



## BOND EXECUTION PROCESS EXCEPTIONS

This guide walks you through the steps you must take to handle common exceptions in the bond execution and delivery processes. To facilitate these processes, NMLS allows the following actions:

- [Replace a Designated Signatory](#)
- [Return to Surety Entity \(Company\)](#)
- [Returned to Surety by Regulator](#)

### Replace a Designated Signatory

The signatory on an original bond or conversion can be changed prior to delivery of the bond to the regulator. If a bond has been delivered with the wrong signatory, it must be cancelled and reissued with the correct signature.

1. Follow the steps in the [How to Review Bonds Pending Action](#) section above to get to the *Manage Surety Bond or Rider* page.
2. Click the **Review** button next to the bond.
3. Click the **Remove Signatory** button to designate a different Control Person as signatory (see *Figure 2*).

POSSIBLE ACTION	DESCRIPTION
<b>Mark Ready</b>	Indicate an executed original or converted bond is ready for delivery to the regulator. If the corresponding license request has not been submitted, the bond will be delivered to the regulator immediately upon submission of the license application.
<b>Decline</b>	Decline an original or converted bond that has not yet been signed. Bond riders cannot be declined.
<b>Return to Surety</b>	Send a bond or rider back to the surety entity to make changes or delete a rider.

**Note:** Amendments to bond-related information made on the Company Form (MU1) prior to delivery of an executed bond to the regulator result in the bond being returned to the surety entity for correction. You must sign the bond again.

Designated Signatory: Ethan Conner Remove Signatory 1

*Figure 2: Remove Signatory*

4. Follow the steps in the [How to Designate a Signatory](#) process to designate a different individual.

### Return to Surety Entity (Company)

Under certain circumstances a bond may need to be returned to the Surety Entity prior to delivery to the regulator. Only bonds which have not yet been delivered to the regulator can be returned to surety by a company user.

1. Follow the steps in the “How to Review Bonds Pending Action” section of the Bond Execution Guide to get to the *Manage Surety Bond or Rider* page.
2. Click the **Review** button next to the bond.
3. At the bottom of the bond, click the **Return to Surety** button.

**NOTE:** The **Return to Surety** button is only available for bonds which have not been marked ready. If the bond was signed before it was returned, it must be signed again after it is re-issued.

### **Returned to Surety by Regulator**

A regulator can return a bond to correct one or more of the following issues:

- Incorrect license type
- Incorrect signatory
- Incorrect bond number for converted bond
- Bond not needed
- Duplicate bond
- Surety underwriter company is incorrect
- Converted bond indicator is incorrect

The returned bond and any delivered riders are captured as a snapshot with a “Returned to Surety” watermark. In addition, the regulator must provide a note explaining in more detail why the bond was returned. Once a bond is returned, the surety can amend the bond and resubmit by completing the standard signing process, or may void the bond (see Bond Recreation below for more details).

Riders – All riders associated with the returned bond are automatically voided by the system. Delivered riders are captured in the returned bond snapshot, but pending riders are not. It is possible to incorporate rider changes into the resubmitted bond, but not required. Any changes made by rider but not incorporated into the resubmitted bond must be recreated via a new rider. If the returned bond is a converted bond with riders, the original effective date of the resubmitted converted bond is the surety signatory date. Paper riders may need to be completed before the bond is converted.

Bond Recreation – A returned bond can be amended and recreated by a surety entity without voiding it. The Surety Company user must have either the Manage Bonds, Manage Bonds and Sign Bonds, or Account Administrator role to recreate a returned bond. If the Surety Company voids the bond, it can be recreated by either the SC or the Surety Bond Producer.

Bond Voiding – Voiding a returned bond allows for the bond number to be reused. Surety Companies can void a returned bond, but Surety Bond Producers cannot. Instances of Voided bonds are viewable by both the Surety Company and Surety Bond Producer within their

respective Manage Bonds lists. A new Bond Status, **Voided**, has been added to assist with accessing these bonds.

Notifications – If the Surety Company created the bond with no Surety Bond Producer, then only the Surety Company is notified when a bond is returned. If the Surety Bond Producer created the bond, both the Surety Bond Producer and the Surety Company receive notification.

Surety Bond Transaction Report – The report will capture the new bond transactions types, including Returned to Surety by the Regulator, Rider Voided (for riders voided by the system if associated bond is returned), and Voided (for returned bonds voided by the Surety Company).

For assistance, please contact the NMLS Call Center at 1-855-NMLS-123 (1-855-665-7123).