

House Engrossed

**FILED**  
**MICHELE REAGAN**  
**SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Fifty-second Legislature  
First Regular Session  
2015

CHAPTER 102

# **HOUSE BILL 2169**

AN ACT

AMENDING SECTIONS 6-991.03 AND 6-991.07, ARIZONA REVISED STATUTES; RELATING  
TO LOAN ORIGINATORS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 6-991.03, Arizona Revised Statutes, is amended to  
3 read:

4 6-991.03. Licensing; renewal; qualifications; application; fees

5 A. A natural person shall not act as a loan originator unless the  
6 person is licensed under this article.

7 B. The superintendent shall not grant a loan originator license to a  
8 person, other than a natural person. An applicant for an original loan  
9 originator's license shall have done all of the following:

10 1. Satisfactorily completed a course of study, including at least  
11 twenty hours of education, for loan originators approved by the  
12 superintendent during the three-year period immediately preceding the time of  
13 application. The twenty hours of education must include at least all of the  
14 following:

15 (a) Three hours of federal law.

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

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

20 (d) FOUR HOURS OF THE LAWS OF THIS STATE.

21 2. Completed late continuing education for the purposes of satisfying  
22 continuing education for the last year that the loan originator was in  
23 renewable status.

24 3. Passed a loan originator's examination pursuant to section  
25 6-991.07. The applicant shall demonstrate knowledge and understanding of the  
26 following:

27 (a) Federal laws.

28 ~~(b) Laws of this state.~~

29 (b) OTHER APPLICABLE LAWS.

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

31 4. Retaken the loan originator's examination if the licensed loan  
32 originator failed to maintain a valid license for a period of five years or  
33 longer, not including any time during which the applicant is a registered  
34 loan originator.

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

39 6. Deposited with the superintendent a bond executed by the  
40 applicant's employer or registered exempt person as principal and a surety  
41 company licensed to do business in this state as a surety pursuant to section  
42 6-903, 6-912 or 6-943.

43 7. Submitted fingerprints to the department for the purpose of a  
44 background investigation.

1           8. Paid an amount to be determined by the superintendent for deposit  
2 in the mortgage recovery fund established pursuant to section 6-991.09 or  
3 deposited with the superintendent a bond executed by the applicant's employer  
4 or registered exempt person as principal and a surety company licensed or  
5 approved to do business in this state for the benefit of any person aggrieved  
6 by any act, representation, transaction or conduct of a licensed loan  
7 originator that violates this title or the rules adopted pursuant to this  
8 title. Notwithstanding section 6-903 or 6-943, the amount of the bond shall  
9 be in an amount of not less than two hundred thousand dollars. Loan  
10 originators working under the employer or registered exempt person bond  
11 described in this paragraph do not have to contribute to the mortgage  
12 recovery fund.

13           C. A person shall apply for a license or renewal of a license in  
14 writing in the manner prescribed by the superintendent and accompanied by the  
15 information prescribed by the superintendent.

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

- 19           1. Three hours of federal law.
- 20           2. Two hours of ethics, including instruction on fraud, consumer  
21 protection and fair lending issues.
- 22           3. Two hours of training related to lending standards for the  
23 nontraditional mortgage product marketplace.
- 24           4. ONE HOUR OF THE LAWS OF THIS STATE.

25           E. Education courses taken before licensure shall be reviewed and  
26 approved by the nationwide mortgage licensing system and registry established  
27 by the secure and fair enforcement for mortgage licensing act of 2008 (P.L.  
28 110-289; 122 Stat. 2810; 12 United States Code sections 5101 through 5116) or  
29 its successor.

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

- 35           1. May only receive credit for a continuing education course in the  
36 year in which the course is taken.
- 37           2. May not take the same approved course in the same year or  
38 successive years to meet the annual requirements for continuing education.

39           G. The nonrefundable application fee shall accompany each application  
40 for an original loan originator license.

41           H. A license issued pursuant to this article is not transferable or  
42 assignable.

43           I. At the superintendent's discretion, application fees may be waived  
44 if the applicant is a housing counselor certified by the United States

1 department of housing and urban development and employed by a nonprofit  
2 agency.

