stock  
3 purchase or other device without the prior written consent of the  
4 superintendent. Written consent shall not be given if the superintendent  
5 finds that any of the grounds for denial, revocation or suspension of a  
6 license as set forth in section 6-945 are applicable to the acquiring person.  
7 For the ~~purpose~~ PURPOSES of this subsection, "control" means the power to  
8 vote more than twenty per cent of outstanding voting shares of a licensed  
9 corporation, partnership, association or trust.

10 B. FOR LICENSES APPROVED ON OR BEFORE MARCH 31, 2009, a licensee shall  
11 make an application and pay the renewal fee set forth in section 6-126 on or  
12 before March 31, 2009 but not sooner than February 1, ~~of each year~~ 2009 AND  
13 ON OR BEFORE DECEMBER 31 FOR SUBSEQUENT YEARS BEGINNING IN 2009. Licenses  
14 not renewed by March 31, 2009 are suspended, and the licensee shall not act  
15 as a mortgage banker until ~~his~~ THE license is renewed or a new license is  
16 issued pursuant to this article. A person may renew a suspended license by  
17 paying the renewal fee plus twenty-five dollars for each day after March 31,  
18 2009 that a license renewal fee is not received by the department and making  
19 application for renewal as prescribed by the superintendent. Licenses which  
20 are not renewed by April 30, 2009 expire. A license shall not be granted to  
21 the holder of an expired license except as provided in this article for the  
22 issuance of an original license.

23 C. FOR LICENSES APPROVED AFTER OR RENEWED ON MARCH 31, 2009, A  
24 LICENSEE SHALL PAY THE RENEWAL FEE ON OR BEFORE DECEMBER 31, BEGINNING IN  
25 2009. LICENSES NOT RENEWED BY DECEMBER 31 ARE SUSPENDED, AND THE LICENSEE  
26 SHALL NOT ACT AS A MORTGAGE BANKER UNTIL THE LICENSE IS RENEWED OR A NEW  
27 LICENSE IS ISSUED PURSUANT TO THIS ARTICLE. A PERSON MAY RENEW A SUSPENDED  
28 LICENSE BY PAYING THE RENEWAL FEE PLUS TWENTY-FIVE DOLLARS FOR EACH DAY AFTER  
29 DECEMBER 31 THAT A LICENSE RENEWAL FEE IS NOT RECEIVED BY THE SUPERINTENDENT  
30 AND APPLYING FOR RENEWAL AS PRESCRIBED BY THE SUPERINTENDENT. LICENSES THAT  
31 ARE NOT RENEWED BY JANUARY 31 EXPIRE. A LICENSE SHALL NOT BE GRANTED TO THE  
32 HOLDER OF AN EXPIRED LICENSE EXCEPT AS PROVIDED IN THIS ARTICLE FOR THE  
33 ISSUANCE OF AN ORIGINAL LICENSE.

34 ~~E.~~ D. A licensee shall prominently display the mortgage banker  
35 license in the office of the mortgage banker.

36 ~~D.~~ E. Every licensed mortgage banker shall designate and maintain a  
37 principal place of business in this state for the transaction of business.  
38 The license shall specify the address of ~~his~~ THE principal place of business.  
39 If a licensee wishes to maintain one or more locations in addition to a  
40 principal place of business, ~~he~~ THE LICENSEE shall first obtain a branch  
41 office license from the superintendent and designate a person for each branch  
42 office to oversee the operations of that office. The licensee shall submit a  
43 fee as prescribed in section 6-126 for each branch office license. If the  
44 superintendent determines that the applicant is qualified, the superintendent  
45 shall issue a branch office license indicating the address of the branch

1 office. The licensee shall conspicuously display the branch office license  
2 in the branch office. If the address of the principal place of business or  
3 of any branch office is changed, the licensee shall notify the superintendent  
4 before the change and the superintendent shall endorse the change of address  
5 on the license for a fee as prescribed in section 6-126.

6 Sec. 3. Section 6-980, Arizona Revised Statutes, is amended to read:  
7 6-980. Annual renewal; expiration on failure to renew

8 A. FOR LICENSES APPROVED ON OR BEFORE MARCH 31, 2009:

9 1. Licenses that are not renewed by March 31, 2009 are suspended, and  
10 the licensee shall not act as a commercial mortgage banker until the license  
11 is renewed or a new license is issued pursuant to this article.

12 ~~B-~~ 2. A person may renew a suspended license by making an application  
13 for renewal as prescribed by the superintendent.

14 ~~C-~~ 3. Licenses that are not renewed by April 30, 2009 expire. A  
15 license shall not be granted to the holder of an expired license except as  
16 provided in this article for issuing an original license.

17 B. FOR LICENSES APPROVED AFTER OR RENEWED ON MARCH 31, 2009:

18 1. IF A LICENSE IS NOT RENEWED BY DECEMBER 31, 2009 AND BY DECEMBER 31  
19 OF EACH SUBSEQUENT YEAR, THE LICENSE IS SUSPENDED. THE LICENSEE SHALL NOT  
20 ACT AS A COMMERCIAL MORTGAGE BANKER UNTIL THE LICENSE IS RENEWED OR A NEW  
21 LICENSE IS ISSUED PURSUANT TO THIS ARTICLE.

22 2. A PERSON MAY RENEW A SUSPENDED LICENSE BY APPLYING FOR RENEWAL AS  
23 PRESCRIBED BY THE SUPERINTENDENT.

24 3. LICENSES THAT ARE NOT RENEWED BY JANUARY 31 EXPIRE. A LICENSE  
25 SHALL NOT BE GRANTED TO THE HOLDER OF AN EXPIRED LICENSE EXCEPT AS PROVIDED  
26 IN THIS ARTICLE FOR ISSUING AN ORIGINAL LICENSE.

27 Sec. 4. Section 6-981, Arizona Revised Statutes, is amended to read:  
28 6-981. Inactive status

29 A. FOR LICENSES APPROVED on or before March 31, 2009, a licensee may  
30 request inactive status for the following license year, and the license shall  
31 be placed on inactive status after surrendering the license to the  
32 superintendent.

33 B. FOR LICENSES APPROVED AFTER OR RENEWED ON MARCH 31, 2009, A  
34 LICENSEE MAY REQUEST INACTIVE STATUS ON OR BEFORE DECEMBER 31 OF EACH YEAR  
35 FOR THE FOLLOWING LICENSE YEAR, AND THE LICENSE SHALL BE PLACED ON INACTIVE  
36 STATUS AFTER SURRENDERING THE LICENSE TO THE SUPERINTENDENT.

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

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

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

~~APPROVED BY THE GOVERNOR JULY 7, 2008.~~

~~FILED IN THE OFFICE OF THE SECRETARY OF STATE JULY 7, 2008.~~