

Policy on Business Arrangements, Reselling, and Marketing of NMLS Approved Courses

Purpose

The purpose of this policy is to provide definitions and to list what NMLS considers to be acceptable business arrangements for the promotion, selling, reselling, and marketing of NMLS approved courses. This policy also details when and how NMLS approved course providers may use the NMLS name, the “NMLS Approved” phrase, and/or “NMLS Approved course” logo to promote and/or market courses.

Background and Reason for the Policy

The Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act), requires that all pre-licensing (PE) and continuing education (CE) courses be reviewed and approved by the Nationwide Mortgage Licensing System & Registry (NMLS). As such, any course taken by a state-licensed loan originator that has not been reviewed and approved by NMLS does not satisfy the PE or annual CE requirement as stipulated by the SAFE Act. To assist in the prevention of fraud and/or to eliminate confusion in the marketplace, this policy details the various policies that may be employed to promote, resell, and/or market NMLS approved courses. Additionally, this policy details when and how the NMLS name, the “NMLS Approved” phrase, and and/or the “NMLS Approved” logo may be used to promote and/or market courses.

Definitions

The following definitions are applicable:

NMLS Approved Course Provider: An organization which has submitted an application and has subsequently been approved by NMLS to deliver PE and/or CE courses which are intended to satisfy the requirements of the SAFE Act. An NMLS Approved Course Provider is also defined as the organization that has an approved course and charges fees, issues refunds, delivers education, issues a course completion certificate, and performs credit banking.

NMLS Approved Course: A course which has been submitted by an NMLS approved course provider, and has been reviewed and approved by NMLS to satisfy the requirements of the SAFE Act. Every NMLS approved course has a unique course ID number which is associated with only one NMLS approved course provider.

Licensing Agreement: An agreement in which the owner of course materials, textbooks, or software extends permission to an NMLS approved provider to use specific course material, textbook, or software in the delivery of an NMLS approved course.

Referral Marketing: A marketing arrangement between an NMLS approved course provider and a third party in which the third party refers a potential customer to a course (or list of courses) owned and offered by an NMLS approved course provider.

Reseller: An entity that resells (accepts payment for) a course on behalf of an NMLS approved course provider. NMLS defines this as a prohibited act.

Course Provider Business Arrangement Standards

The overriding objective of these business standards are: 1) to ensure that is very clear and that there can be no doubt in the consumer’s mind about: (a) who the approved course provider is, (b) who they are purchasing the course(s) from, (c) who is delivering the education, and (d) who they need to contact in the case of any issue or complaint; and 2) to preserve the integrity of the term “NMLS Approved;” and 3) to ensure all NMLS approved course providers are abiding by the Approved Course Provider Standards of Conduct.

1. **Acceptable Business Arrangements:** The following business arrangements are acceptable under the following conditions:

a. **Licensing Agreements:** NMLS approved course providers may enter into licensing agreements with a third part for the use of course materials, textbooks, and software (including the use of Learning Management Systems (LMS) for the purposes of delivering an NMLS Approved Course. Licensing agreements and the source of the material must be disclosed when the course is submitted to NMLS for approval. The following additional caveats apply:

i. *Licensing Agreements of Approved Classroom Course Content:*

1. An NMLS approved course provider with an NMLS approved classroom course may license their course to another NMLS approved course provider provided the licensee resubmits the course for re-approval so that content can be verified as being accurate and so that a unique course ID number associated the licensee can be assigned to the course.

2. The licensee has responsibility for ensuring course content is up-to-date, for satisfying any and all conditions associated with a the course approval process, course auditing, and, assuming the course is to renewed, for submitting updated material during the annual course renewal process. During the course approval process, NMLS will communicate solely with the licensee to address any concerns.

3. To comply with the SAFE Act's "two year rule" which precludes an MLO from taking the same course two years in a row, a licensed CE course will retain the course title as was approved for the "parent" course. This will serve as an obvious indicator on the MLO's course completion record that the MLO has not complied with the rule.

