ARIZONA COMMERCIAL MORTGAGE BROKER AMENDMENT CHECKLISTS

INSTRUCTIONS

1. You can only make amendments to your license if your license status is "APPROVED", "APPROVED – DEFICIENT" or "APPROVED – INACTIVE".
2. All amendments must be reported in a timely manner within statutory guidelines to AZ-DIFI, penalties may be assessed for noncompliance
3. If your company structure changes, i.e. your Tax Identification Number changes and/or you change from a Sole Proprietor to an LLC or to a Corporation, a new MU1 and a new license application must be completed. The current company would need to be closed/terminated on NMLS and your license would need to be surrendered.
4. Each amendment included on this Amendment Checklists form requires you to also update your MU1 and/or MU2. *CHANGES IN CONTROL MUST HAVE PRIOR APPROVAL FROM AZ-DIFI BEFORE THE CHANGE CAN BE COMPLETED.*
5. **Duplicate License Request Checklist**
6. **Name Amendment Checklist**
7. **Address Amendment Checklist**
8. **Responsible Individual ("RI") Amendment Checklist**
9. **Officer, Director and/or Member Amendment Checklist**
10. **Ownership/Control Amendment Checklist**
11. **Change the License Status from Inactive to Active**
12. **Conversion of a Mortgage Broker License to a Commercial Mortgage Broker License Checklist**
13. Fees collected through NMLS ARE NOT REFUNDABLE OR TRANSFERABLE
14. AZ-DIFI will review the Amendment request and required documents. If there are any deficiencies, they will be communicated to the licensee through NMLS.
15. A new license will be issued only when there is a change in the address, the licensee's name or the Responsible Individual or a duplicate license is requested. Please note that a change in the Responsible Individual will require the issuance of a new parent license certificate. A change in the address will require the issuance of a new license certificate for the licensed location affected by the new address. A new license certificate will be issued for all licensed locations when there is a change to the name of the licensed entity
16. Arizona state specific requirements, as identified on the following checklists, must be uploaded into NMLS.

AZ-DIFI CONTACT INFORMATION
For questions regarding Arizona state specific requirements and/or guidelines you may contact AZ-DIFI Licensing staff at (602) 771-2800 or via e-mail at felicensing@difi.az.gov.

THE APPLICANT/LICENSEE IS RESPONSIBLE FOR COMPLIANCE WITH ALL ARIZONA STATE SPECIFIC REQUIREMENTS OF THE LICENSE FOR WHICH THEY ARE APPLYING/AMENDING. THE STATE SPECIFIC REQUIREMENTS CONTAINED HEREIN ARE TO BE USED FOR GUIDANCE ONLY TO ASSIST WITH YOUR APPLICATION/AMENDMENT THROUGH NMLS. LINKS TO ARIZONA REVISED STATUTES AND RULES CAN BE FOUND ON AZ-DIFI'S WEBSITE AT www.DIFI.AZ.GOV. SHOULD YOU HAVE QUESTIONS, PLEASE CONSULT LEGAL COUNSEL.

DUPLICATE LICENSE REQUEST CHECKLIST

		ITEM
INFORMATION on REQUESTING A DUPLICATE LICENSE		To request a duplicate license certificate, send an email to AZ-DIFI at felicensing@difi.az.gov. Include the name of the entity, the Arizona license number and/or branch license number and NMLS ID #. AZ-DIFI will email your license certificate to the contact person on file. AZ-DIFI will no longer issue a paper license certificate. **Licensees are responsible for printing and prominently displaying their license for each licensed location.**

