



Arizona Department of Financial Institutions

Women's Council of Realtors

Thursday, April 15, 2010

*Mortgage Licensing Laws (Arizona Revised Statutes Title
6, Chapter 9)*

Richard Fergus, Licensing Div. Manager

WWW.AZDFI.GOV

Who DFI Regulates

The Arizona Department of Financial Institutions currently regulates 18 different types of entities. As of April 13, 2010, there were 6,842 licensed entities and branches. Some of the entities licensed and regulated by the Department include escrow agents, state chartered and licensed banks and credit unions, money transmitters, consumer lenders, collection agencies, sales finance companies and motor vehicle dealers. In the mortgage lending area, the Department licenses and regulates:

- Mortgage Brokers and Commercial Mortgage Brokers - A.R.S. Title 6, Chapter 9, Article 1
- Mortgage Bankers - A.R.S. Title 6, Chapter 9, Article 2
- Commercial Mortgage Bankers – A.R.S. Title 6, Chapter 9, Article 3
- Consumer Lenders - A.R.S. Title 6, Chapter 9, Article 5
- Loan Originators (License required starting July 1, 2010 – A.R.S. Title 6, Chapter 9, Article 4)

Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E. Act)

Title V of the Housing and Economic Recovery Act of 2008

- **Signed into Federal Law July 30, 2008**
- **A person may not engage in the business as a loan originator without first:**
 1. **obtaining, and maintaining annually –**
 - (A) **a registration as a registered loan originator if employed by a bank or credit union; or**
 - (B) **a license as a State licensed loan originator**
 2. **Obtaining a unique identifier from the National Mortgage Licensing System (NMLS).**

NMLS – Nationwide Mortgage Licensing System

- NMLS was created by the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR).
- The State Regulatory Registry LLC (SRR), a wholly owned subsidiary of CSBS, owns and operates NMLS.
- NMLS was built and is maintained by the Financial Industry Regulatory Authority (FINRA). FINRA also operates similar systems in the securities industry.
- State regulatory taskforce, working groups and industry advisory groups are also involved with NMLS.

NMLS – Nationwide Mortgage Licensing System

- The Nationwide Mortgage Licensing System (NMLS) is a web-based system that allows state licensed mortgage lenders, mortgage brokers, and loan originators to apply for, amend, update or renew a license online for all participating state agencies.
- Objectives include:
 - Streamline the licensing process
 - Enhance supervision
 - Increase consumer protection
- Current functionalities includes:
 - Apply for, maintain and renew licenses
 - Collection and disbursement of state fees
 - Financial statements
 - Testing and Education
 - Public access
 - Background checks (criminal & credit)
- Future functionalities include:
 - Call reports (annual reports)
 - Surety bond tracking
 - Registered Loan Originators

Who Should Be Licensed

- Mortgage Broker: a person who is not exempt under and who for compensation or in the expectation of compensation either directly or indirectly makes, negotiates or offers to make or negotiate a mortgage loan.
- Commercial Mortgage Broker: a person who for compensation or in the expectation of compensation either directly or indirectly makes, negotiates or offers to make or negotiate a commercial mortgage loan.

Who Should Be Licensed - continued

- Mortgage Banker: a person who is not exempt and who for compensation or in the expectation of compensation either directly or indirectly makes, negotiates or offers to make or negotiate a mortgage banking loan or a mortgage loan.

- Commercial Mortgage Banker: a person who engages in the following:
 - (a) Originating commercial mortgage loans.
 - (b) Servicing commercial mortgage loans.
 - (c) Either directly or indirectly making, negotiating or offering to make or negotiate commercial mortgage loans.

Who Should Be Licensed - continued

- Loan Originator: (a) Means a natural person who for compensation or gain or in the expectation of compensation or gain does any of the following:
 - (i) Takes a residential mortgage loan application.
 - (ii) Offers or negotiates terms of a residential mortgage loan.
 - (iii) On behalf of a borrower, negotiates with a lender or noteholder to obtain a temporary or permanent modification in an existing residential mortgage loan agreement.

Mortgage Licensing Education Requirements

- Loan Officer:
 - 20 hours of pre-licensing education.
 - 8 hours of continuing education each year.
- Mortgage Broker:
 - 24 hour course of study
 - RI to complete 12 hours of continuing education each year
- Mortgage Banker:
 - RI to complete 12 hours of continuing education each year.

For more information about NMLS, S.A.F.E., AzDFI or Loan Originator Licensing in Arizona

- NMLS:
<http://www.stateregulatoryregistry.org/NMLS/AM/Template.cfm?Section=Home3>
- NMLS Consumer Access:
<http://www.nmlsconsumeraccess.org/>
- S.A.F.E.:
http://www.csbs.org/AM/Template.cfm?Section=SAFE_Act
- AzDFI:
<http://www.azdfi.gov/index.html>
- Loan Originator Licensing in Arizona:
<http://www.azdfi.gov/Licensing/NMLSLO/nmlslo.html>