

Senate Engrossed House Bill

~~banking; licensing; fees~~
(now: banking; licensing; fees; insurer reporting)

State of Arizona
House of Representatives
Fifty-sixth Legislature
First Regular Session
2023

CHAPTER 152
HOUSE BILL 2010

AN ACT

AMENDING SECTIONS 6-123, 6-604, 6-706, 6-707, 6-906, 6-908, 6-946, 6-983, 6-991.04, 6-1405, 20-126, 32-1025, 32-3619 AND 32-3652, ARIZONA REVISED STATUTES; RELATING TO THE DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 6-123, Arizona Revised Statutes, is amended to
3 read:

4 6-123. Deputy director; powers

5 In addition to the other powers, express or implied, the deputy
6 director may:

7 1. Exercise all powers that are necessary for the administration
8 and enforcement of the laws and rules relating to financial institutions
9 and enterprises.

10 2. In accordance with title 41, chapter 6, adopt rules that are
11 necessary or appropriate to administer, enforce and accomplish the
12 purposes of this title and adopt rules and issue orders that limit
13 transactions between financial institutions or enterprises and the
14 directors, officers or employees of the financial institutions or
15 enterprises.

16 3. Require appropriate records, documents, information and reports
17 from any financial institution or enterprise.

18 4. Submit to the department of public safety, or the nationwide
19 mortgage licensing system and registry established by the secure and fair
20 enforcement for mortgage licensing act of 2008 (P.L. 110-289; 122 Stat.
21 2810; 12 United States Code sections 5101 through 5116) or its successor,
22 the name and fingerprints of any applicant, licensee, active manager or
23 responsible individual or the name and fingerprints of any organizer,
24 director or officer of any corporate applicant or licensee for:

25 (a) A banking permit.

26 (b) Permission to organize a savings and loan association or credit
27 union.

28 (c) Any license.

29 (d) Any certificate.

30 (e) Authority to engage in interstate banking and branching in this
31 state.

32 The department of public safety shall report the criminal record, if any,
33 of such applicant, licensee or organizer, director or officer of such
34 corporate applicant or licensee within ninety days after ~~receipt of~~
35 RECEIVING the deputy director's request.

36 5. Employ appraisers to appraise any property that is owned or held
37 as security by any financial institution or enterprise. The reasonable
38 expenses and compensation of such appraisers shall be paid by the
39 financial institution or enterprise.

40 6. Hold membership in, pay dues to and attend the convention of the
41 national and regional organizations of state officials occupying like
42 offices or performing similar functions.

43 7. Cooperate with other regulatory agencies and professional
44 associations to promote the efficient, safe and sound operation and
45 regulation of interstate banking and branching activities, including the

1 formulation of interstate examination policies and procedures and the
2 drafting of model rules and agreements.

3 8. Participate in the nationwide mortgage licensing system and
4 registry established by the secure and fair enforcement for mortgage
5 licensing act of 2008 (P.L. 110-289; 122 Stat. 2810; 12 United States Code
6 sections 5101 through 5116), or its successor, **AND USE THE SYSTEM FOR ALL
7 ASPECTS OF LICENSURE PURSUANT TO THIS TITLE, TITLE 32, CHAPTER 9 AND TITLE
8 44, CHAPTER 2.1.** The deputy director may allow the system to collect
9 licensing fees on behalf of the deputy director, to collect a processing
10 fee for the services of the system directly from each applicant for a
11 license or licensee and to process and maintain records on behalf of the
12 deputy director, including information collected pursuant to this section
13 and section 6-123.01. This paragraph does not affect the records
14 disclosure requirements and limitations prescribed in section 6-129.01.

15 Sec. 2. Section 6-604, Arizona Revised Statutes, is amended to
16 read:

17 6-604. Issuance of license; license year; renewal;
18 expiration; requirements

19 A. If the deputy director finds no grounds for denial of a license,
20 within one hundred twenty days after receiving a complete application, the
21 deputy director shall grant the application and issue a license to the
22 applicant.

23 B. The license year for a licensee begins on July 1 and ends on
24 June 30 of each year. **A LICENSE THAT IS ISSUED PURSUANT TO THIS CHAPTER
25 REMAINS ACTIVE UNTIL THE LICENSE EXPIRES OR THE DIRECTOR SUSPENDS, REVOKES
26 OR TERMINATES THE LICENSE.**

27 ~~C. All licenses issued remain in full force until surrendered,
28 revoked or suspended.~~

