



# Arizona

compliance  
**manual**

# ARIZONA

## GENERAL INFORMATION

### 1st Mortgage

**ADDITIONAL LENDER FEES** Allowed

**ADVERTISING** Licensee must include the name and license number assigned to their principal Arizona Office on any form of advertisement. Advertising does not include business cards, radio and television advertising directed at national or regional markets, or promotional items that do not contain loan rates or terms. (AZ Rev Stat Ann §6-903.K, 6-943.L)

**APPRAISAL FEE** Allowed

**BROKER FEES** Allowed

**CLOSING COST TO 3RD PARTIES** Allowed

**CREDIT REPORT FEE** Allowed

**DISCOUNT POINTS** Not regulated

**LATE CHARGE FEE** Allowed-not regulated. Customary is 5% and 15 days. Loan Documents must provide for a late fee for it to be collected.

**MAXIMUM APR** >10% if agreed to in writing  
(AZ Rev Stat Ann §44-1201)

**MAXIMUM INTEREST RATE** >10% if agreed to in writing  
(AZ Rev Stat Ann §44-1201)

**ORIGINATION** Allowed

**PREPAYMENT PENALTIES** Allowed-not regulated

**PROMISSORY NOTE** Standard Fannie Mae/Freddie Mac state-specific First Mortgage Note.

**REBATE OF UNEARNED FINANCE CHARGES** Not applicable

**RECORD RETENTION** Mortgage Banker's records must include records of all mortgage loan transaction for not less than two years, unless the loan is paid off or the loan and its servicing is sold. (AZ Rev Stat Ann §6-946.B)



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## GENERAL INFORMATION

### 1st Mortgage

**SIGNATURES** In the event a spouse is not going on the loan, that spouse would need to sign the Security Instrument, Notice of Right to Cancel, Section 32 and Truth in Lending disclosure.

**WET SETTLEMENT** Not applicable



# ARIZONA

## GENERAL PRACTICES

### 1st Mortgage

**MARITAL DESIGNATION** Usually present on the Security Instrument.

**NOTARY** A seal is required in dark ink. The seal must contain the notary's name as it appears on the notarial application. The name of the county where notary is commissioned and expiration date of the notarial commission must also be on the seal.

**PROPERTY TAX DUE DATES** Taxes are paid in two installments. The first installment is due October 1st and delinquent November 1st. The second installment is due March 1st and delinquent May 1st.

**RIGHTS AND INTERESTS** Community Property

**TYPE OF CONVEYANCE** Warranty Deed (joint tenancy); Tenancy Deed; Special Warranty.

**TYPE OF ENCUMBRANCE** Deed of Trust



# ARIZONA

## BROKER INFORMATION

### 1st Mortgage

**ADVANCE FEES** Application fee, appraisal fee and credit report fee are the only advance fees the mortgage broker may collect. [AZ Rev Stat Ann Section 6-906.C.]

**ADVERTISING** Brokers must not knowingly advertise, display, distribute, broadcast or televise, or cause or permit to be advertised, displayed, distributed, broadcast or televised, in any manner whatever, any false, misleading or deceptive statement or representation regarding the rates, terms or conditions for a mortgage loan. If the charges are stated, they must be set forth in such manner as to prevent misunderstanding by prospective borrowers. [AZ Stat Section 6-909C] [AZ Stat Section 6-947D]  
Mortgage brokers may not advertise for or solicit mortgage business without using the name and license number as issued on the broker's business license. As used in this statute, "advertise" does not include business cards, radio and television advertising directed at national or regional markets and promotional items except if those items contain rates or terms on which a mortgage loan may be obtained. [AZ Stat Section 6-903M] [AZ Stat Section 6-943N]

**BROKER FEES** Allowed

**LATE CHARGE FEE** Allowed-not regulated. Customary is 5% and 15 days. Loan Documents must provide for a late fee for it to be collected.

