

Senate Engrossed House Bill

FILED

**KEN BENNETT
SECRETARY OF STATE**

State of Arizona
House of Representatives
Fiftieth Legislature
First Regular Session
2011

CHAPTER 172

HOUSE BILL 2296

AN ACT

AMENDING TITLE 6, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 6-912; AMENDING SECTIONS 6-991.02, 6-991.03 AND 6-991.04, ARIZONA REVISED STATUTES; RELATING TO MORTGAGE BROKERS AND LOAN ORIGINATORS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 6, chapter 9, article 1, Arizona Revised Statutes, is
3 amended by adding section 6-912, to read:

4 6-912. Certificate of exemption

5 A. A PERSON WHO IS EXEMPT FROM LICENSURE PURSUANT TO ARTICLES 1, 2 AND
6 3 OF THIS CHAPTER AS A FEDERALLY CHARTERED SAVINGS BANK THAT IS REGISTERED
7 WITH THE NATIONWIDE MORTGAGE LICENSING SYSTEM AND REGISTRY MAY FILE A WRITTEN
8 APPLICATION WITH THE DEPARTMENT FOR A CERTIFICATE OF EXEMPTION FOR THE
9 FOLLOWING PURPOSES:

10 1. REGISTERING WITH THE DEPARTMENT EXCEPT THAT THE REGISTRATION SHALL
11 NOT AFFECT THE EXEMPT STATUS OF THE APPLICANT.

12 2. SPONSORING ONE OR MORE MORTGAGE LOAN ORIGINATORS.

13 3. FULFILLING ANY REPORTING REQUIREMENTS.

14 4. REASONABLY SUPERVISING THE ACTIVITIES OF A MORTGAGE LOAN ORIGINATOR
15 WHO IS LICENSED PURSUANT TO ARTICLE 4 OF THIS CHAPTER AND WHO IS EMPLOYED BY
16 OR UNDER EXCLUSIVE CONTRACT WITH THE APPLICANT.

17 B. A PERSON SHALL MAKE AN APPLICATION FOR A CERTIFICATE OF EXEMPTION
18 OR RENEWAL OF A CERTIFICATE OF EXEMPTION IN WRITING ON THE FORMS, IN THE
19 MANNER AND ACCOMPANIED BY THE INFORMATION PRESCRIBED BY THE SUPERINTENDENT.
20 THE SUPERINTENDENT MAY REQUIRE ADDITIONAL INFORMATION ON THE EXPERIENCE,
21 BACKGROUND, HONESTY, TRUTHFULNESS, INTEGRITY AND COMPETENCY OF THE APPLICANT
22 AND THE RESPONSIBLE INDIVIDUAL DESIGNATED BY 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 SUPERINTENDENT THAT THE PERSON
27 HAS DESIGNATED A RESPONSIBLE INDIVIDUAL TO ACTIVELY MANAGE THE ACTIVITIES OF
28 THE MORTGAGE LOAN ORIGINATOR LICENSEES. THE RESPONSIBLE INDIVIDUAL MAY BE
29 LOCATED IN THIS STATE OR IN THE STATE WHERE THE PRIMARY BUSINESS OF THE BANK
30 IS CONDUCTED AND SHALL HAVE AT LEAST THREE YEARS OF EXPERIENCE IN THE
31 BUSINESS OF MAKING MORTGAGE LOANS OR EQUIVALENT EXPERIENCE IN A RELATED
32 BUSINESS. THE RESPONSIBLE INDIVIDUAL MAY SUPERVISE ONE OR MORE LICENSED
33 MORTGAGE LOAN ORIGINATORS IN THIS STATE.