29 **C. A LICENSEE SHALL APPLY FOR RENEWAL AS PRESCRIBED BY THE DEPUTY
30 DIRECTOR AND PAY THE RENEWAL FEE PRESCRIBED IN SECTION 6-126 NOT LATER
31 THAN JUNE 30 OF EACH YEAR. FOR EACH DAY AFTER JUNE 30 THAT THE RENEWAL
32 APPLICATION IS NOT RECEIVED BY THE DEPUTY DIRECTOR, THE APPLICANT SHALL
33 PAY A \$25 LATE FEE IN ADDITION TO THE FEE PRESCRIBED IN SECTION 6-126. IF
34 THE DEPUTY DIRECTOR DOES NOT RECEIVE THE LICENSEE'S RENEWAL APPLICATION
35 AND FEE ON OR BEFORE JUNE 30, THE LICENSEE MAY NOT ACT AS A CONSUMER
36 LENDER UNTIL THE LICENSE IS RENEWED OR A NEW LICENSE IS ISSUED PURSUANT TO
37 THIS ARTICLE. IF THE DEPUTY DIRECTOR DOES NOT RECEIVE THE LICENSEE'S
38 RENEWAL APPLICATION AND FEE ON OR BEFORE JULY 31, THE LICENSE
39 AUTOMATICALLY EXPIRES. THE HOLDER OF AN EXPIRED LICENSE MAY NOT BE ISSUED
40 A RENEWAL LICENSE BUT MAY BE ISSUED A NEW LICENSE AS PROVIDED IN THIS
41 ARTICLE.**

42 D. A license remains the property of this state. On termination at
43 the request of the licensee or revocation by the deputy director, the
44 licensee shall immediately deliver the license to the deputy director.

1 Termination of the license does not affect any other liability of the
2 licensee.

3 E. The licensee shall designate the principal location of the
4 licensed office within or outside this state. If a licensee wishes to
5 maintain more than one office location the licensee shall first obtain a
6 branch office license for each branch office from the deputy director.
7 The licensee shall submit an application in the form prescribed by the
8 deputy director and pay the fee prescribed in section 6-126 for each
9 branch office license. If the deputy director determines that the
10 applicant is qualified, the deputy director shall issue a branch office
11 license indicating the address of the branch office.

12 F. A licensee shall prominently display the consumer lender license
13 in the office of the consumer lender and any branch office license in that
14 branch office.

15 Sec. 3. Section 6-706, Arizona Revised Statutes, is amended to
16 read:

17 6-706. Fees

18 A. An applicant, at the time of filing an application for a license
19 under the terms of this article, shall pay to the deputy director the fee
20 prescribed in section 6-126. The fee for an agency license is the same as
21 ~~that~~ THE FEE prescribed for a branch.

22 B. ~~Prior to June 15~~ ON OR BEFORE JUNE 30 of each year, each
23 licensee may obtain a renewal of each license without investigation by
24 payment of the fee prescribed in section 6-126. The fee for renewal of an
25 agency license is the same as ~~that~~ THE FEE prescribed for a branch.

26 Sec. 4. Section 6-707, Arizona Revised Statutes, is amended to
27 read:

28 6-707. Issuance of license; display; renewal

29 A. On the filing of the application and the payment of the fees and
30 the approval of the bond, or bonds, the deputy director shall investigate
31 the facts, and if the deputy director finds that the financial
32 responsibility and experience of the applicant are such as to command the
33 confidence of the community to warrant belief that the business will be
34 operated fairly and honestly and within the purposes of this article, the
35 deputy director shall issue the applicant a license to do business as a
36 debt management company.

37 B. The license shall be kept conspicuously posted in the business
38 office of the licensee. The license is not transferable or assignable.

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

1 Sec. 5. Section 6-906, Arizona Revised Statutes, is amended to
2 read:

3 6-906. Required accounting practices and records; escrow of
4 monies; disclosure

5 A. Every mortgage broker shall keep and maintain at all times
6 correct and complete records as prescribed by the deputy director that
7 will enable the deputy director to determine whether the licensee is
8 conducting the licensee's business in accordance with this article. ~~if~~
9 ~~the mortgage broker operates two or more licensed places of business in~~
10 ~~this state, after notifying the deputy director, the mortgage broker may~~
11 ~~maintain such records at the mortgage broker's principal place of business~~
12 ~~in this state, except that a mortgage broker, with the approval of the~~
13 ~~deputy director, may maintain the records outside of this state. For~~
14 ~~records kept outside this state,~~ A mortgage broker shall make ~~the~~ records
15 available to the deputy director in this state not more than three
16 business days after demand and provide for the acceptance of collect calls
17 or provide a ~~toll-free~~ TOLL-FREE telephone number to borrowers to obtain
18 information from the records if the licensed place of business in this
19 state cannot readily provide the information requested by the borrowers.
20 Every mortgage broker shall maintain original documents or clearly legible
21 copies of all mortgage loan transactions for not ~~fewer~~ LESS than five
22 years after the date of the mortgage loan closing.