*ii. Licensing Agreement of Classroom Equivalent (Webinar)
Course Content:*

1. An NMLS approved course provider with an NMLS approved classroom course may license their course to another NMLS approved course provider provided the licensee resubmits the course for re-approval so that content can be verified as being accurate and so that a unique course ID number associated the licensee can be assigned to the course.
2. The licensee has responsibility for ensuring course content is up-to-date, for satisfying any and all conditions associated with the course approval process, course auditing, and, assuming the course is renewed, for submitting updated materials during the annual course renewal process. During the course approval process, NMLS will communicate solely with the licensee to address any concerns.
3. The licensee is responsible for ensuring all current and future technical requirements for delivery of the course as outlined in the functional specification are met.
4. To comply with the SAFE Act's "two year rule" which precludes an MLO from taking the same course two years in a row, a licensed CE course will retain the course title as was approved for the "parent" course. This will serve as an obvious indicator on the MLO's course completion record that the MLO has not complied with the rule.

iii. Licensing Agreement of Online Self-Study Courses:

1. An NMLS approved course provider with an NMLS approved online self-study course may license their course to another NMLS approved course provider

provided the licensee resubmits the course for re-approval so that content can be verified as being accurate and so that a unique course ID number associated the licensee can be assigned to the course.

2. The licensee has responsibility for ensuring course content is up-to-date, for satisfying any and all conditions associated with the course approval process, course auditing, and, assuming the course is renewed, for submitting updated materials during the annual course renewal process. During the course approval process, NMLS will communicate solely with the licensee to address any concerns.
3. The licensee must ensure that any brand name that may appear on the course, within the course content, on the course completion certificate, etc. does not create any confusion about who the course provider is. For example, if company X has produced an online self-study course that is being licensed by provider Y, it must appear obvious and remain persistent to the student that provider Y is the course provider, that provider Y is the organization responsible for collecting payment and issuing any refunds; is responsible for answering any questions, dealing with complaints, and for reporting the course completion. In no way should it ever appear that company X is the course provider.
4. The licensee is responsible for ensuring all current and future technical requirements for delivery of the course as outlined in the functional specification are met.
5. To comply with the SAFE Act's "two year rule" which precludes an MLO from taking the same course two years in a row, a licensed CE course will retain the course title as was approved for the "parent" course. This will serve as an obvious indicator on the MLO's course completion record that the MLO has not complied with the rule.

iv. Licensing Agreement of Online Instructor-led Courses:

1. An NMLS approved course provider with an NMLS approved online instructor course may license their course content and/or technical capability (LMS and

supporting technology) to another NMLS approved course provider provided the licensee resubmits the course for re-approval so that content, activities, time requirements, etc. can be verified as being accurate and so that a unique course ID number associated the licensee can be assigned to the course.

2. The licensee has responsibility for ensuring course content is up-to-date, for satisfying any and all conditions associated with the course approval process, course auditing, and, assuming the course is renewed, for submitting updated materials during the annual course renewal process. During the course approval process, NMLS will communicate solely with the licensee to address any concerns.
3. The licensee is responsible for ensuring and demonstrating that instructors have the requisite skills and experience to teach online courses. NMLS reserves the right to deny/remove course approval if the licensee fails to demonstrate that it possesses the capability to deliver online instructor-led courses in accordance with NMLS policies and procedures and the functional specification.
4. The licensee must ensure that any brand name that may appear on the course, within the course content, on the course completion certificate, etc. does not create any confusion about who the course provider is. For example, if company X has produced an online instructor-led course that is being licensed by provider Y, it must appear obvious and remain persistent to the student that provider Y is the course provider, that provider Y is the organization responsible for collecting payment and issuing any refunds; is responsible for answering any questions, dealing with complaints, and for reporting the course completion. In no way should it ever appear that company X is the course provider.
5. The licensee is responsible for ensuring all current and future technical requirements for delivery of the course as outlined in the functional specification are met.

- b. **Referral Marketing:** NMLS approved course providers may enter into referral marketing agreements with third parties as a means to acquire interests/students for an approved course. The following

additional caveats apply:

i. Acceptable Practices:

1. A third party web site may host a link (line of text, ad banner, image, etc) that, when clicked by a user, will take the user to the web site of the approved course provider where they can learn about or purchase the course.
2. Course providers must ensure that all third party web site information discloses required information such as the course provider's complete name, and the course name and course number as approved by NMLS (see Section 2, Course Marketing Standards).

ii. Unacceptable Practices:

1. A third party may not link or perform any marketing activity in which it may appear to a perspective student that the third party is an approved course provider and/or that they are selling, hosting, or doing anything else that may lead a perspective student to believe that the third party is an approved course provider and/or is the owner of the approved course.
 2. The third party may not take any registrations and/or collect any funds on behalf an approved course provider.
- c. **Reseller:** A reseller is defined as entity that resells (accepts payment for) a course on behalf of an NMLS approved course provider. NMLS defines this as a prohibited act. An organization may license content and/or technology to an approved course provider for the purposes of offering a course in accordance with the licensing policy outlined above.