**LIMITATIONS** Brokers may not offer to negotiate or accept compensation for loans under \$5,000 or loans not secured by a mortgage. [AZ Rev Stat Ann Section 6-909G]

**PREPAYMENT PENALTIES** Allowed-not regulated

**PRINCIPAL OFFICE** Brokers must maintain a principal office in Arizona.

**PROHIBITED PRACTICES** The mortgage broker is prohibited from compensating or employing an independent contractor who is acting as a mortgage broker or mortgage banker but is not licensed under this section of the state codes. [AZ Rev Stat Ann Section 6-909.B.]

**RECORD RETENTION** Every mortgage broker must maintain original documents, or clearly legible copies, of all mortgage loan transactions for at least five years from the date of the mortgage loan closing. [AZ Rev Stat Section 6-906.A]

**RECORDING** Mortgage brokers may not record a mortgage prior to the funds being available for disbursement. The one exception is when the mortgage broker informs the borrower in writing of a definite date the payment shall be made and obtains the borrowers authorization in writing. [AZ Rev Stat Ann Sections 6-909(0)]



# ARIZONA

## GENERAL INFORMATION

### 2nd Mortgage

**ADDITIONAL LENDER FEES** Allowed

**ADVERTISING** Licensee must include the name and license number assigned to their principal Arizona Office on any form of advertisement. Advertising does not include business cards, radio and television advertising directed at national or regional markets, or promotional items that do not contain loan rates or terms. (AZ Rev Stat Ann §6-903.K, 6-943.L)

**APPRAISAL FEE** Allowed

**BROKER FEES** Allowed

**CLOSING COST TO 3RD PARTIES** Allowed

**CREDIT REPORT FEE** Allowed

**DISCOUNT POINTS** Not regulated.

**LATE CHARGE FEE** Allowed-not regulated

**MAXIMUM APR** >10% if agreed to in writing (AZ Rev Stat Ann §44-1201)

**MAXIMUM INTEREST RATE** >10% if agreed to in writing (AZ Rev Stat Ann §44-1201)

**ORIGINATION** Licensee's policy

**PREPAYMENT PENALTIES** Allowed-not regulated

**PROMISSORY NOTE** Standard Fannie Mae/Freddie Mac state-specific First Mortgage Note.

**REBATE OF UNEARNED FINANCE CHARGES** Not applicable.

**RECORD RETENTION** Mortgage Banker's records must include records of all mortgage loan transaction for not less than two years, unless the loan is paid off or the loan and its servicing is sold. (AZ Rev Stat Ann §6-946.B)

**SIGNATURES** In the event a spouse is not going on the loan, that spouse would need to sign the Deed of Trust, Notice of Right To Cancel, Section 32 and Truth in Lending disclosure.

**WET SETTLEMENT** Not applicable.



# ARIZONA

## GENERAL PRACTICES

### 2nd Mortgage

**MARITAL DESIGNATION** Usually present on the Security Instrument.

**NOTARY** A seal is required in dark ink. The seal must contain the notary's name as it appears on the notarial application. The name of the county where notary is commissioned and expiration date of the notarial commission must also be on the seal.

**PROPERTY TAX DUE DATES** Taxes are paid in two installments. The first installment is due October 1st and delinquent November 1st. The second installment is due March 1st and delinquent May 1st.

**RIGHTS AND INTERESTS** Community Property

**TYPE OF CONVEYANCE** Warranty Deed

**TYPE OF ENCUMBRANCE** Deed of Trust



# ARIZONA

## BROKER INFORMATION

### 2nd Mortgage

**ADVANCE FEES** Application fee, appraisal fee and credit report fee are the only advance fees the mortgage broker may collect. [AZ Rev Stat Ann Section 6-906.C.]

