INSTRUCTIONS

1. You can only make amendments to your license if your license status is “APPROVED” or “APPROVED – DEFICIENT.”

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 the checklists requires you to also update the Company Form (MU1) and/or Individual Form (MU2). **NOTE: 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. **Conversion of a Mortgage Banker License to a Mortgage Broker License Checklist**

12. Fees collected through NMLS ARE NOT REFUNDABLE OR TRANSFERABLE.

13. AZ-DIFI will review the Amendment request and required documents. If there are any deficiencies, they will be communicated to the licensee through NMLS.

14. 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.

15. 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@dfi.az.gov.
THE APPLICANT/LICENSEEE 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

<table>
<thead>
<tr>
<th>INFORMATION on REQUESTING A DUPLICATE LICENSE</th>
<th>ITEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>To request a duplicate license certificate, send an email to AZ-DIFI at <a href="mailto:felicensing@difi.az.gov">felicensing@difi.az.gov</a>. 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.</td>
<td></td>
</tr>
</tbody>
</table>

NAME AMENDMENT CHECKLIST

<table>
<thead>
<tr>
<th>FILED IN NMLS</th>
<th>COMPLETED /ATTACHED</th>
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<th>ITEM</th>
</tr>
</thead>
</table>
| 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. |

- **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](#) |

- **CORPORATION:** If the entity is a Corporation, a copy of the approved amended articles of incorporation will need to be uploaded into NMLS. |

- **FOREIGN CORPORATION:** If the entity is a foreign corporation, a copy of the approved Arizona foreign authorization will need to be uploaded into NMLS. |

- **Other Trade Name(s):**
  - List your DBA or Trade Name(s) used in Arizona in the
“Other Trade Names” section of the Form MU1.

- A separate license is **no longer required** for use of multiple trade names.
- You may only transact business in the legal name of the entity and any name(s) approved and listed for Arizona under the Trade name section on the NMLS.
- A licensee may not use an assumed name or trade name that either:
  - Is so substantially similar to the assumed name or trade name of another department licensee that it may cause uncertainty or confusion among the public.
  - Tends to deceive or mislead the public as to the nature of business that the licensee conducts.
- A person using an approved assumed or trade name shall notify the AZ-DIFI within fifteen days after any material change to the name.

It is recommended that each DBA or Trade Name is registered with the Arizona Secretary of State.

**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

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**ADDRESS AMENDMENT CHECKLIST**

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<tr>
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</table>

**INFORMATION on REQUESTING AN ADDRESS AMENDMENT**

Arizona Administrative Code R20-4-1805 states:

“If a licensee changes the licensee's principal place of business, or the location of a branch office, the licensee shall notify the Deputy Director at least five business days before the address change. ... A copy of the 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.

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**RESPONSIBLE INDIVIDUAL (“RI”) AMENDMENT CHECKLIST**

<table>
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<tr>
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**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 | N/A |
| □ | N/A | N/A |

#### Qualifying Individual:
- List one person who qualifies as your Arizona Responsible Individual in the “Qualifying Individual” section of the Form MU1.

#### Qualifications for this Position:
- Must be a resident of Arizona.
- A W2 employee of the company (an employee does not include an independent contractor).
- Have not fewer than three years’ experience in the business of making mortgage banking loans or equivalent lending experience in a related business.
- **Note:** The Responsible Individual will be required to complete 12 hours of continuing education (CE) relating the mortgage industry prior to renewal each year. 8 hours of Loan Originator CE can be applied towards the 12 hour requirement. Completion certificates should be uploaded under “Verification of Experience” in the “Document Uploads” section of the Form MU2.

"**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 Department of Financial Institutions as they relate to the licensee, and Other applicable 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.
Equivalent and Related Experience

A. An applicant may satisfy the three years' experience requirement of A.R.S. § 6-943 by the types of lending-related experience listed in this subsection. The Department counts each month in the following types of work experience toward the three years required either for a mortgage banker license, or as a responsible individual, both under A.R.S. § 6-943(C). The Department counts a fractional month of experience, at least 15 days long, as a full month.

1. Mortgage banker with an Arizona license, responsible individual, or branch manager for a licensee;
2. Mortgage broker with an Arizona license, responsible individual, or branch manager for a licensee;
3. Loan officer with responsibility primarily for loans secured by lien interests on real property;
4. Lender's branch manager with responsibility primarily for loans secured by lien interests on real property;
5. Mortgage banker with license from another state, or responsible individual for the mortgage banker;
6. Mortgage broker with license from another state, or responsible individual for the mortgage broker;
7. Attorney certified by any state as a real estate specialist.

B. An applicant with insufficient actual experience of the types listed in subsection (A) may satisfy the remainder of the three years' experience requirement of A.R.S. § 6-943 by the types of related experience listed in this subsection. The Department counts each month in the following types of work experience according to the ratio listed below, of actual experience to equivalent experience, credited toward qualifying for a license, or as a responsible individual, both under A.R.S. § 6-943(C). The Department counts a fractional month of experience, at least 15 days long, as a full month. An applicant receives credit in only one area listed and for not more than three years' actual experience. The remaining years of experience required to qualify for a license shall be obtained from types of work experiences listed in subsection (A).