23 B. Every mortgage broker shall observe generally accepted
24 accounting principles and practices.

25 C. A mortgage broker shall immediately deposit all monies received
26 by the mortgage broker in an escrow account with an escrow agent licensed
27 pursuant to chapter 7 of this title. Withdrawals shall only be disbursed
28 according to the terms of the escrow instructions. The escrow agent shall
29 not be the mortgage broker. A mortgage broker, however, may accept an
30 appraisal fee, which the mortgage broker shall only use to obtain an
31 appraisal, a credit investigation fee and a fee in connection with an
32 application for a mortgage loan. The mortgage broker shall not commingle
33 the appraisal fee or credit investigation fee with other monies of the
34 mortgage broker. A mortgage broker shall not accept any monies or
35 documents in connection with an application for a mortgage loan in an
36 amount of \$200,000 or less, except as provided in this section and
37 pursuant to a written agreement. The parties shall sign the written
38 agreement and the agreement shall contain terms pertaining to the
39 disposition of the monies and documents, whether the loan is finally
40 consummated or not, the term for which the agreement is to remain in force
41 before return of the monies and documents for nonperformance can be
42 required and an itemized list of all estimated costs to the borrower of
43 obtaining the mortgage loan, including all costs charged by third
44 parties. The licensee shall preserve all agreements between the parties
45 involved in the transaction and all contracts, agreements and escrow

1 instructions to or with the depository. All documents provided by the
2 borrower or at the expense of the borrower to the mortgage broker,
3 including any appraisals, are the property of the borrower and ~~staff~~, at
4 the borrower's request, SHALL be returned to the borrower or transferred
5 to any person designated by the borrower without further expense to the
6 borrower if the loan is not consummated, provided that any such document
7 is not prohibited by law from being transferred or returned.

8 D. Before a mortgage loan closing on residential real property
9 designed principally for the occupancy of from one to four families, a
10 licensee shall fully comply, to the extent applicable, with the real
11 estate lending disclosure requirements of title I of the consumer credit
12 protection act (15 United States Code sections 1601 through 1666j), the
13 real estate settlement procedures act (12 United States Code sections 2601
14 through 2617) and the regulations promulgated under those acts.

15 Sec. 6. Section 6-908, Arizona Revised Statutes, is amended to
16 read:

17 6-908. Testing committee; testing of applicants; approval by
18 deputy director; definition

19 A. The deputy director shall establish a testing committee to
20 create, periodically update and establish standards for passing a test for
21 mortgage brokers. The committee shall consist of five members appointed
22 by the deputy director once every two years. Four of the members shall be
23 licensees appointed from nominations submitted by licensees and one of the
24 members shall be an employee of the department. Licensees who serve as
25 members of the committee shall serve without expense to this state. The
26 test is subject to the approval of the deputy director.

27 B. Each applicant for an original license, before issuance of the
28 license, shall personally take and pass the written test given under the
29 supervision of the department. The test must reasonably examine the
30 applicant's knowledge of:

31 1. The obligations between principal and agent, the applicable
32 canons of business ethics, the provisions of this article and the rules
33 adopted under this article.

34 2. The arithmetical computations common to mortgage brokerage.

35 3. The principles of real estate lending.

36 4. The general purposes and legal effect of mortgages, deeds of
37 trust and security agreements.

38 C. The department shall administer the test to applicants for
39 licenses not less than once every six months. The deputy director may
40 contract for the testing of applicants. The department or the
41 department's contractor shall reasonably prescribe the time, place and
42 conduct of testing and collect a fee for administration of the test to be
43 assessed to all persons taking the test. The fee is \$50 per testing. If
44 the deputy director contracts for the testing of applicants, the testing
45 fee OWED pursuant to this section is payable ~~directly~~ by the applicant

1 DIRECTLY to the contractor. The deputy director may allow a contractor to
2 charge a reasonable testing fee that is more than the fee prescribed in
3 this subsection. An applicant may not take the test more than ~~two~~ FOUR
4 times within a twelve-month period.

5 D. All tests shall be given, conducted and graded in a fair and
6 impartial manner and without unfair discrimination between individuals
7 tested. The committee shall inform the applicant of the result of the
8 test within thirty days.

9 E. For testing purposes, the department shall prepare a handbook
10 for mortgage brokers and distribute it to all applicants for a fee of not
11 to exceed the actual cost of producing and distributing the handbook.

12 F. For the purposes of this section "applicant" means a person who
13 has submitted a completed application in the form prescribed by law,
14 accompanied by a letter of inquiry to a surety company authorized to do
15 business in this state regarding the procurement of a bond pursuant to
16 section 6-903, to be issued on completion of all requirements for the
17 granting of a license.

18 Sec. 7. Section 6-946, Arizona Revised Statutes, is amended to
19 read:

20 6-946. Required accounting practices and records; refundable
21 deposits; periodic impoundment payments; disclosure

22 A. Every mortgage banker shall keep and maintain at all times
23 correct and complete records clearly reflecting the financial condition of
24 the business as prescribed by the deputy director that will enable the
25 deputy director to determine whether the licensee is conducting the
26 licensee's business in accordance with this article. ~~If the mortgage~~
27 ~~banker operates two or more licensed places of business in this state,~~
28 ~~after notifying the deputy director, the mortgage banker may maintain the~~
29 ~~records at the mortgage banker's principal place of business in this~~
30 ~~state, except that a mortgage banker, with the approval of the deputy~~
31 ~~director, may maintain the records outside of this state.~~ A mortgage
32 banker shall, ~~for records kept outside of this state,~~ make the records
33 available to the deputy director in this state not more than three
34 business days after demand and provide for the acceptance of collect calls
35 or provide a ~~toll-free~~ TOLL-FREE telephone number to borrowers to obtain
36 information from the records if the licensed places of business in this
37 state cannot readily provide the information requested by the
38 borrowers. Every mortgage banker shall maintain original documents, or
39 clearly legible copies, of all mortgage banking loan transactions and
40 mortgage loan transactions, unless the mortgage banking loan or mortgage
41 loan is paid in full or the mortgage banking loan or mortgage loan and its
42 servicing are sold, for not ~~fewer~~ LESS than two years after the date of
43 the mortgage banking loan closing or the date of the last disbursement of
44 monies by the licensee, whichever occurs last. ~~With the approval of the~~
45 ~~deputy director,~~ A licensee that uses a computer or mechanical record