34 E. WITHIN TEN DAYS AFTER LEARNING THAT A RESPONSIBLE INDIVIDUAL WILL
35 CEASE MANAGING THE LICENSEES' ACTIVITIES, AN EXEMPT PERSON MUST NOTIFY THE
36 SUPERINTENDENT. WITHIN NINETY DAYS AFTER THE NOTIFICATION IS RECEIVED BY THE
37 SUPERINTENDENT, THE EXEMPT PERSON MUST REPLACE THE RESPONSIBLE INDIVIDUAL
38 WITH A PERSON WHO MEETS THE QUALIFICATIONS PRESCRIBED BY SUBSECTION D OF THIS
39 SECTION AND MUST NOTIFY THE SUPERINTENDENT OF THE REPLACEMENT. A CERTIFICATE
40 OF EXEMPTION EXPIRES IF EITHER OF THE FOLLOWING OCCURS:

41 1. THE EXEMPT PERSON IS NOT PLACED UNDER ACTIVE MANAGEMENT OF A
42 QUALIFIED RESPONSIBLE INDIVIDUAL.

43 2. THE EXEMPT PERSON DOES NOT PROVIDE NOTICE OF REPLACEMENT OF THE
44 RESPONSIBLE INDIVIDUAL TO THE SUPERINTENDENT AS PRESCRIBED BY THIS SECTION.

1 F. AFTER REVIEWING THE APPLICATION FOR A CERTIFICATE OF EXEMPTION AND
2 AFTER VERIFYING THE SUBMITTED INFORMATION, THE DEPARTMENT SHALL ISSUE THE
3 CERTIFICATE OF EXEMPTION.

4 G. AN EXEMPT PERSON WHO SPONSORS A LOAN ORIGINATOR ON AN EXCLUSIVE
5 CONTRACT SHALL COMPLY WITH SECTION 6-991.03.

6 H. THE SUPERINTENDENT MAY DENY A CERTIFICATE OF EXEMPTION TO A PERSON
7 OR SUSPEND OR REVOKE A CERTIFICATE OF EXEMPTION IF THE SUPERINTENDENT FINDS
8 THAT AN APPLICANT OR CERTIFICATE HOLDER HAS DONE ANY OF THE FOLLOWING:

9 1. SHOWN THAT THE APPLICANT OR CERTIFICATE HOLDER IS NOT A PERSON OF
10 HONESTY, TRUTHFULNESS AND GOOD CHARACTER.

11 2. VIOLATED ANY APPLICABLE LAW, RULE OR ORDER.

12 3. REFUSED OR FAILED TO FURNISH, WITHIN A REASONABLE TIME, ANY
13 INFORMATION OR MAKE ANY REPORT THAT MAY BE REQUIRED BY THE SUPERINTENDENT.

14 4. HAD A FINAL JUDGMENT ENTERED AGAINST THE APPLICANT OR CERTIFICATE
15 HOLDER IN A CIVIL ACTION ON GROUNDS OF FRAUD, DECEIT OR MISREPRESENTATION AND
16 THE CONDUCT ON WHICH THE JUDGMENT IS BASED INDICATES THAT IT WOULD BE
17 CONTRARY TO THE INTEREST OF THE PUBLIC TO PERMIT THE APPLICANT OR CERTIFICATE
18 HOLDER TO MANAGE A LOAN ORIGINATOR.

19 5. HAD AN ORDER ENTERED AGAINST THE APPLICANT OR CERTIFICATE HOLDER
20 INVOLVING FRAUD, DECEIT OR MISREPRESENTATION BY AN ADMINISTRATIVE AGENCY OF
21 THIS STATE, THE FEDERAL GOVERNMENT OR ANY OTHER STATE OR TERRITORY OF THE
22 UNITED STATES AND THE FACTS RELATING TO THE ORDER INDICATE THAT IT WOULD BE
23 CONTRARY TO THE INTEREST OF THE PUBLIC TO PERMIT THE APPLICANT OR CERTIFICATE
24 HOLDER TO MANAGE A LOAN ORIGINATOR.

25 6. MADE A MATERIAL MISSTATEMENT OR SUPPRESSED OR WITHHELD INFORMATION
26 ON THE APPLICATION FOR A CERTIFICATE OF EXEMPTION OR ANY DOCUMENT REQUIRED TO
27 BE FILED WITH THE SUPERINTENDENT.