3 J. Each mortgage broker, mortgage banker or registered exempt person  
4 shall submit to the nationwide mortgage licensing system and registry  
5 established by the secure and fair enforcement for mortgage licensing act of  
6 2008 (P.L. 110-289; 122 Stat. 2810; 12 United States Code sections 5101  
7 through 5116) or its successor reports of condition that are in a form and  
8 that contain information required by the nationwide mortgage licensing  
9 system.

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

13 Sec. 2. Section 6-991.07, Arizona Revised Statutes, is amended to  
14 read:

15 6-991.07. Examination; fee; definition

16 A. Each applicant for an original loan originator license, before  
17 issuance of the license, shall take and pass an examination THAT IS DEVELOPED  
18 OR OTHERWISE DEEMED ACCEPTABLE BY THE NATIONWIDE MORTGAGE LICENSING SYSTEM  
19 AND REGISTRY ESTABLISHED BY THE SECURE AND FAIR ENFORCEMENT FOR MORTGAGE  
20 LICENSING ACT OF 2008 (P.L. 110-289; 122 STAT. 2810; 12 UNITED STATES CODE  
21 SECTIONS 5101 THROUGH 5116) OR ITS SUCCESSOR AND THAT IS given under the  
22 supervision of the department or its designee. The examination must  
23 reasonably examine the applicant's knowledge of all of the following:

- 24 1. The obligations between principal and agent.
- 25 2. The applicable canons of business ethics.
- 26 ~~3. This article and the rules adopted under this article.~~
- 27 4. 3. The arithmetical computations common to mortgage brokerage.
- 28 5. 4. The principles of real estate lending.
- 29 6. 5. The general purposes and legal effect of mortgages, deeds of  
30 trust and security agreements.
- 31 7. 6. The terms and conditions of conforming and nonconforming  
32 residential mortgage products.

33 ~~8. The principles of appraisal independence.~~

34 B. The examination is subject to the superintendent's approval.

35 C. An applicant may take the examination three consecutive times with  
36 each consecutive taking occurring at least thirty days after the preceding  
37 examination. An applicant who fails the examination on three consecutive  
38 occasions must wait at least six months before taking the examination again.

39 D. All examinations shall be given, conducted and graded in a fair and  
40 impartial manner and without unfair discrimination between individuals  
41 examined. The committee or the department's designee shall inform the  
42 applicant of the result of the examination within thirty days ~~of~~ AFTER the  
43 examination.

1           E. The superintendent ~~may determine~~ SHALL SET the fee for each  
2 examination THAT IS CONSISTENT WITH THE REQUIREMENTS ESTABLISHED BY THE  
3 NATIONWIDE MORTGAGE LICENSING SYSTEM AND REGISTRY ESTABLISHED BY THE SECURE  
4 AND FAIR ENFORCEMENT FOR MORTGAGE LICENSING ACT OF 2008 (P.L. 110-289; 122  
5 STAT. 2810; 12 UNITED STATES CODE SECTIONS 5101 THROUGH 5116) OR ITS  
6 SUCCESSOR. The superintendent may contract for the examination for the  
7 licensing of applicants. If the superintendent contracts for the  
8 examination, the fee for examination for licenses pursuant to this section is  
9 payable directly to the contractor by the applicant for examination.  
10           F. For the purposes of this section, "applicant" means a person who  
11 has submitted a completed application in the form prescribed by the  
12 superintendent.

APPROVED BY THE GOVERNOR MARCH 30, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 31, 2015.

Passed the House February 16, 20 15

Passed the Senate March 24, 20 15

by the following vote: 57 Ayes,

by the following vote: 24 Ayes,

0 Nays, 3 Not Voting

2 Nays, 2 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  
25<sup>th</sup> day of March, 20 15

at 3:31 o'clock P. M.

[Signature]  
Secretary to the Governor

Approved this 30<sup>th</sup> day of

March

at 1:50 o'clock P. M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State  
this 31<sup>st</sup> day of March, 20 15

at 10:00 o'clock A M.

[Signature]  
Secretary of State

H.B. 2169