

TITLE 20. COMMERCE, FINANCIAL INSTITUTIONS, AND INSURANCE

CHAPTER 4. DEPARTMENT OF FINANCIAL INSTITUTIONS

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ARTICLE 13. RESERVED LOAN ORIGINATORS

R20-4-1301. Scope of Article

This Article applies to:

1. All loan originating activities of any person licensed under Arizona law as a loan originator, and
2. The conduct of any applicant for a loan originator license.

R20-4-1302. Course of Study to Qualify for Licensure

A. The Superintendent shall, under the authority of A.R.S. § 6-991.03(B)(1), approve a course of study that includes only those courses reviewed and approved by the Nationwide Mortgage Licensing System pursuant to A.R.S. § 6-991.03(E) and (F) and the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (P.L. 110-289; 122 Stat. 2810; 12 U.S.C. sections 5101 through 5116).

B. An applicant for a loan originator license shall satisfactorily complete a course of study by:

1. Attending at least 20 hours of instruction, and
2. Receiving a passing grade of not less than 75 percent correct answers on both the national and Arizona state exam required by A.R.S. § 6-991.07 and the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (P.L. 110-289; 122 Stat. 2810; 12 U.S.C. sections 5101 through 5116).

C. A pre-licensure course of study shall include 20 hours of instruction in the following areas:

1. Federal law and regulation, including the Real Estate Settlement Procedures Act (“RESPA”), the Truth in Lending Act (“TILA”), good faith estimates, federal privacy laws, fair lending laws including the Equal Credit Opportunity Act (“ECOA”) and the Fair Credit Reporting Act (“FCRA”): Three hours,
2. Business ethics, including fraud, consumer protection laws, and fair lending practices: Three hours,
3. Non-traditional mortgage product lending standards: Two hours,
4. Arizona real estate and mortgage lending law, including loan origination and processing, Arizona law relating to agency and the obligations between principal and agent, and state privacy laws: Four hours,
5. The remaining eight hours should be comprised of instruction in the obligations between principal and agent; the statutory and regulatory laws governing loan originators; arithmetical computations

common to mortgage lending; principles of real estate lending; the purpose and effect of mortgages, deeds of trust, and security agreements; the terms and conditions of conforming and non-conforming residential mortgages; real estate appraisal; and the principles of appraisal independence.

D. A continuing education course of study shall include eight hours of instruction each year in the following areas:

1. Federal law and regulation, including the Real Estate Settlement Procedures Act (“RESPA”), the Truth in Lending Act (“TILA”), good faith estimates, federal privacy laws, fair lending laws including the Equal Credit Opportunity Act (“ECOA”) and the Fair Credit Reporting Act (“FCRA”): Three hours.
2. Business ethics, including fraud, consumer protection laws, and fair lending practices: Two hours,
3. Non-traditional mortgage product lending standards: Two hours,
4. Arizona real estate and mortgage lending law, including loan origination and processing, Arizona law relating to agency and the obligations between principal and agent, and state privacy laws: One hour.

R20-4-1303. **Financial Responsibility**

An applicant for a loan originator license shall demonstrate financial responsibility, as required by A.R.S. § 6-991.03, by either:

1. Depositing with the Superintendent a bond as specified by A.R.S. § 6-991.03(B)(4) and paying to the Superintendent, for deposit into the Mortgage Recovery Fund, the sum of \$100 at the time of filing an original or a renewal application pursuant to A.R.S. § 6-991.03(B)(6); or
2. Depositing with the Superintendent a bond as specified by A.R.S. § 6-991.03(B)(4) and depositing with the Superintendent a bond as specified by A.R.S. § 6-991.03(B)(6).

R20-4-1304. **Fees**

Loan Originator program fees

1. Initial application fee (non-refundable) pursuant to A.R.S. § 6-126(A)(33): \$350,
2. Initial license fee (prorated according to the number of quarters remaining until the next annual renewal) pursuant to A.R.S. § 6-126(B): \$150,

3. Annual renewal fee pursuant to A.R.S. § 6-126(C)(12) or fee for change to inactive status pursuant to A.R.S. §§ 6-126(C)(13) and 6-991.04(G): \$150,
4. Transfer license to new employer fee pursuant to A.R.S. § 6-126(A)(34): \$50,
5. Change of residence address fee pursuant to A.R.S. § 6-991.04(J): \$50,
6. Examination fee pursuant to A.R.S. § 6-991.07(E): the amount charged by the vendor,
7. Late renewal fee pursuant to A.R.S. § 6-991.04(E): \$25 per day after the filing deadline.

R20-4-1305. Practice and Procedure

Loan originators shall follow the practice outlined in 20 A.A.C. 4, Article 12 (Rules of Practice and Procedure Before the Superintendent) for challenging information the Superintendent enters into the Nationwide Mortgage Licensing System and Registry pursuant to A.R.S. §§ 6-991.03(K) and 6-991.04(M).