28 I. IF A PERSON TO WHOM A CERTIFICATE OF EXEMPTION IS ISSUED OR WHO HAS
29 APPLIED FOR A CERTIFICATE OF EXEMPTION UNDER THIS ARTICLE IS INDICTED OR
30 INFORMED AGAINST FOR FORGERY, EMBEZZLEMENT, OBTAINING MONEY UNDER FALSE
31 PRETENSES, EXTORTION, CRIMINAL CONSPIRACY TO DEFRAUD OR A LIKE OFFENSE, AND A
32 CERTIFIED COPY OF THE INDICTMENT OR INFORMATION OR OTHER PROPER EVIDENCE OF
33 THE INDICTMENT OR INFORMATION IS FILED WITH THE SUPERINTENDENT, THE
34 SUPERINTENDENT MAY SUSPEND THE CERTIFICATE OF EXEMPTION ISSUED TO THE EXEMPT
35 PERSON OR REFUSE TO GRANT A CERTIFICATE OF EXEMPTION TO AN APPLICANT PENDING
36 TRIAL ON THE INDICTMENT.

37 J. EVERY PERSON LICENSED AS AN EXEMPT PERSON PURSUANT TO THIS SECTION
38 SHALL DEPOSIT WITH THE SUPERINTENDENT, BEFORE DOING BUSINESS AS A REGISTERED
39 EXEMPT PERSON, A BOND EXECUTED BY THE REGISTERED EXEMPT PERSON AS PRINCIPAL
40 AND A SURETY COMPANY AUTHORIZED TO DO BUSINESS IN THIS STATE AS SURETY. THE
41 BOND SHALL BE CONDITIONED ON THE FAITHFUL COMPLIANCE OF THE REGISTERED EXEMPT
42 PERSON INCLUDING THE REGISTERED EXEMPT PERSONS, DIRECTORS, OFFICERS, MEMBERS,
43 PARTNERS, TRUSTEES AND EMPLOYEES, WITH THIS ARTICLE. THE BOND IS PAYABLE TO
44 ANY PERSON INJURED BY THE WRONGFUL ACT, DEFAULT, FRAUD OR MISREPRESENTATION
45 OF THE REGISTERED EXEMPT PERSON, OR THE REGISTERED EXEMPT PERSON'S EMPLOYEES

1 AND TO THIS STATE FOR THE BENEFIT OF THE PERSON INJURED. ONLY ONE BOND IS
2 REQUIRED FOR ANY PERSON, FIRM, ASSOCIATION OR CORPORATION IRRESPECTIVE OF THE
3 NUMBER OF OFFICERS, DIRECTORS, MEMBERS, PARTNERS OR TRUSTEES WHO ARE EMPLOYED
4 BY OR ARE MEMBERS OF SUCH FIRM, ASSOCIATION OR CORPORATION. NO SUIT MAY BE
5 COMMENCED ON THE BOND AFTER THE EXPIRATION OF ONE YEAR FOLLOWING THE
6 COMMISSION OF THE ACT ON WHICH THE SUIT IS BASED, EXCEPT THAT CLAIMS FOR
7 FRAUD OR MISTAKE ARE LIMITED TO THE LIMITATION PROVIDED IN SECTION 12-543,
8 PARAGRAPH 3. IF AN INJURED PERSON COMMENCES AN ACTION FOR A JUDGMENT TO
9 COLLECT FROM THE BOND, THE INJURED PERSON SHALL NOTIFY THE SUPERINTENDENT OF
10 THE ACTION IN WRITING AT THE TIME OF THE COMMENCEMENT OF THE ACTION AND SHALL
11 PROVIDE COPIES OF ALL DOCUMENTS RELATING TO THE ACTION TO THE SUPERINTENDENT
12 ON REQUEST. THE BOND REQUIRED BY THIS SECTION SHALL BE TWO HUNDRED THOUSAND
13 DOLLARS.

