

# Legislative Overview for AZDFI | 2016

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The Arizona State Fifty-Second Legislature, second regular session, adjourned *sine die* on May 7th, 2016 at 5:45 A.M. The following bills were passed and signed into law by Governor Doug Ducey. If you have questions relating to the bills below please contact the Department's Legislative Liaison at [sbriggs@azdfi.gov](mailto:sbriggs@azdfi.gov). The general effective date for legislation is August 6, 2016 unless otherwise stated.

*Please be advised that this list is not comprehensive and therefore may not include all bills that directly or indirectly affect DFI licensees. Please visit the state legislature's website at <http://www.azleg.gov/> for more information.*

## **Laws 2016, Chapter 63 (H2152): Consumer Lenders; Referral Fees; Insurance**

ARS Titles Affected: 6

### Amends ARS § 6-611:

- Removes the prohibition for a consumer lender from paying a fee, commission or bonus or to give anything of value to any merchant, dealer, consumer or other person for referring consumer lender loan business.
- Removes the restriction for a consumer lender from giving a consumer any prize, good, ware, merchandise or tangible property whose aggregate value exceeds \$25.

### Amends ARS § 6-636:

- Allows a consumer lender to offer and sell the following in connection with a consumer lender loan:
  - Accidental death and dismemberment insurance that provides a benefit if death occurs as a result of an accident or if dismemberment occurs; and
  - Disability income protection insurance that provides a benefit if a total disability occurs during the term of insurance.

### Amends ARS § 6-638:

- Allows a consumer lender who is licensed to sell disability insurance to sell and include in the principal amount of the consumer lender loan the cost of the premium for accidental death and dismemberment insurance or disability income protection insurance, or both, provided that all of the following apply:
  - The insurance policy or certificate is approved by the Director of the Arizona Department of Insurance;
  - The purchase of the insurance is not a condition of the consumer lender loan;
  - The consumer signs an application for the insurance that is separate from the consumer lender loan application; and
  - The licensee does not offer or discuss with the consumer the option of accidental death and dismemberment insurance or disability income protection insurance until after the consumer lender loan application is completed and the consumer lender loan is approved.

## **Laws 2016, Chapter 332 (H2471): Credit Unions: Actions; Meetings**

ARS Titles Affected: 6

### Amends ARS § 6-531:

- Requires the BOD to meet annually at least 10 times in 10 different months.

## Amends ARS § 6-533:

- Authorizes an officer, director, or committee member to receive compensation for services to the credit union.
- Maintains that reasonable life, health, accident, and similar insurance protection is not considered compensation.
- States an officer, director, or committee member may be reimbursed for necessary expenses associated with related duties.

## Amends by adding ARS § 6-543: (new statute)

- Authorizes the BOD to take action without a meeting by electronic means provided a notice is given to each board member. The notice must state the action to be taken and the time the director has to respond.
- Stipulates action may be taken by electronic means if both of the following apply:
  - The votes received by electronic means and that are in favor of the action equal or exceed the minimum number of votes that would be necessary to take the action at a meeting at which all of the members were present and voted, and
  - The credit union has not received a written demand that an action not be taken without a meeting by a director.
- States any director may demand an action not be taken without a meeting by delivering a signed writing to the president or secretary before the date in the notice requesting electronic voting.
- Asserts action taken by electronic means:
  - Has the same effect as action taken at a BOD's meeting, and
  - Must be included in the minutes of the BOD's next meeting with a record of how each director voted on the action.
- Specifies all communication may be done by electronic means and each director's vote must be signed using an electronic signature employing a security procedure as defined in statute.

## Amends by adding ARS § 6-559: (new statute)

- Authorizes a credit union to offer a savings promotion account.

## Amends ARS § 6-577:

- Removes the 5% cap on capital investments a credit union makes in fixed assets.

## **Laws 2016, Chapter 277 ([S1358](#)): Motor Vehicle Dealer Licensing**

ARS Titles Affected: [6](#), [28](#), [44](#)

## Amends ARS § 6-126:

- Removes the requirement for a motor vehicle dealer to apply through DFI and provide \$300 for an application fee; and \$150 for an annual renewal.

## Amends ARS § 28-4302:

- Requires a motor vehicle dealer to pay a \$400 filing fee to MVD if the dealer has a contractual relationship with a third party lender.

- Allocates \$300 of this fee to the General Fund (GF) and \$100 to the Arizona Highway User Revenue Fund (HURF).
- Requires a motor vehicle dealer to pay a \$100 license continuation fee, if issued annually.
  - Mandates that if a dealer has a contractual relationship with a third party lender, the dealer is to pay a \$250 license continuation fee.
  - Allocates \$150 of this fee to the GF and \$100 to HURF.

## **Laws 2016, Chapter 263 ([H2535](#)): Motor Vehicle Dealers; Certificates**

ARS Titles Affected: [6](#), [28](#), [44](#), [47](#)

### [Amends ARS § 6-126:](#)

- Removes the requirement for a motor vehicle dealer to apply through DFI and provide \$300 for an application fee; and \$150 for an annual renewal.

### [Amends ARS § 44-281:](#)

- Removes the definition of “Dealer” as any person who in any year sells on a noncash basis three or more motor vehicles at retail.
- The definition of a “Sales Finance Company” does not include a motor vehicle dealer who creates retail installment contracts and assigns the retail installment contracts to third party lenders or financial institutions.

### [Amends ARS § 44-282:](#)

- Removes the requirement for a dealer in this state to be licensed by the Department of Financial Institutions.
- Removes the license fee for each dealer from the fee prescribed in ARS § [6-126](#).