Use of NMLS Name in Marketing

It is the intention of the NMLS to have all NMLS approved course providers promote themselves and their course offering in accordance with the highest ethical standards.

A. Course Marketing Standards

Permission to use the NMLS name, initials, logo, or brand is extended only under the following conditions:

1. All advertising must be truthful and be void of any misleading statements, promises, or guarantees that cannot be reasonably fulfilled (i.e. a course may not be promoted in such a way as to guarantee that an individual will pass an exam after completing the course. However, a provider may offer a “guarantee” to refund fees if a student fails to pass a test).
2. All advertisements used to promote an NMLS approved course, including web sites, landing pages, ad banners, print marketing materials, direct mail, e-mail, brochures, etc., must clearly state the name of the course provider (as registered with NMLS) and must also include the business name of the course and the course ID number as approved by NMLS.
3. Course provider web sites are to abide by best practices associated with maintaining a web presence/performing e-commerce to include listing on any web site where an NMLS approved course is listed the organization’s business address, phone number(s), contact e-mail address, privacy policy, refund policy, course cancellation and other applicable policies.
4. *Course providers* may use the words “NMLS Approved” to market themselves only if they have completed the application process and in fact been approved by NMLS as being an approved course provider and have received a course provider ID number. *(Note: effective July 1, 2011, the “NMLS Approved Course Provider” logo may no longer be used.)*
5. *Courses* may be promoted using the words “NMLS Approved” only if the course provider has been approved to offer NMLS courses *and* only after the course has been reviewed and approved by NMLS and has been issued a course ID number. *(Note: New NMLS Approved Course seal will start to be issued beginning July 1, 2011, and may be used to promote a course as being NMLS approved. The new seals will incorporate the NMLS logo embedded with the approved course number.)*
6. Courses may not be marketed or be promoted as being NMLS approved until confirmation of approval has been received in writing from NMLS.
7. The word “guarantee” is not to be associated with the offering of any NMLS approved course.
8. The word “accredited” is not to be used.
9. The words “SAFE Approved” or any similarly worded phrase is not to be associated with the offering of any NMLS approved course since the SAFE Act itself does not approve providers or their courses.

10. The words “SAFE Act Compliant” may be used if a course has been submitted and has been approved by NMLS.

B. Verification and Consumer Protection

1. NMLS has implemented two mechanisms which may be used by industry professionals to 1) verify that a course provider has been approved by NMLS, and 2) a course is approved by NMLS to satisfy either PE or CE requirements in accordance with the SAFE Act:
 - a) **Listing of Course Provider on Public Web Site:** NMLS maintains on its web site a listing of course providers who have been approved to offer NMLS-approved courses. Industry professionals are encouraged to check this list prior to enrolling in any PE or CE course to ensure that the course provider has been approved by NMLS to offer SAFE-compliant courses.
 - b) **Listing of Approved Courses on Public Web Site:** All NMLS approved courses are approved by NMLS and are assigned a unique course ID number. The registry of courses, commonly referred to as the NMLS Master Course Catalog, is maintained online in a searchable format in the NMLS Resource Center at <http://mortgage.nationwidelicencingsystem.org/profreq/education/Pages/default.aspx> The Master Course Catalog list relevant course details to include course title, classroom format, number of approved hours, date and time of course offerings, and location. Industry professionals are encouraged to consult the catalog prior to enrolling in any PE or CE course to ensure that any course they are considering taking has been approved by NMLS and will satisfy state licensure requirements.

C. Trademark Protection and Enforcement

The Nationwide Mortgage Licensing System, Nationwide Mortgage Licensing System & Registry, NMLS, NMLS-R, NMLS Approved, and the NMLS Approved course logo are all registered trademarks of the State Regulatory Registry, LLC. As such, the State Regulatory Registry will enforce and defend any use of its trademarks which is inconsistent with this policy.

Non-Compliance with Business and/or Marketing Requirements

An organization that fails to comply with NMLS business and/or marketing standards will be notified and will be required to take corrective action(s). *Failure to correct any problem may result in action being taken by the Mortgage Testing & Education Board.*