14 Sec. 2. Section 6-991.02, Arizona Revised Statutes, is amended to
15 read:

16 6-991.02. Prohibited acts
17 ~~Beginning July 1, 2010:~~

18 ~~1.~~ A. A loan originator acting on the loan originator's own behalf
19 shall not accept any monies or documents in connection with an application
20 for a mortgage loan.

21 ~~2.~~ B. An individual is not entitled to receive compensation in
22 connection with arranging for or negotiating a mortgage loan if the
23 individual is not licensed pursuant to this chapter. An individual who is
24 not specifically exempted from licensure pursuant to this article shall not
25 engage in the business of a loan originator with respect to any dwelling in
26 this state without first obtaining and maintaining annually a license
27 pursuant to this article. Each licensed loan originator must register with
28 and maintain a valid unique identifier issued by the nationwide mortgage
29 licensing system and registry established by the secure and fair enforcement
30 for mortgage licensing act of 2008 (P.L. 110-289; 122 Stat. 2810; 12 United
31 States Code sections 5101 through 5116) or its successor.

32 ~~3.~~ C. A loan originator acting on the loan originator's own behalf
33 shall not advertise, display, distribute, broadcast or televise, or cause or
34 permit to be advertised, displayed, distributed, broadcast or televised, in
35 any manner, any solicitation of mortgage business.

36 ~~4.~~ D. A loan originator shall not make, negotiate or offer to make or
37 negotiate for compensation, either directly or indirectly, a loan that is
38 either:

39 ~~(a)~~ 1. Less than the minimum amount that the loan originator's
40 employer is allowed to make.

41 ~~(b)~~ 2. Not secured by a mortgage or deed of trust or other lien
42 interest in real property unless employed by a consumer lender.

43 ~~5.~~ E. A loan originator who is employed by a mortgage broker or
44 mortgage banker to act in the capacity of the mortgage broker or mortgage

1 banker shall not be employed concurrently by any other mortgage broker or
2 mortgage banker.

3 ~~6.~~ F. A loan originator shall not collect compensation for rendering
4 services as a real estate broker or real estate salesperson licensed pursuant
5 to title 32, chapter 20 unless both of the following apply:

6 ~~(a)~~ 1. The loan originator is licensed pursuant to title 32, chapter
7 20.

8 ~~(b)~~ 2. The employing mortgage broker or mortgage banker has disclosed
9 to the person from whom the compensation is collected at the time a mortgage
10 loan application is received that the loan originator is receiving
11 compensation both for mortgage broker or mortgage banker services, if
12 applicable, and for real estate broker or real estate salesperson services.

13 ~~7.~~ G. A loan originator shall not accept any assignment of the
14 borrower's wages or salary in connection with activities governed by this
15 article.

16 ~~8.~~ H. A loan originator shall not receive or disburse monies in
17 servicing or arranging a mortgage loan.

18 ~~9.~~ I. A loan originator shall not make a false promise or
19 misrepresentation or conceal an essential or material fact in the course of
20 the mortgage broker or mortgage banker business.

21 ~~10.~~ J. A loan originator shall not fail to truthfully account for the
22 monies belonging to a party to a mortgage loan transaction or fail to
23 disburse monies in accordance with the employing mortgage broker or mortgage
24 banker agreements.

25 ~~11.~~ K. A loan originator shall not engage in illegal or improper
26 business practices.

27 ~~12.~~ L. A loan originator shall not require a person seeking a loan
28 secured by real property to obtain property insurance coverage in an amount
29 that exceeds the replacement cost of the improvements as established by the
30 property insurer.

31 ~~13.~~ M. A loan originator shall not originate a mortgage loan unless
32 employed by a mortgage broker, mortgage banker or consumer lender OR UNDER AN
33 EXCLUSIVE CONTRACT WITH AN EXEMPT PERSON WHO IS REGISTERED PURSUANT TO
34 SECTION 6-912.

35 ~~14.~~ N. A loan originator shall not advertise for or solicit mortgage
36 business in any manner without all of the following:

37 ~~(a)~~ 1. The name and license number as issued on the employing
38 mortgage broker's, mortgage banker's, ~~or~~ consumer lender's OR REGISTERED
39 EXEMPT PERSON'S principal place of business license.

