



Description



COMMERCIAL MORTGAGE BANKER LICENSE

Who is required to have this license?

A.R.S. Section 6-971 - A “person” who engages in the following:

- (1) Originating commercial mortgage loans.
- (2) Servicing commercial mortgage loans.
- (3) Either directly or indirectly making, negotiating or offering to make or negotiate commercial mortgage loans.

A.A.C. R20-4-102 - “Person” means a natural person or any legal or commercial entity including a corporation, business trust, estate, trust, partnership, limited partnership, joint venture, association, limited liability company, limited liability partnership, or limited liability limited partnership.

Who does not need this license? See A.R.S. Section 6-972

- Institutional investors. (“Institutional investor” means a person who in the regular course of business makes commercial mortgage loans of more than two hundred fifty thousand dollars that are funded exclusively from the institutional investor’s own resources.
- A “person” who funds a commercial mortgage loan that was originated and processed by a licensee or by an institutional investor and who meets all of the following conditions:
 - (a) Does not maintain a place of business in this state in connection with funding commercial mortgage loans.
 - (b) Does not directly or indirectly solicit borrowers in this state for the purpose of making commercial mortgage loans.
 - (c) Does not participate in negotiating commercial mortgage loans. For purposes of this subdivision, “negotiating commercial mortgage loans” does not include setting the terms under which a person may buy or make a commercial mortgage loan originated by a licensee, a mortgage banker or a mortgage broker licensed pursuant to article 1 or 2 of this chapter, or an institutional investor.
- A “person” who as a seller of commercial property receives one or more mortgages or deeds of trust as security for a purchase money obligation.
- A “person” who is licensed to practice law in this state but is not actively and principally engaged in the business of negotiating commercial mortgage loans, if this person renders services in the course of his practice as an attorney at law.
- A “person” who receives a mortgage or deed of trust on commercial property as security for an obligation payable on an installment or deferred payment basis and arising out of materials furnished or services rendered in improving that commercial property or any lien created without the consent of the owner of commercial property.
- A “person” who is licensed pursuant to article 1 or 2 of this chapter.
- An agency of any state or of the United States.
- A nonprofit federally tax exempt corporation certified by the United States small business administration, organized to promote economic development in this state and whose primary activity consists of providing financing for business expansion.

- A bank, savings bank, trust company, savings and loan association, profit sharing trust, pension trust, credit union, insurance company, consumer lender or receivership if it is regulated by this state, another state, the United States or a court with respect to its commercial mortgage business.

What are the pre-requisites for license applications? See A.R.S. Section 6-973

- Net worth: Have and maintain at all times a net worth of at least one hundred thousand dollars.
- Bond amount: The bond required by this section is twenty-five thousand dollars for licensees whose investors are limited solely to institutional investors and one hundred thousand dollars for licensees whose investors include any other investors.
- Experience:
 1. Have at least three years' experience in the commercial mortgage business or equivalent experience in a related business. If the applicant is not a natural person, the responsible individual shall meet this requirement.
 2. Have made in the past or intend to make or negotiate or offer to make or negotiate commercial mortgage loans.

For the purposes of this article, a responsible individual shall be a resident of this state, shall be in active management of the activities of the licensee governed by this article and shall have not less than three years' experience in the business of making mortgage banking loans or equivalent experience in a related business.

- Required Documents: Provide the superintendent with a current audited financial statement or that of its parent company prepared by an independent certified public accountant according to generally accepted accounting principles including:
 - (a) The certified public accountant's opinion as to the fairness of the presentation according to generally accepted accounting principles.
 - (b) A balance sheet prepared within the immediately preceding six months and certified by the licensee. The superintendent may require a more recent balance sheet.
 - (c) If the applicant has begun operations, a statement of operations and retained earnings and a statement of changes in financial position.
 - (d) Notes to the financial statement if applicable.

WHO TO CONTACT – Contact Arizona Department of Financial Institutions licensing staff by phone at 602-771-2800 or send your questions via e-mail to licensing@azdfi.gov for additional assistance.

YOU ARE NOT AUTHORIZED TO ENGAGE IN COMMERCIAL MORTGAGE BANKING ACTIVITIES IN THE STATE OF ARIZONA UNTIL YOU HAVE OBTAINED LICENSURE IN ARIZONA.