NAME AMENDMENT CHECKLIST

FILED IN NMLS	COMPLETED/ATTACHED	NOT APPLICABLE	ITEM
INFORMATION on REQUESTING A NAME AMENDMENT			If the company structure changes, i.e. your Tax Identification Number changes and/or you change from a Sole Proprietor to an LLC or to a Corporation, a new MU1 and a new license application must be completed. The currently licensed company would need to be closed/terminated on NMLS and your license would need to be surrendered. All other name changes should be submitted as an amendment filing on the MU1. The fee for a name change is $250 per licensed location. **NOTE: You may not transact business in Arizona under the amended name unless and/or until AZ-DIFI has approved and issued a license in the amended name.**
☐	N/A	☐	**BOND:** A new bond with the new name or a bond rider reflecting the amended name will need to be uploaded into the NMLS document uploads. **Arizona Surety Bond Form.**
☐	N/A	☐	**CORPORATION:** If the entity is a Corporation, a copy of the approved amended articles of incorporation will need to be uploaded into NMLS.
☐	N/A	☐	**FOREIGN CORPORATION** If the entity is a foreign corporation, a copy of the approved Arizona foreign authorization will need to be uploaded into NMLS.
☐	N/A	☐	**DBA:** If you are amending a DBA or Trade Name, and that name has been approved by the Arizona Secretary of State you may upload a copy of that approval into NMLS. *Optional.

ADDRESS AMENDMENT CHECKLIST

	ITEM
INFORMATION on REQUESTING AN ADDRESS AMENDMENT	**Arizona Administrative Code R20-4-916 states:** "If the address of the principal place of business or of any branch office is changed, the licensee shall notify the Deputy Director of the change within five business days after the occurrence of the change of location…A copy of such license shall continue to be displayed at the place of business until a new license is issued."
INSTRUCTIONS	Update the address within the MU1 in NMLS.

Arizona Revised Statutes state, in pertinent part, that a license is "**not transferable or assignable**".

Engaging in any of the activities listed below, commonly referred to as "net branching," may result in AZ-DIFI filing a regulatory enforcement action seeking license revocation and the imposition of a civil money penalty of not more than **five thousand dollars ($5,000.00)** for each violation for each day. THIS IS NOT AN EXHAUSTIVE LIST.

- **DO NOT** transfer or assign your mortgage broker or banker license to "branch managers" or "owners."
- **DO NOT** require branch managers to pay for branch start-up costs, including, but not limited to, the cost of branch office licenses, bank account deposits, background checks, accounting fees, HUD license fees, security deposits, training, payroll fees, and loan software fees.
- **DO NOT** require branch managers to sign agreements to pay monthly fees for using your license.
- **DO NOT** fail to assume responsibility and liability for branch office leases that are rightfully your responsibility. You or your designated officers should sign rent and equipment leases, not branch managers.
- **DO NOT** fail to assume the responsibility and liability for branch office equipment leases that are rightfully your responsibility. Branch managers should not sign these leases.
- **DO NOT** fail to assume the responsibility and liability for utilities, office supplies and equipment, appraisals, alarm equipment, and any other bills incurred by branches. Bills, utilities, and invoices should be in licensee's name.
- **DO NOT** inform the Better Business Bureau that your branches are independent.
- **DO NOT** fail to account for all branch income and expenses on tax returns and on financial statements.
- **DO NOT** fail to maintain physical access to your branches at all times.
- **DO NOT** fail to maintain control over the payment of your branch expenses.
- **DO NOT** fail to maintain a uniform settlement service fee structure among all of your branch offices. Borrowers should be able to pay the same fees at any office. You should not allow branch managers to set their own fee structure.
- **DO NOT** pay W-2 income to companies owned by branch managers in an attempt to evade taxes.
- **DO NOT** fail to employ practices and procedures consistent with all HUD guidelines.
- **DO NOT** fail to maintain control over branch bank accounts or allow branch managers to write payroll checks and reimburse themselves for expenses.

For more information, please access www.hudclips.org and click on "Access HUD Letters and Notices from past years" to read, among other things, Mortgagee Letter 00-15, which addresses "Prohibited Branch Arrangements."