40 ~~(b)~~ 2. Approval of the employing mortgage broker, mortgage banker, ~~or~~
41 consumer lender OR REGISTERED EXEMPT PERSON.

42 ~~(c)~~ 3. The unique identifier the loan originator maintains with the
43 nationwide mortgage licensing system and registry established by the secure
44 and fair enforcement for mortgage licensing act of 2008 (P.L. 110-289; 122

1 Stat. 2810; 12 United States Code sections 5101 through 5116) or its
2 successor.

3 ~~15.~~ O. On request, a loan originator shall make available to the
4 superintendent the books and records relating to the loan originator's
5 operations. The superintendent may have access to the books and records and
6 interview the officers, principals, employees, independent contractors,
7 agents and customers of the loan originator concerning their business. In
8 connection with a request pursuant to this ~~paragraph~~ SUBSECTION, a person may
9 not knowingly withhold, abstract, remove, mutilate, destroy or secrete any
10 books, records or other information.

11 ~~16.~~ P. A loan processor or underwriter who is an independent
12 contractor may not engage in the activities of a loan processor or
13 underwriter unless the loan processor or underwriter obtains and maintains a
14 license pursuant to section 6-991.03. Each independent contractor loan
15 processor or underwriter licensed as a loan originator must have and maintain
16 a valid unique identifier.

17 ~~17.~~ Q. An individual engaging solely in loan processor or underwriter
18 activities shall not represent to the public through advertising or other
19 means of communicating that the individual can or will perform any of the
20 activities of a loan originator.

21 Sec. 3. Section 6-991.03, Arizona Revised Statutes, is amended to
22 read:

23 6-991.03. Licensing; renewal; qualifications; application; fees

24 A. ~~Beginning July 1, 2010,~~ A natural person shall not act as a loan
25 originator unless licensed under this article.

26 B. ~~Beginning July 1, 2010,~~ The superintendent shall not grant a loan
27 originator license to a person, other than a natural person. An applicant
28 for an original loan originator's license shall have done all of the
29 following:

30 1. Satisfactorily completed a course of study, including at least
31 twenty hours of education, for loan originators approved by the
32 superintendent during the two year period immediately preceding the time of
33 application. The twenty hours of education must include at least all of the
34 following:

35 (a) Three hours of federal law.

36 (b) Three hours of ethics, which shall include instruction on fraud,
37 consumer protection and fair lending issues.

38 (c) Two hours of training related to lending standards of the
39 nontraditional mortgage product marketplace.

40 2. Passed a loan originator's examination pursuant to section 6-991.07
41 not more than one year before the granting of the license demonstrating
42 knowledge and understanding of the following:

43 (a) Federal laws.

44 (b) Laws of this state.

45 (c) Subjects described in section 6-991.07, subsection A.

1 3. Obtained a unique identifier through the nationwide mortgage
2 licensing system and registry established by the secure and fair enforcement
3 for mortgage licensing act of 2008 (P.L. 110-289; 122 Stat. 2810; 12 United
4 States Code sections 5101 through 5116) or its successor.

5 4. Deposited with the superintendent a bond executed by the
6 applicant's employer OR REGISTERED EXEMPT PERSON as principal and a surety
7 company licensed to do business in this state as a surety pursuant to section
8 6-903, 6-912 or 6-943.

9 5. Submitted fingerprints to the department for the purpose of a
10 background investigation.

11 6. Paid an amount to be determined by the superintendent for deposit
12 in the mortgage recovery fund established pursuant to section 6-991.09 or
13 deposited with the superintendent a bond executed by the applicant's employer
14 OR REGISTERED EXEMPT PERSON as principal and a surety company licensed OR
15 APPROVED to do business in this state for the benefit of any person aggrieved
16 by any act, representation, transaction or conduct of a licensed loan
17 originator that violates this title or the rules adopted pursuant to this
18 title. Notwithstanding section 6-903 or 6-943, the amount of the bond shall
19 be in an amount of not less than two hundred thousand dollars. Loan
20 originators working under the employer OR REGISTERED EXEMPT PERSON bond
21 described in this paragraph do not have to contribute to the mortgage
22 recovery fund.