1 ~~keeping~~ RECORDKEEPING system is not required to keep a written copy of the
2 records if the licensee is able to generate all information required by
3 this section in a timely manner for examination or for other purposes.

4 B. Every mortgage banker shall observe generally accepted
5 accounting principles and practices.

6 C. If a mortgage banker requires an advance or fee to be paid in
7 connection with an application for a mortgage banking loan or mortgage
8 loan, there shall be a written agreement. The parties shall sign the
9 written agreement, and the agreement shall contain terms pertaining to the
10 payment of the fee or disposition of the advance or fee, whether the loan
11 is finally consummated or not, and the term for which the agreement is to
12 remain in force before return of the advance or fee for nonperformance can
13 be required. Advances or fees shall be immediately deposited in a trust
14 account in a bank, savings bank or savings and loan association that is
15 fully insured by the federal deposit insurance corporation or any
16 successor agency and shall not be commingled with other monies. The trust
17 account shall designate the licensee as trustee and shall provide for
18 withdrawal of the monies without previous notice. Withdrawals shall only
19 be disbursed according to the terms of the agreement. A licensee who
20 receives advances or fees shall preserve and on request make available to
21 the deputy director all deposits, withdrawal receipts and statements of
22 account rendered by the bank or savings and loan association. The
23 licensee shall further preserve all agreements between the parties
24 involved in the transaction and all contracts, agreements and instructions
25 to or with the depository and shall keep an accurate accounting of each
26 separate bank account in which the trust funds have been deposited. If
27 the loan is declined by or on behalf of the lender or cancelled by the
28 applicant, all documents provided by or at the expense of the applicant,
29 including any appraisal, are the property of the applicant. At the
30 applicant's discretion, said documents shall be returned or transferred to
31 any financial institution or enterprise so designated without additional
32 consideration except for fees for which the applicant has previously
33 contracted, provided that any such document is not prohibited by law from
34 being transferred or returned.

35 D. If periodic payments are to be collected from the mortgagor to
36 provide for payments by the mortgagee of taxes, assessments, insurance
37 premiums, ground rents or other current charges against the real estate
38 security, the estimated payment amount stated to the mortgagor by the
39 mortgage banker shall be such that the total of these payments collected
40 for each category during the tax or other period will approximate the
41 actual tax or other payment when due. All such periodic payments of
42 taxes, assessments, insurance premiums, ground rents and other current
43 charges shall be accounted for annually to the borrower and, to the extent
44 monies have been collected for payment, shall be paid promptly by the
45 mortgage banker.

1 E. Before a mortgage banking loan closing on residential real
2 property designed principally for the occupancy of from one to four
3 families, a licensee shall fully comply, to the extent they apply, with
4 the real estate lending disclosure requirements of title I of the consumer
5 credit protection act (15 United States Code sections 1601 through 1666j),
6 the real estate settlement procedures act (12 United States Code sections
7 2601 through 2617) and the regulations promulgated under those acts.

8 Sec. 8. Section 6-983, Arizona Revised Statutes, is amended to
9 read:

10 6-983. Required accounting practices and records: escrow of
11 monies; disclosure

12 A. A commercial mortgage banker shall keep and maintain at all
13 times correct and complete records as prescribed by the deputy director
14 that will enable the deputy director to determine whether the licensee is
15 complying with this article. ~~if the commercial mortgage banker operates~~
16 ~~two or more licensed places of business in this state, after notifying the~~
17 ~~deputy director, the commercial mortgage banker may maintain such records~~
18 ~~at the commercial mortgage banker's principal place of business in this~~
19 ~~state, except that a commercial mortgage banker, with the approval of the~~
20 ~~deputy director, may maintain the records outside of this state. For~~
21 ~~records kept outside this state,~~ A commercial mortgage banker shall make
22 ~~the~~ records available to the deputy director in this state not more than
23 three business days after demand and shall provide for the acceptance of
24 collect calls or provide a ~~toll free~~ TOLL-FREE telephone number to
25 borrowers to obtain information from the records if the licensed place of
26 business in this state cannot readily provide the information requested by
27 the borrowers. A commercial mortgage banker shall maintain original
28 documents or clearly legible copies of all commercial mortgage loan
29 transactions for at least two years after the date of the commercial
30 mortgage loan closing.