1. Attorney without state bar certified real estate specialty...3:2
2. Paralegal with experience in real estate matters...3:2
3. Loan underwriter...3:2
4. Mortgage banker or mortgage broker from another state without license...3:2
5. Real estate broker with an Arizona license or license from a state with substantially equivalent licensing requirements...3:2
6. Escrow officer...3:2
7. Trust officer with a title company...3:2
8. Executive, supervisor, or policy maker involved in administering or operating a mortgage-related
<table>
<thead>
<tr>
<th>No.</th>
<th>Title/Role Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Title officer with a title company</td>
</tr>
<tr>
<td>10</td>
<td>Real estate broker, not qualified under subsection (B)(5)</td>
</tr>
<tr>
<td>11</td>
<td>Loan processor with responsibility primarily for loans secured by lien interests on rea</td>
</tr>
<tr>
<td>12</td>
<td>Lender's branch manager with responsibility primarily for loans not secured by lien i</td>
</tr>
<tr>
<td>13</td>
<td>Real property salesperson, with an Arizona license or a license from a state with sub</td>
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<tr>
<td>14</td>
<td>Loan officer, with responsibility primarily for loans not secured by lien interests on</td>
</tr>
</tbody>
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**Verification of Experience:**
For the Responsible Individual, provide the following:

- **List all applicable Employment History** (pertaining to the experience requirement above) in the “Employment History” section of the individual’s Form MU2.

If the department needs supporting information (such as a resume or a letter(s) of reference) to determine eligibility, we will place a deficiency via the NMLS during the review of the application.

**DISCLOSURE QUESTIONS.** The complete written details of all events or proceedings for any “Yes” answer to any of the MU2 disclosure questions must be uploaded into NMLS.

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**OFFICER, DIRECTOR AND/OR MEMBER AMENDMENT CHECKLIST**

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<tr>
<td>Amendments to an Officer, Director or Member must be documented on the MU1, and any new Officer, Director or Member must complete an MU2.</td>
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</table>

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 mortgage banker business has acted or failed to act in the same manner as would be cause for suspending or revoking a license as an individual.
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**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.

**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**

**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 or trustee while acting in the course of the mortgage banker 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.

**PURCHASE AGREEMENT:** If applicable, a copy of the purchase agreement should be uploaded into NMLS.
STOCK CERTIFICATES & STOCK LEDGER: If applicable, a copy of the stock certificates and stock ledger, should be uploaded into NMLS.

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.

FINANCIAL STATEMENT: If the new owner is other than a sole proprietor, an audited financial statement must be uploaded into NMLS.
If the new owner is an individual and will be in control of the licensee, a personal financial statement must 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.

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.

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.

CONVERSION OF A MORTGAGE BANKER LICENSE TO A MORTGAGE BROKER LICENSE CHECKLIST
INFORMATION on CONVERSION

A request to convert from a mortgage banker license to a mortgage broker license may occur only at the time of license renewal. A licensee may not convert their license if they funded more than 151 loans in the immediately preceding calendar year (January 1 through December 31). At the time you are converting your license, no other changes/amendments to your license may be made and/or requested until the conversion process has been completed.

WHAT TO DO TO CONVERT YOUR LICENSE

A request to convert your license must be emailed to AZ-DIFI at felicensing@difi.az.gov and a Mortgage Broker transition request must be requested via NMLS using code AZ-C-01020.

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</thead>
<tbody>
<tr>
<td></td>
<td>N/A</td>
<td>NET WORTH: Current unaudited financials must be uploaded into NMLS including a Balance Sheet and Income Statement, for the new mortgage broker license being requested.</td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td>RI CONTINUING EDUCATION: You must email to AZ-DIFI copies of the certificates documenting that your RI has completed 12 hours of continuing education since January 1 of the year you are submitting this request for conversion.</td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td>BOND: If you do not place your converted mortgage broker license on an Inactive status, a current mortgage broker bond will need to be uploaded into NMLS. See the New Application checklist on NMLS for the bond: Arizona Surety Bond Form</td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td>CONVERSION FEE: You will be invoiced in NMLS for the applicable renewal fee for a mortgage broker license and any applicable branches. There will be an NMLS processing fee in the amount of $100.00 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 mortgage broker license and applicable branch license(s).</td>
</tr>
</tbody>
</table>

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](http://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.”

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**Notice to Applicant Pursuant to A.R.S. § 41-1030**

An agency shall not base a licensing decision in whole or in part on a licensing requirement or condition that is not specifically authorized by statute, rule or state tribal gaming compact. A general grant of authority in statute does not constitute a basis for imposing a license requirement or condition unless a rule is made pursuant to that general grant of authority that specifically authorizes the requirement or condition. This section may be enforced in a private civil action and relief may be awarded against the State. The court may award reasonable attorney fees, damages and all fees associated with the license application to a party that prevails in an action against the state for a violation of this section.

A State employee may not intentionally or knowingly violate this section. A violation of this section is cause for disciplinary action or dismissed pursuant to the Agency’s adopted personnel policy.

This section does not abrogate the immunity provided by section 12-820.01 or 12-820.02.