RESPONSIBLE INDIVIDUAL ("RI") AMENDMENT CHECKLIST

FILED IN NMLS	COMPLETED/ATTACHED	NOT APPLICABLE	ITEM
PURSUANT TO *ARIZONA REVISED STATUTES* FAILURE TO COMPLY WITH ARIZONA STATE SPECIFIC REQUIREMENTS FOR A RESPONSIBLE INDIVIDUAL MAY RESULT IN THE EXPIRATION OF YOUR LICENSE.			
INFORMATION on REQUESTING AN RI AMENDMENT			A licensee shall notify AZ-DIFI when an RI will cease to be in active management of the activities of the licensee within ten days of learning that fact. The licensee shall have 90 days to replace the RI with a qualified person AND notify AZ-DIFI of the qualified replacement. **THE NEW RI MUST MEET ALL ARIZONA REQUIREMENTS TO BE A QUALIFIED REPLACEMENT.** A license will expire if the licensee fails to replace AND notify AZ-DIFI of a qualified replacement within 90 days of the date AZ-DIFI received notification that the RI will no longer be in active management. A licensee should be knowledgeable about any other mortgage entities the new RI may be concurrently employed with by reviewing the new qualified RI's MU2. An RI may be an RI for more than one licensee. A change in the RI must be reported on the MU1. The RI will be listed in NMLS as the Qualified Individual for Arizona.
☐	N/A	☐	**EMPLOYMENT/EXPERIENCE VERIFICATION:** Upload into NMLS letters from current and/or past employers verifying job experience and dates of employment. Employment verifications must be submitted on the employer's letterhead, provide a job description and must include dates of employment. Upload into NMLS under the Document Type Verification of Experience in the *Document Uploads* section of the Individual Form (MU2). Please note W2's, resumes, personal references and/or education do not constitute verification of job experience. This document should be named *[Document Type] – License Name.*
	NOTE:		**BACKGROUND INVESTIGATION:** A licensee shall not employ any person unless the licensee conducts a reasonable investigation of the background, honesty, truthfulness, integrity and competency of the employee before hiring. "Reasonable investigation of the background," as that term is used in A.R.S. §§ 6-903, 6-943, or 6-976 means a licensee, at a minimum: Collects and reviews all the documents authorized by the Immigration Reform and Control Act of 1986, 8 U.S.C. 1324a; Obtains a completed Employment Eligibility Verification (Form I-9); Obtains a completed and signed employment application; Obtains a signed statement attesting to all of an applicant's felony convictions, including detailed information regarding each conviction; Consults with the applicant's most recent or next most recent

			employer, if any; Inquiries regarding the applicant's qualifications and competence for the position; If for a loan officer, loan originator, loan processor, branch manager, supervisor, or similar position, obtains a current credit report from a credit reporting agency; and Investigates further if any information received in the above inquiries raises questions as to the applicant's honesty, truthfulness, integrity, or competence. An inquiry is sufficient after two attempts to contact a person, including at least one written inquiry.
☐	N/A	☐	**DISCLOSURE QUESTIONS.** The new qualified RI will need to upload into NMLS or email to AZ-DIFI complete written details of all events or proceedings for any "Yes" answer to any of the MU2 disclosure questions.
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RI QUALIFICATIONS			**IT IS THE RESPONSIBILITY OF THE LICENSEE TO REPLACE AND NOTIFY AZ-DIFI OF A NEW QUALIFIED RI.** The RI must: • Must be a resident of Arizona. • A W2 employee of the company (an employee **does not include** an independent contractor). • Have not less than three years of experience in the commercial mortgage broker business or equivalent lending experience in a related business during the five years immediately preceding the time of application. **"Active management"** means directing a licensee's activities by a responsible individual, who: Is knowledgeable about the licensee's Arizona activities; Supervises compliance with: The laws enforced by the AZ-DIFI as they relate to the licensee, and Other applicable Arizona laws and rules; and Has sufficient authority to ensure compliance. **"Resident of this state"** means a natural person domiciled in Arizona. **"Responsible individual"** or **"responsible person"** as those terms are used in A.R.S. §§ 6-903, 6-943, 6-973, and 6-976, means a resident of this state who: Lives in Arizona during the entire period of designation as the responsible individual on a license; Is in active management of a licensee's affairs; Meets the qualifications listed in A.R.S. §§ 6-903, 6-943, or 6-973; and Is an officer, director, member, partner, employee, or trustee of a licensed entity.