31 B. A commercial mortgage banker shall observe generally accepted
32 accounting principles and practices.

33 C. If a commercial mortgage banker requires an advance or fee to be
34 paid in connection with an application for a commercial mortgage loan,
35 there shall be a written agreement. The parties shall sign the written
36 agreement, and the agreement shall contain terms pertaining to the payment
37 of the fee or disposition of the advance or fee, whether the loan is
38 finally consummated or not, and a term for which the agreement is to
39 remain in force before return of the advance or fee for nonperformance can
40 be required. The licensee shall immediately deposit advances or fees in a
41 trust account in a bank, savings bank or savings and loan association that
42 is fully insured by the federal deposit insurance corporation or any
43 successor agency, and the advances or fees shall not be commingled with
44 other monies. The trust account shall designate the licensee as trustee
45 and shall provide for withdrawing the monies without previous notice.

1 Withdrawals shall only be disbursed according to the terms of the
2 agreement. A licensee who receives advances or fees shall preserve and on
3 request make available to the deputy director all deposits, withdrawal
4 receipts and statements of account rendered by the bank, savings bank or
5 savings and loan association. The licensee shall further preserve all
6 agreements between the parties involved in the transaction and all
7 contracts, agreements and instructions to or with the depository and shall
8 keep an accurate accounting of each separate bank account in which the
9 trust monies have been deposited. If the loan is declined by or on behalf
10 of the lender or canceled by the applicant, all documents provided by or
11 at the expense of the applicant, including any appraisal, are the property
12 of the applicant. At the applicant's discretion, the documents shall be
13 returned or transferred to any designated financial institution or
14 enterprise without additional consideration except for fees for which the
15 applicant has previously contracted, if the document is not prohibited by
16 law from being transferred or returned.

17 D. If periodic payments are to be collected from the mortgagor to
18 provide for payments by the mortgagee of taxes, assessments, insurance
19 premiums, ground rents or other current charges against the real estate
20 security, the estimated payment amount stated to the mortgagor by the
21 commercial mortgage banker shall be such that the total of these payments
22 collected for each category during the tax or other period will
23 approximate the actual tax or other payment when due. The licensee shall
24 annually account to the borrower for all such periodic payments of taxes,
25 assessments, insurance premiums, ground rents and other current charges
26 and, to the extent monies have been collected for payment, shall pay them
27 promptly.

28 Sec. 9. Section 6-991.04, Arizona Revised Statutes, is amended to
29 read:

30 6-991.04. Issuance of license; notice from employing mortgage
31 broker, mortgage banker or consumer lender or
32 registered exempt person; renewal; inactive
33 status; address change; fee

34 A. The deputy director, on determining that an applicant is
35 qualified and has paid the required fees, shall issue a loan originator's
36 license to the applicant evidenced by a continuous certificate. The
37 deputy director shall grant or deny a license within one hundred twenty
38 days after receiving the completed application and fees. An applicant who
39 has been denied a license may not reapply for a license before one year
40 after the date of the previous application.

41 B. On issuance of the license, the deputy director shall keep the
42 loan originator's license until a mortgage broker or mortgage banker
43 licensed pursuant to this chapter or a consumer lender employs the loan
44 originator and the employer provides a written notice that the employer
45 has hired the loan originator or until an exempt person who is registered

1 pursuant to section 6-912 provides a written notice that the exempt person
2 has engaged the loan originator on an exclusive contract with the exempt
3 person. The employer shall provide the notice before the loan originator
4 begins working for the employer. Exempt persons who are registered
5 pursuant to section 6-912 shall provide the notice before the loan
6 originator begins work under the exclusive contract with the exempt
7 person. The notice shall be from an officer or other person authorized by
8 the employer or registered exempt person. ~~The notice shall contain a
9 request for the loan originator's license and shall be dated, signed and
10 notarized. On receipt of the request, the deputy director shall forward
11 the loan originator's license to the employing mortgage broker, mortgage
12 banker, consumer lender or registered exempt person.~~

13 C. Licenses shall be issued for a one-year period.

14 D. A loan originator shall apply for renewal on forms prescribed by
15 the deputy director. The application shall include original certificates
16 evidencing the loan originator's successful completion of eight continuing
17 education units during the preceding one-year period by a continuing
18 education provider approved by the deputy director.

19 E. A loan originator shall pay the renewal fee every year on or
20 before December 31. Licenses not renewed by December 31 are suspended,
21 and the licensee shall not act as a loan originator until the license is
22 renewed or a new license is issued pursuant to this article. A person may
23 renew a suspended license by paying the renewal fee plus a dollar amount
24 to be determined by the deputy director for each day after December 31
25 that a license renewal fee is not received by the deputy director.

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

29 G. From December 1 through December 31 of each renewal period, a
30 licensee may request inactive status for the following license period.
31 The license shall be placed on inactive status after the licensee pays to
32 the deputy director the inactive status renewal fee and surrenders the
33 license to the deputy director. During inactive status, an inactive
34 licensee shall not act as a loan originator. The license expires if the
35 licensee violates this subsection.

