

The Arizona State Fifty-Fourth Legislature, First Regular Session, adjourned sine die on May 28th, 2019 at 12:58 AM. The following bills were passed and signed into law by Governor Doug Ducey. If you have questions relating to the bills below please contact Stephen Briggs, the Department's Legislative Liaison at [sbriggs@azdfi.gov](mailto:sbriggs@azdfi.gov). The general effective date for legislation is August 27, 2019 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 2019, Chapter 334 ([H2146](#)): Contracts; Licensure Requirements; Waiver; Applicability**

*Creates A.R.S. § 44-171:*

- Exempts certain persons from state licensure, certification, registration or other authorization to act.
- The exemption does not apply to the following:
  - Mortgage professionals licensed under Title 6, Chapter 9;
  - Sales finance company (title lenders) licensed under Title 44, Chapter 2.1.
  - Collections agencies found in Title 32, Chapter 9.
- The restrictions found in A.R.S. §§ 6-114, 6-632, 6-635, 6-637 cannot be waived.
- The exemption applies only if all of the following conditions are met:
  - The person is a party to a contract between two or more private parties;
  - The subject of the contract is substantially delivered by electronic means;
  - The contract specifies the laws from which the person is exempt;
  - The subject of the contract is lawful;
  - The exemption does not materially affect a third party;
  - The exemption does not clearly harm or damage public health or safety; and
  - The subject of the contract does not exceed \$6,000 per transaction between any two parties *and* \$150,000 in total aggregate profit in the previous calendar year for all parties related to the services provided in the contract.
- A person does not have to display a business license if they are exempt from the license requirements under this section.
- Within six months of notification by a state agency that the person is in violation of a specified state law relating to licensure the person shall either:
  - Become licensed; or
  - Amend the contract to exempt the person from the applicable state law.
- If the annual profits related to the services provided in the contact exceed \$150,000, a party has until July 1<sup>st</sup> of the following year to either become licensed or to amend the contract before the state agency may take disciplinary action against any party to the contract.
- An agency may not take disciplinary action against the party during either of the following time periods:

- The six-month period in which the party is working to either become licensed, certified or registered or to amend the contract to exempt the party from the state law; or
- The time-period after the party has submitted an application to become licensed, certified or registered and before the agency has approved or denied the application.
- A violation of the sections is an unlawful practice and the Attorney General may investigate and take appropriate action as prescribed by law.

**Laws 2019, Chapter 30 ([H2284](#)): Credit Unions; Declaration of Purpose**

*Creates A.R.S. 6-505:*

- States the purpose of this chapter governing credit unions is to provide opportunity for credit unions to remain competitive with each other, with financial institutions existing under other laws of this state and with banking and financial institutions existing under the laws of the other states, the United States and foreign countries.

**Laws 2019, Chapter 55 ([H2569](#)): Occupational Licensing; Reciprocity**

*Amends A.R.S. 32-4302:*

- Requires an occupational or processional license or certificate under Title 32, to be issued to a person who establishes residency in this state and meets all statutorily outlined criteria.
- Strikes language that allows the department to require a person to practice under the direct supervision of a licensee or certificate holder if the person has been licensed or certified for less than five years.
- Adds a condition to the licensing waiver requirements that the person does not have a disqualifying criminal history as determined by the regulating entity.
- Allows a department that administers an examination specific to Arizona laws as part of the application process to require an out-of-state applicant to pass the examination.
- Subjects a person licensed pursuant to Title 32 to the laws regulating that person's practice in Arizona and to the department's jurisdiction.
- Specifies that a reciprocal license or certificate is valid only in Arizona and does not make the license holder eligible to be part of an interstate compact.

**Laws 2019, Chapter 233 ([H2687](#)): Condominiums; Terminations; Appraisals**

*Amends A.R.S. 33-1228:*

- Require a board of directors of an association to hold a meeting at least 30 days prior to recording a termination agreement. At this meeting a person who purports to have the agreement of at least 80% of the votes in the association, must produce copies of a signed notarized statement from each unit owner that has executed a termination agreement.
- The person must provide copies of the statement to each unit owner who has agreed to the termination.
- Requires such meeting to be noticed as otherwise provided by law.
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- Prohibits the board from taking action by written consent that does not provide for an actual meeting that is open to all the unit owners.
- Stipulates that any recorded termination agreement that does not comply with these provisions is invalid.

- Includes the pro rata share of any monies in the association's reserve fund and operating account, and an additional 5% of that total amount for relocation costs as respective interests of unit owners.
- Directs the association to select an independent appraiser to determine the fair market value of the condominium and increases the amount of time the unit owners have to disapprove the appraisal from 30 days to 60 days.
- Permits a second independent appraisal at the unit owner's expense and stipulates if that appraisal differs from the association's appraisal by 5% or less, the higher appraisal is final. However, if the second appraisal is more than 5% the amount of the association's appraisal, the unit owner must submit to arbitration at the association expense, and the arbitration amount is the final sale amount.

**Laws 2019, Chapter 22 ([S1333](#)): Real Estate Appraisal**

*Amends A.R.S §§ 32-3601, 32-3605, 32-3609, 32-3635, 32-3661, 32-3662, 32-3663, 32-3665, 32-3668 and 32-3677 and repeals 32-3610:*

- Defines *standards of professional appraisal practice* as the uniform standards of professional appraisal practice that is *promulgated by the Appraisal Standards Board of the Appraisal Foundation* and repeals the current definition of *uniform standards of professional practice*.
- Directs the Superintendent to:
  - *Adopt standards for appraisal practice* that as a minimum shall be equivalent to the *standards of professional appraisal practice*.
  - *Investigate and assess potential law or order violations and take appropriate action against an appraisal management company that violate laws or orders.*
  - Report violations of appraisal-related laws or orders and disciplinary and enforcement actions to the *appraisal subcommittee*.
- Allows the Superintendent to deny the application for an initial issuance or renewal of an appraisal management company registration if the applicant has been convicted of a felony.
- Prohibits an appraisal management company from removing an appraiser from its appraiser panel, or otherwise refusing to assign requests for real property appraisal services to an independent appraiser, within the first 60 days after an independent appraiser is first added to the appraiser panel for an appraisal management company.
- Modifies the definition of *Appraisal Management Company*.

**Laws 2019, Chapter 252 ([SB1469](#)): Agency Consolidation; Department of Insurance**

*Amends multiple statutes within Title 5, 6, 10, 11, 13, 14, 20, 23, 25, 28, 32, 35, 38, 41, 44, 46, and 48. Contains a delayed effective date of July 1, 2020.*

- Effective July 1, 2020, renames Department of Insurance as the Department of Insurance and Financial Institutions (DIFI) and consolidates the current Department of Financial Institutions with DIFI as the Financial Institutions Division. The Arizona Auto Theft Authority (AATA) will also be consolidated within DIFI.
- DIFI will succeed to the authority, powers, duties and responsibilities of the DFI and the AATA.
- The consolidation does not alter the effect of any actions that were taken by the DFI and the AATA before July 1, 2020.
- Stipulates that on July 1, 2020 all administrative matters whether completed, pending or in process of the DFI and the AATA are transferred to and retain the same status with the DIFI; all certificates and other indicia of qualification and

authority that were issue by the DFI and the AATA retain their validity as provided by law; and all DFI and the AATA equipment, records and other property including appropriated monies that are unexpended and unencumbered are transferred to the DFI.

- Requires Legislative Council to prepare proposed legislation to conform statute to the provisions of this Act for consideration in the Fifty-Fifth Legislature, First Regular Session (2020).