OFFICER, DIRECTOR AND/OR MEMBER AMENDMENT CHECKLIST

FILED IN NMLS	COMPLETED/ATTACHED	NOT APPLICABLE	ITEM
INFORMATION on REQUESTING AN OFFICER, DIRECTOR AND/OR MEMBER AMENDMENT			Amendments to an Officer, Director or Member must be documented on the MU1, and any new Officer, Director or Member must complete an MU2. This Amendment Checklist should be used for an Officer, Director or Member who has no direct or indirect ownership interest in the licensee. If any new Officer, Director or Member has a direct or indirect ownership interest in the licensee, you will need to complete the Ownership/Control Amendment Checklist. It is sufficient cause for the denial, suspension or revocation of a license if an Officer, Director or Member, while acting in the course of the commercial mortgage broker business has acted or failed to act in the same manner as would be cause for suspending or revoking a license as an individual.
☐	N/A	☐	**AMENDED ARTICLES OF INCORPORATION OR ORGANIZATION:** If applicable, a copy reflecting the addition or removal of any Officer, Director or Member should be uploaded into NMLS.
NOTE:			**BACKGROUND INVESTIGATION:** A licensee shall not employ any person unless the licensee conducts a reasonable investigation of the background, honesty, truthfulness, integrity and competency of the employee before hiring. "Reasonable investigation of the background," as that term is used in A.R.S. §§ 6-903, 6-943, or 6-976 means a licensee, at a minimum: Collects and reviews all the documents authorized by the Immigration Reform and Control Act of 1986, 8 U.S.C. 1324a; Obtains a completed Employment Eligibility Verification (Form I-9); Obtains a completed and signed employment application; Obtains a signed statement attesting to all of an applicant's felony convictions, including detailed information regarding each conviction; Consults with the applicant's most recent or next most recent employer, if any; Inquiries regarding the applicant's qualifications and competence for the position; If for a loan officer, loan originator, loan processor, branch manager, supervisor, or similar position, obtains a current credit report from a credit reporting agency; and Investigates further if any information received in the above inquiries raises questions as to the applicant's honesty, truthfulness, integrity, or competence. An inquiry is sufficient after two attempts to contact a person, including at least one written inquiry.

OWNERSHIP/CONTROL AMENDMENT CHECKLIST

FILED IN NMLS	COMPLETED/ATTACHED	NOT APPLICABLE	ITEM
INFORMATION on REQUESTING AN OWNERSHIP/CONTROL AMENDMENT			Amendments to the direct or indirect owners must be documented on the MU1. Any individual direct or indirect owner must complete an MU2. Use this Amendment Checklist only for those direct or indirect owners of a licensee. It is sufficient cause for the denial, suspension or revocation of a license if a partner, trustee while acting in the course of the commercial mortgage broker business, or any person entitled to vote more than 20% of the outstanding voting shares has acted or failed to act in the same manner as would be cause for suspending or revoking a license as an individual. **NOTE: A person may not acquire control of a licensee through a stock purchase or other device without the prior written consent of the Deputy Director. Control means the power to vote more than 20% of outstanding voting shares.**
☐	N/A	☐	**PURCHASE AGREEMENT:** If applicable, a copy of the purchase agreement should be uploaded into NMLS..
☐	N/A	☐	**STOCK CERTIFICATES & STOCK LEDGER:** If applicable, a copy of the stock certificates and stock ledger, should be uploaded into NMLS.
☐	N/A	☐	**ARTICLES OF INCORPORATION OR ORGANIZATION:** If applicable a copy of the Amended Articles of Incorporation or Organization, or a copy of the new Articles of Incorporation or Organization, should be uploaded into NMLS.
☐	N/A	☐	**FINANCIAL STATEMENT:** If the new owner is other than a sole proprietor, an audited financial statement should be uploaded into NMLS. If the new owner is an individual and will be in control of the licensee, a personal financial statement should be uploaded into NMLS. AZ-DIFI Personal Financial Statement **Upload into NMLS** under the Document Type Personal Financial Statement in the *Document Uploads* section of the MU2. This document should be named *[State Abbreviation] – Personal Financial Statement.*
NOTE:			**BACKGROUND INVESTIGATION:** A licensee shall not employ any person unless the licensee conducts a reasonable investigation of the background, honesty, truthfulness, integrity and competency of the employee before hiring. "Reasonable investigation of the background," as that term is used in A.R.S. §§ 6-903, 6-943, or 6-976 means a licensee, at a minimum: Collects and reviews all the documents authorized by the Immigration Reform and Control Act of 1986, 8 U.S.C. 1324a; Obtains a completed Employment Eligibility Verification (Form I-9); Obtains a completed and signed employment application; Obtains a signed statement attesting to all of an applicant's felony convictions, including detailed information regarding each conviction; Consults with the applicant's most recent or next most recent employer, if any; Inquiries regarding the applicant's qualifications and competence for the position; If for a loan officer, loan originator, loan processor, branch manager, supervisor, or similar position, obtains a current credit report from a credit