36 H. At renewal, an inactive licensee may return to active status by
37 doing all of the following:

38 1. Providing the deputy director with evidence that the licensee
39 has met the requirements of section 6-991.03, subsection B.

40 2. Making a written request to the deputy director for
41 reactivation.

42 3. Paying the annual licensing fee.

43 4. Providing the deputy director with proof that the licensee meets
44 all other requirements for acting as a loan originator.

1 I. The mortgage broker, mortgage banker, consumer lender or
2 registered exempt person shall keep and maintain at the principal place of
3 business in this state the loan originator's license during the loan
4 originator's employment or exclusive contract term. A copy of the loan
5 originator's license shall be available for public inspection during
6 regular business hours.

7 J. A loan originator shall immediately notify the deputy director
8 of a change in the loan originator's residence address. The deputy
9 director shall endorse the change of address on the license for a fee to
10 be determined by the deputy director.

11 K. Within five business days after any licensee's employment
12 termination, the employing mortgage broker, mortgage banker, consumer
13 lender or registered exempt person shall do both of the following:

- 14 1. Notify the deputy director of the licensee's termination.
- 15 2. Return the license to the deputy director.

16 L. An applicant for a loan originator license who is currently
17 registered with the nationwide mortgage licensing system and registry
18 established by the secure and fair enforcement for mortgage licensing act
19 of 2008 (P.L. 110-289; 122 Stat. 2810; 12 United States Code sections 5101
20 through 5116) or its successor may be granted a temporary license for a
21 period OF not ~~to exceed~~ MORE THAN one hundred eighty days.

22 M. The deputy director shall establish a process for loan
23 originators to challenge information that the deputy director enters into
24 the nationwide mortgage licensing system and registry.

25 Sec. 10. Section 6-1405, Arizona Revised Statutes, is amended to
26 read:

27 6-1405. Issuance of license or branch office permit; license
28 year; renewal; expiration; requirements

29 A. If no grounds for denial of a license or branch office permit
30 are found to exist, the deputy director ~~shall~~, within one hundred twenty
31 days ~~of~~ AFTER receiving a complete application, SHALL grant the
32 application and issue a license or branch office permit to the applicant.

33 B. The license or branch office permit year for a licensee begins
34 January 1 and ends December 31 of each year. A LICENSE OR PERMIT THAT IS
35 ISSUED PURSUANT TO THIS CHAPTER REMAINS ACTIVE UNTIL THE LICENSE OR PERMIT
36 EXPIRES OR THE DIRECTOR SUSPENDS, REVOKES OR TERMINATES THE LICENSE OR
37 PERMIT.

38 ~~C. All licenses and branch office permits issued shall remain in~~
39 ~~full force and effect until surrendered, revoked or suspended.~~

40 C. A LICENSEE OR PERMIT HOLDER SHALL APPLY FOR RENEWAL AS
41 PRESCRIBED BY THE DEPUTY DIRECTOR AND PAY THE RENEWAL FEE PRESCRIBED IN
42 SECTION 6-126 NOT LATER THAN DECEMBER 31 OF EACH YEAR. FOR EACH DAY AFTER
43 DECEMBER 31 THAT THE RENEWAL APPLICATION IS NOT RECEIVED BY THE DEPUTY
44 DIRECTOR, THE APPLICANT SHALL PAY A \$25 LATE FEE IN ADDITION TO THE FEE
45 PRESCRIBED IN SECTION 6-126. IF THE DEPUTY DIRECTOR DOES NOT RECEIVE THE

1 LICENSEE'S OR PERMIT HOLDER'S RENEWAL APPLICATION AND FEE ON OR BEFORE
2 DECEMBER 31, THE LICENSEE OR PERMIT HOLDER MAY NOT ACT AS A PREMIUM
3 FINANCE COMPANY OR BRANCH OFFICE UNTIL THE LICENSE OR PERMIT IS RENEWED OR
4 A NEW LICENSE OR PERMIT IS ISSUED PURSUANT TO THIS CHAPTER. IF THE DEPUTY
5 DIRECTOR DOES NOT RECEIVE THE LICENSEE'S OR PERMIT HOLDER'S RENEWAL
6 APPLICATION AND FEE ON OR BEFORE JANUARY 31, THE LICENSE OR PERMIT
7 AUTOMATICALLY EXPIRES. THE HOLDER OF AN EXPIRED LICENSE OR PERMIT MAY NOT
8 BE ISSUED A RENEWAL LICENSE OR PERMIT BUT MAY BE ISSUED A NEW LICENSE OR
9 PERMIT AS PROVIDED IN THIS CHAPTER.

10 D. A license or branch office permit remains the property of this
11 state. On termination, at the request of the licensee or revocation by
12 the deputy director, the licensee shall immediately deliver the license or
13 branch office permit to the deputy director.