23 C. A person shall make an application for a license or renewal of a
24 license in writing in the manner prescribed by the superintendent and
25 accompanied by the information prescribed by the superintendent.

26 D. Before submitting a renewal application, an applicant for renewal
27 of a loan originator license shall have satisfactorily completed eight
28 approved continuing education units that include at least:

29 1. Three hours of federal law.

30 2. Two hours of ethics, including instruction on fraud, consumer
31 protection and fair lending issues.

32 3. Two hours of training related to lending standards for the
33 nontraditional mortgage product marketplace.

34 E. Education courses taken before licensure shall be reviewed and
35 approved by the nationwide mortgage licensing system and registry established
36 by the secure and fair enforcement for mortgage licensing act of 2008 (P.L.
37 110-289; 122 Stat. 2810; 12 United States Code sections 5101 through 5116) or
38 its successor.

39 F. Continuing education courses shall be reviewed and approved by the
40 nationwide mortgage licensing system and registry established by the secure
41 and fair enforcement for mortgage licensing act of 2008 (P.L. 110-289; 122
42 Stat. 2810; 12 United States Code sections 5101 through 5116) or its
43 successor. A licensed loan originator:

44 1. May only receive credit for a continuing education course in the
45 year in which the course is taken.

1 2. May not take the same approved course in the same year or
2 successive years to meet the annual requirements for continuing education.

3 G. The nonrefundable application fee shall accompany each application
4 for an original loan originator license.

5 H. A license issued pursuant to this article is not transferable or
6 assignable.

7 I. At the superintendent's discretion, application fees may be waived
8 if the applicant is a housing counselor certified by the United States
9 department of housing and urban development and employed by a nonprofit
10 agency.

11 J. Each mortgage broker, ~~or~~ mortgage banker OR REGISTERED EXEMPT
12 PERSON shall submit to the nationwide mortgage licensing system and registry
13 established by the secure and fair enforcement for mortgage licensing act of
14 2008 (P.L. 110-289; 122 Stat. 2810; 12 United States Code sections 1501
15 through 5116) or its successor reports of condition that are in a form and
16 that contain information required by the nationwide mortgage licensing
17 system.

18 K. The superintendent shall establish a process for loan originators
19 to challenge information that the superintendent enters into the nationwide
20 mortgage licensing system and registry.

21 Sec. 4. Section 6-991.04, Arizona Revised Statutes, is amended to
22 read:

23 6-991.04. Issuance of license; notice from employing mortgage
24 broker, mortgage banker or consumer lender or
25 registered exempt person; renewal; inactive status;
26 address change; fee

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

34 B. On issuance of the license, the superintendent shall keep the loan
35 originator's license until a mortgage broker or mortgage banker licensed
36 pursuant to this chapter or a consumer lender employs the loan originator and
37 the employer provides a written notice that the employer has hired the loan
38 originator OR UNTIL AN EXEMPT PERSON WHO IS REGISTERED PURSUANT TO SECTION
39 6-912 PROVIDES A WRITTEN NOTICE THAT THE EXEMPT PERSON HAS ENGAGED THE LOAN
40 ORIGINATOR ON AN EXCLUSIVE CONTRACT WITH THE EXEMPT PERSON. The employer
41 shall provide the notice before the loan originator begins working for the
42 employer. EXEMPT PERSONS WHO ARE REGISTERED PURSUANT TO SECTION 6-912 SHALL
43 PROVIDE THE NOTICE BEFORE THE LOAN ORIGINATOR BEGINS WORK UNDER THE EXCLUSIVE
44 CONTRACT WITH THE EXEMPT PERSON. The notice shall be from an officer or
45 other person authorized by the employer OR REGISTERED EXEMPT PERSON. The

1 notice shall contain a request for the loan originator's license and shall be
2 dated, signed and notarized. On receipt of the request, the superintendent
3 shall forward the loan originator's license to the employing mortgage broker,
4 mortgage banker, or consumer lender OR REGISTERED EXEMPT PERSON.