			reporting agency; and Investigates further if any information received in the above inquiries raises questions as to the applicant's honesty, truthfulness, integrity, or competence. An inquiry is sufficient after two attempts to contact a person, including at least one written inquiry.
☐	N/A	☐	**DISCLOSURE QUESTIONS.** Each new owner will need to upload into NMLS the complete written details of all events or proceedings for any “Yes” answer to any of the MU2 disclosure questions..

CHANGE THE LICENSE STATUS FROM INACTIVE TO ACTIVE CHECKLIST

FILED IN NMLS	COMPLETED/ATTACHED	NOT APPLICABLE	ITEM
INFORMATION on CHANGING AN INACTIVE LICENSE TO ACTIVE			An inactive licensee may return to active status notwithstanding the requirements of A.R.S.§ § 6-903(C)(D) by making a written request to the Deputy Director for reactivation and paying the prorated portion of the annual assessment that would have been charged to the licensee. The licensee shall also provide the Deputy Director with proof that the licensee meets all of the other requirements for acting as a mortgage broker or a commercial mortgage broker, including submission of the required bond coverage or, in the alternative, the deposit of a cash alternative. An intent to change your license status must be emailed to AZ-DIFI.
☐	N/A	☐	**BOND:** The new bond reflecting applicable coverage as required by statute must be uploaded into NMLS **Arizona Surety Bond Form** .

CONVERSION OF A MORTGAGE BROKER LICENSE TO A COMMERCIAL MORTGAGE BROKER LICENSE CHECKLIST

FILED IN NMLS	COMPLETED/ATTACHED	NOT APPLICABLE	ITEM
INFORMATION on CONVERSION			The request to convert from a mortgage broker to a commercial mortgage broker may only occur at the time of renewal. **A licensee may not convert if they funded more than 51 loans in the immediately preceding calendar year (January 1 through December 31).** When you are converting your license, no other changes/amendments to your license may take place until the conversion process has been completed. **You must email a request for a conversion license number** to AZ-DIFI in order to request a mortgage broker license for Arizona through NMLS and pay any applicable NMLS processing fees for the main office and any branches that are being requested.
☐	N/A	☐	**NET WORTH:** You will need to upload into NMLS for the new commercial mortgage broker license the following: a) A balance sheet prepared within the immediately preceding six months and certified by the licensee. The deputy director may require a more recent balance sheet. b) A statement of operations and retained earnings and a statement of changes in financial position. c) Notes to the financial statement, if applicable. If your own resources are derived exclusively from correspondent contracts with institutional investors, then you will need to upload into NMLS for the new commercial mortgage broker license a current financial statement or that of its parent company prepared according to generally accepted accounting principles, including: a) A balance sheet prepared within the immediately preceding six months and certified by the licensee. The deputy director may require a more recent balance sheet. b) A statement of operations and retained earnings and a statement of changes in financial position. c) Notes to the financial statement if applicable.
	NOTE:		**RI CONTINUING EDUCATION:** There is no continuing education requirement for the RI of a commercial mortgage broker.
☐	N/A	☐	**BOND:** If you do not place your converted Commercial Mortgage Broker license on an Inactive status, you must upload into NMLS or email to AzDIFI a current Commercial Mortgage Broker bond. See the New Application checklist on NMLS for the bond: Arizona Surety Bond Form
☐	N/A	☐	**CONVERSION FEE:** You will be invoiced in NMLS for the applicable renewal fee for a commercial mortgage broker license and any applicable branches. There will be a $100.00 NMLS processing fee for each main license converted along with a $20.00 NMLS processing fee for each branch license converted which are collected through NMLS at the time you request your commercial mortgage broker license and applicable branch license(s).