14 Sec. 11. Section 20-126, Arizona Revised Statutes, is amended to
15 read:

16 20-126. Annual dental loss ratio report; posting; definitions

17 A. BEGINNING JULY 1, 2024 AND on or before ~~March 31~~ JULY 1 of each
18 year THEREAFTER, EACH DENTAL INSURER DOING BUSINESS IN THIS STATE SHALL
19 FILE WITH the department ~~shall prepare~~ ON A STANDARD FORM ISSUED BY THE
20 DEPARTMENT an annual report on the ~~medical~~ DENTAL loss ratio for THE
21 PRECEDING CALENDAR YEAR. THE DENTAL LOSS RATIO ANNUAL REPORT SHALL
22 ~~INCLUDE each dental insurer doing business in this state. In calculating~~
23 ~~the medical loss ratio, the department shall use data submitted by dental~~
24 ~~insurers in existing required regulatory filings, including all of the~~
25 following:

26 ~~1. Adjusted incurred annual dental claims in this state.~~

27 ~~2. Annual dental insurance premiums earned in this state.~~

28 ~~3. Annual incurred federal and state taxes, licensing fees and~~
29 ~~regulatory fees on dental premiums in this state.~~

30 ~~B. The department shall post the calculated annual medical loss~~
31 ~~ratio for each dental insurer on the department's website.~~

32 1. A COMBINED DENTAL LOSS RATIO PERCENTAGE FOR ALL INDIVIDUAL
33 DENTAL POLICIES.

34 2. A COMBINED DENTAL LOSS RATIO PERCENTAGE FOR ALL GROUP DENTAL
35 POLICIES ISSUED TO FULLY INSURED GROUPS.

36 B. NOT LATER THAN AUGUST 1 OF EACH YEAR, THE DEPARTMENT SHALL POST
37 THE REPORTED DENTAL LOSS RATIOS FOR EACH DENTAL INSURER ON THE
38 DEPARTMENT'S WEBSITE IN A MANNER THAT IS EASILY LOCATED AND IDENTIFIABLE
39 TO THE PUBLIC. THE DEPARTMENT MAY NOT POST THE UNDERLYING CLAIMS,
40 PREMIUMS AND OTHER DATA USED TO CALCULATE THE DENTAL LOSS RATIOS AND SHALL
41 TREAT ALL CLAIMS, PREMIUMS AND OTHER DATA AS CONFIDENTIAL.

42 C. For the purposes of this section: ~~—~~

43 1. "ADJUSTED INCURRED ANNUAL DENTAL CLAIMS" MEANS CLAIMS THAT WERE
44 INCURRED FOR SERVICES RENDERED DURING THE PRECEDING CALENDAR YEAR AND PAID
45 THROUGH MARCH 31 OF THE FOLLOWING YEAR AND LIABILITY FOR CLAIMS INCURRED

1 FOR SERVICES RENDERED DURING THE PRECEDING CALENDAR YEAR THAT HAVE NOT
2 BEEN REPORTED OR PAID THROUGH MARCH 31 OF THE FOLLOWING CALENDAR YEAR.

3 2. "Dental insurer" means a dental service corporation pursuant to
4 chapter 4, article 3 of this title, PREPAID DENTAL PLAN ORGANIZATION
5 PURSUANT TO CHAPTER 4, ARTICLE 7 OF THIS TITLE, health care services
6 organization pursuant to chapter 4, article 9 of this title, disability
7 insurer pursuant to chapter 6, article 4 of this title or group or blanket
8 disability insurer pursuant to chapter 6, article 5 of this title that
9 offers, issues or renews a contract, evidence of coverage or policy
10 covering dental services.

11 3. "DENTAL LOSS RATIO PERCENTAGE" MEANS THE RATIO, STATED AS A
12 PERCENTAGE, OF THE NUMERATOR AS PRESCRIBED IN SUBDIVISION (a) OF THIS
13 PARAGRAPH TO THE DENOMINATOR AS PRESCRIBED IN SUBDIVISION (b) OF THIS
14 PARAGRAPH.

15 (a) THE NUMERATOR IS THE SUM OF ALL OF THE FOLLOWING:

16 (i) THE ADJUSTED INCURRED ANNUAL DENTAL CLAIMS IN THIS STATE.

17 (ii) THE AMOUNT SPENT BY A DENTAL INSURER ON ACTIVITIES THAT
18 IMPROVE THE QUALITY OF DENTAL CARE BUT DOES NOT INCLUDE EXPENSES FOR
19 ADVERTISING, PROMOTIONS OR DONATIONS TO CHARITABLE FOUNDATIONS.

20 (iii) THE AMOUNT OF CLAIMS IDENTIFIED THROUGH FRAUD REDUCTION
21 EFFORTS.

22 (b) THE DENOMINATOR IS THE SUM OF THE ANNUAL DENTAL INSURANCE
23 PREMIUMS EARNED IN THIS STATE, EXCLUDING:

24 (i) THE ANNUAL INCURRED FEDERAL AND STATE TAXES, LICENSING FEES AND
25 REGULATORY FEES ON DENTAL PREMIUMS IN THIS STATE.

26 (ii) THE ANNUAL FEDERAL INCOME TAXES ATTRIBUTED TO THE DENTAL LINE
27 OF BUSINESS FOR THE REPORTING YEAR.