5 C. Licenses shall be issued for a one year period.

6 D. A loan originator shall make application for renewal on forms
7 prescribed by the superintendent. The application shall include original
8 certificates evidencing the loan originator's successful completion of eight
9 continuing education units during the preceding one year period by a
10 continuing education provider approved by the superintendent.

11 E. A loan originator shall pay the renewal fee every year on or before
12 December 31. Licenses not renewed by December 31 are suspended and the
13 licensee shall not act as a loan originator until the license is renewed or a
14 new license is issued pursuant to this article. A person may renew a
15 suspended license by paying the renewal fee plus a dollar amount to be
16 determined by the superintendent for each day after December 31 that a
17 license renewal fee is not received by the superintendent.

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

21 G. From December 1 through December 31 of each renewal period, a
22 licensee may request inactive status for the following license period. The
23 license shall be placed on inactive status after the licensee pays to the
24 superintendent the inactive status renewal fee and surrenders the license to
25 the superintendent. During inactive status, an inactive licensee shall not
26 act as a loan originator. A licensee may not be on inactive status for more
27 than two consecutive renewal periods in any ten year period. The license
28 expires if the licensee violates this subsection.

29 H. At renewal an inactive licensee may return to active status by
30 doing all of the following:

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

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

34 3. Paying the annual licensing fee.

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

37 I. The ~~employing~~ mortgage broker, mortgage banker, or consumer lender
38 OR REGISTERED EXEMPT PERSON shall keep and maintain at the principal place of
39 business in this state the loan originator's license during the loan
40 originator's employment OR EXCLUSIVE CONTRACT TERM. A copy of the loan
41 originator's license shall be available for public inspection during regular
42 business hours.

43 J. A loan originator shall immediately notify the superintendent of a
44 change in the loan originator's residence address. The superintendent shall

1 endorse the change of address on the license for a fee to be determined by
2 the superintendent.
3 K. Within five business days after any licensee's employment
4 termination, the employing mortgage broker, mortgage banker, or consumer
5 lender OR REGISTERED EXEMPT PERSON shall do both of the following:
6 1. Notify the superintendent of the licensee's termination.
7 2. Return the license to the superintendent.
8 L. An applicant for a loan originator license who is currently
9 registered with the nationwide mortgage licensing system and registry
10 established by the secure and fair enforcement for mortgage licensing act of
11 2008 (P.L. 110-289; 122 Stat. 2810; 12 United States Code sections 5101
12 through 5116) or its successor may be granted a temporary license for a
13 period not to exceed one hundred eighty days.
14 M. The superintendent shall establish a process for loan originators
15 to challenge information that the superintendent enters into the nationwide
16 mortgage licensing system and registry.

APPROVED BY THE GOVERNOR APRIL 19, 2011.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 19, 2011.

Passed the House February 22, 20 11

Passed the Senate April 11, 20 11

by the following vote: 60 Ayes,

by the following vote: 21 Ayes,

0 Nays, 0 Not Voting

6 Nays, 3 Not Voting

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

 day of , 20

at o'clock M.

Secretary to the Governor

Approved this day of

at o'clock M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this day of , 20

at o'clock M.

Secretary of State

H.B. 2296

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 13, 2011,

by the following vote: 52 Ayes,

5 Nays, 3 Not Voting

[Signature]
Speaker of the House

Cheryl Laube
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
14 day of April, 2011.

at 8:32 o'clock A. M.

[Signature]
Secretary to the Governor

Approved this 19th day of

April, 2011,

at 10:02 o'clock A. M.

[Signature]
Governor of Arizona

H.B. 2296

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 19th day of April, 2011,

at 11:12 o'clock a M.

[Signature]
Secretary of State