

COMMITTEE ON COMMERCE

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2685

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

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 licensed
6 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 two 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 INSTRUCTION ON THE LAWS OF THIS STATE.

21 2. Passed a loan originator's examination pursuant to section 6-991.07
22 ~~not more than one year before the granting of the license demonstrating.~~ THE
23 APPLICANT SHALL DEMONSTRATE knowledge and understanding of the following:

24 (a) Federal laws.

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

26 ~~(c)~~ (b) Subjects described in section 6-991.07, subsection A.

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

31 4. Deposited with the superintendent a bond executed by the
32 applicant's employer or registered exempt person as principal and a surety
33 company licensed to do business in this state as a surety pursuant to section
34 6-903, 6-912 or 6-943.

35 5. Submitted fingerprints to the department for the purpose of a
36 background investigation.

1 6. 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 make an application for a license or renewal of a
14 license in writing in the manner prescribed by the superintendent and
15 accompanied by the 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 INSTRUCTION ON 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.

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

5 J. Each mortgage broker, mortgage banker or registered exempt person
6 shall submit to the nationwide mortgage licensing system and registry
7 established by the secure and fair enforcement for mortgage licensing act of
8 2008 (P.L. 110-289; 122 Stat. 2810; 12 United States Code sections 1501
9 through 5116) or its successor reports of condition that are in a form and
10 that contain information required by the nationwide mortgage licensing
11 system.

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

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

17 6-991.07. Examination; fee; definition

18 A. Each applicant for an original loan originator license, before
19 issuance of the license, shall take and pass an examination given under the
20 supervision of the department or its designee. The examination must
21 reasonably examine the applicant's knowledge of all of the following:

- 22 1. The obligations between principal and agent.
- 23 2. The applicable canons of business ethics.

24 ~~3. This article and the rules adopted under this article.~~

25 ~~4.~~ 3. The arithmetical computations common to mortgage brokerage.

26 ~~5.~~ 4. The principles of real estate lending.

27 ~~6.~~ 5. The general purposes and legal effect of mortgages, deeds of
28 trust and security agreements.

29 ~~7.~~ 6. The terms and conditions of conforming and nonconforming
30 residential mortgage products.

31 ~~8.~~ 7. The principles of appraisal independence.

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

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

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

1 E. The superintendent may determine the fee for each examination. The
2 superintendent may contract for the examination for the licensing of
3 applicants. If the superintendent contracts for the examination, the fee for
4 examination for licenses pursuant to this section is payable directly to the
5 contractor by the applicant for examination.

6 F. For the purposes of this section, "applicant" means a person who
7 has submitted a completed application in the form prescribed by the
8 superintendent."

9 Amend title to conform

and, as so amended, it do pass

THOMAS FORESE
Chairman

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2/19/14
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