28 4. "DENTAL POLICIES" MEANS A CONTRACT, EVIDENCE OF COVERAGE OR
29 POLICY COVERING DENTAL SERVICES, EXCLUDING:

30 (a) A POLICY, SUBSCRIPTION CONTRACT, GROUP OR BLANKET DISABILITY
31 INSURER CONTRACT OR EVIDENCE OF COVERAGE THAT INCLUDES DENTAL BENEFITS
32 THAT ARE INCLUDED IN THE MEDICAL BENEFITS OF A POLICY AND NOT ADMINISTERED
33 AS STAND-ALONE DENTAL BENEFITS.

34 (b) A SELF-FUNDED EMPLOYER GROUP HEALTH OR DENTAL PLAN.

35 (c) A PLAN OR GROUP OF PLANS COVERING DENTAL SERVICES FOR WHICH A
36 DENTAL INSURER DOES NOT HAVE CREDIBLE EXPERIENCE, AS DETERMINED BY THE
37 DIRECTOR.

38 Sec. 12. Section 32-1025, Arizona Revised Statutes, is amended to
39 read:

40 32-1025. Annual renewal of license; suspension; expiration

41 A. Except as provided in section 32-4301, a person desiring to
42 secure renewal of a collection agency license shall file a financial
43 statement, make a renewal application to the department and pay the fees
44 prescribed in section 6-126 not later than ~~January 1~~ DECEMBER 31 of each
45 year on forms prescribed by the deputy director setting forth verified

1 information to assist the deputy director in determining whether the
2 applicant is in default of or in violation of the terms of this chapter
3 and whether the applicant is still meeting the requirements of this
4 chapter. If the renewal applicant is unable to make a financial statement
5 at the time of filing the application, the applicant may make a written
6 request for an extension of time to file such financial report, and if the
7 extension is granted the applicant shall file a financial statement not
8 later than March 1.

9 B. Licenses that are not renewed on or before ~~January 1~~ **DECEMBER 31**
10 are suspended **BY OPERATION OF LAW**. A licensee may renew a suspended
11 license by submitting to the department the fees prescribed in section
12 6-126 along with a renewal application and any applicable late fee, as may
13 be determined by the deputy director by rule, before January 31. Licenses
14 that are not renewed on or before January 31 expire.

15 Sec. 13. Section 32-3619, Arizona Revised Statutes, is amended to
16 read:

17 32-3619. Renewal of license or certificate; fees

18 A. Except as otherwise provided in this section and in section
19 32-4301, to renew a registration certificate as a registered trainee
20 appraiser or a license or certificate as a state-licensed or
21 state-certified appraiser, the holder of a current, valid license or
22 certificate shall apply and pay the prescribed fee to the deputy director
23 not earlier than ninety days ~~nor later than thirty days~~ before the license
24 or certificate expires. With the application for renewal, the registered
25 trainee appraiser or the state-licensed or state-certified appraiser shall
26 present evidence in the form prescribed by the deputy director of having
27 completed the continuing education requirements for renewal specified in
28 section 32-3625.

29 B. The deputy director may accept a renewal application after the
30 expiration date and within ninety days of the date of expiration but shall
31 assess a delinquent renewal fee in addition to the renewal fee.

32 C. An appraiser or registered trainee appraiser who fails to seek
33 renewal within the time period specified in subsection A or B of this
34 section must reapply for licensure or certification and meet all of the
35 requirements of this chapter.

36 D. An appraiser or registered trainee appraiser shall not engage
37 in, advertise or purport to engage in real estate appraisal activity in
38 this state after a license or certificate has expired and before the
39 renewal of the expired license or certificate except as provided in
40 section 41-1092.11.

41 Sec. 14. Section 32-3652, Arizona Revised Statutes, is amended to
42 read:

43 32-3652. Registration; renewal; fees

44 A. An individual who wishes to act as a property tax agent shall
45 apply for registration by submitting to the deputy director a completed

1 application form prescribed by the deputy director with the initial
2 registration fee. The applicant shall also file with the deputy director
3 an affidavit stating whether the applicant has been convicted of a felony
4 or any misdemeanor involving dishonesty or moral turpitude in this or any
5 other state within the last ten years. The deputy director may review the
6 affidavit and issue or deny the registration based on its findings.

7 B. Except as provided in section 32-4301, registration is valid for
8 two years. An individual may renew a registration by submitting to the
9 deputy director a renewal form prescribed by the deputy director with the
10 renewal fee on or before the date the registration expires.

11 C. An appraiser who is licensed or certified pursuant to this
12 chapter may register and renew registration as a property tax agent
13 without paying the fee prescribed by this section.

14 D. The deputy director shall issue a certificate of registration to
15 an individual if the individual complies with this section and is not
16 prohibited from registering pursuant to section 32-3654.

17 E. A person shall not act as a property tax agent if the person is
18 not registered pursuant to this section.

19 F. The deputy director shall collect from each individual a fee of:

20 1. \$200 for an initial registration.

21 2. \$100 for a renewal.

22 ~~3. \$5 for a duplicate registration certificate.~~

APPROVED BY THE GOVERNOR MAY 19, 2023.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 22, 2023.