**ADVERTISING** Anyone engaged in the mortgage business must not knowingly advertise, display, distribute, broadcast or televise, or cause or permit to be advertised, displayed, distributed, broadcast or televised, in any manner whatever, any false, misleading or deceptive statement or representation regarding the rates, terms or conditions for a mortgage loan. If the charges are stated, they must be set forth in such manner as to prevent misunderstanding by prospective borrowers. [AZ Stat Section 6-909C] [AZ Stat Section 6-947D]  
Mortgage brokers or mortgage bankers may not advertise for or solicit mortgage business without using the name and license number as issued on the mortgage broker's or bankers business license. As used in this statute, advertise "does not include business cards, radio and television advertising directed at national or regional markets and promotional items except if those items contain rates or terms on which a mortgage loan may be obtained." [AZ Stat Section 6-903M] [AZ Stat Section 6-943N]

**BROKER FEES** Allowed

**LATE CHARGE FEE** Allowed-not regulated

**LIMITATIONS** Brokers may not offer to negotiate or accept compensation for loans under \$5,000 or loans not secured by a mortgage. [AZ Rev Stat Ann Section 6-909G]

**PREPAYMENT PENALTIES** Allowed-not regulated

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**RECORD RETENTION** Every mortgage broker must maintain original documents, or clearly legible copies, of all mortgage loan transactions for at least five years from the date of the mortgage loan closing. [AZ Rev Stat Section 6-906.A]

**RECORDING** Mortgage brokers may not record a mortgage prior to the funds being available for disbursement. The one exception is when the mortgage broker informs the borrower in writing of a definite date the payment shall be made and obtains the borrowers authorization in writing. [AZ Rev Stat Ann Sections 6-909(0)]



# ARIZONA

## EARLY DISCLOSURES

		<u>Provider</u>	<u>Lien Position</u>
<b>ADVANCE FEE DISCLOSURE</b>	A written agreement signed by all parties is required when an advance or fee is paid in connection with an application for mortgage (AZ Rev. Stat Ann. §§6-906C & 6-946C). CLICK HERE FOR SAMPLE.	<i>Both</i>	<i>Both</i>
<b>APPRAISAL DISCLOSURE</b>	In Arizona the borrower must be given a disclosure which notifies the borrower of their right to a copy of the appraisal with no time limitation.(AZ Rev Stat Ann Section 6-946C) CLICK HERE FOR SAMPLE	<i>Both</i>	<i>Both</i>
<b>BLANK SPACES AUTHORIZATION</b>	A disclosure must be made on any authorization granted to the mortgage broker, banker, or escrow agent to complete blank spaces on a document after the borrower has signed it. It should specifically identify the document and the blank spaces authorized to be filled in, and be signed and dated by the borrower. CLICK HERE FOR SAMPLE.	<i>Both</i>	<i>Both</i>



# ARIZONA

## LATE DISCLOSURES

	<u>Provider</u>	<u>Lien Position</u>
<b>FEDERAL DISCLOSURES</b> Licensees must fully comply with federal real estate lending disclosure requirements for residential mortgage loans. This includes the notice to applicants of the primary reason for loan denial required by Regulation B-Equal Credit Opportunity Act (ECOA). However, Arizona law does not place a limit on the time period that a borrower may request a copy of their appraisal. [AZ Rev Stat Ann Section 6-906 and 6-946] <a href="#">CLICK HERE FOR SAMPLE</a>	<i>Lender</i>	<i>Both</i>

<b>INVESTOR DISCLOSURES</b> If a broker sells loans to a noninstitutional investor, the broker must provide a preliminary title report and a separate opinion of value of the property. The mortgage broker must make the following disclosure: The name and address of the fee owner of the property; The borrower's ability to repay the loan; Terms and conditions of the loan; The capacity of the mortgage broker, principal or agent; Street address or legal description of property; and Any improvements or utilities servicing property. The disclosures must be given to the noninstitutional investor prior to the mortgage broker receiving any money. (AZ Rev Stat Ann Section 6-907) Lender Specific	<i>Broker</i>	<i>Both</i>
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