

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

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.