

Maryland Commissioner of Financial Regulation

Electronic Surety Bond Management Plan For Existing Bonds

Who has the option to manage their surety bond to NMLS?

Beginning on August 1, 2017, the Maryland Commissioner of Financial Regulation (“Commissioner”) will begin accepting electronic surety bonds (“ESB”) available in NMLS for the following licenses:

- **Collection Agency License**
- **Consumer Loan License**
- **Credit Services Business License**
- **Debt Management License**
- **Installment Loan License**
- **Money Transmitter License**
- **Mortgage Lender License**

Current licensees are encouraged to manage their bond requirement through the ESB functionality in NMLS. In order to do so, the existing paper bond should be cancelled after the creation of the appropriate surety bond in NMLS.

Although the “Converted Bond” process is available in NMLS, under no circumstance should a licensee use this function for Maryland surety bonds.

Alternatively, licensees may continue to manage their current surety bonds outside NMLS as long as the bond does not terminate before the end of the current licensing period (please review the current bond) or until such time as the Commissioner requires use of NMLS for ESB.

NMLS currently does not support ESBs within the branch office records. For licensees who have previously submitted or managed surety bonds for branches, these may now be managed through a single surety bond at the company level. The surety bond amount must meet the appropriate obligation set forth by the Commissioner.

Note to Licensees: The Commissioner encourages those licensees whose surety providers already use NMLS to manage existing bonds through ESB. If your surety provider is not authorized in NMLS, they are encouraged to create a surety entity account in order to manage the surety bond(s) in NMLS.

Note to Surety Companies & Producers doing business in Maryland: If you have not yet starting using NMLS, see the [Electronic Surety Bond page](#) of the NMLS Resource Center for more information. For information regarding surety company processes, see the [Surety Company](#) page. For information regarding surety bond producer processes, see the [Surety Bond Producer](#) page. Questions? Contact the NMLS Call Center at 1-855-NMLS-123 (1-855-665-7123).

Has the agency surety bond form changed?

The surety bond forms for the license types listed above have been changed in response to the 2017 legislative session (see 2017 Md. Laws 479), as well as to accommodate the functionality in NMLS.

Will this affect license renewal?

Changing from a paper bond to ESB through NMLS will have no effect on the renewal of the licenses listed above for the 2018 Renewal Period.

Electronic Surety Bond Conversion Process

What should licensees do if they want to manage their bond to NMLS?

Current licensees must ensure the surety bond provider they work with has an account in NMLS and is authorized to do surety business in Maryland. Once the provider is set-up in NMLS, a new surety bond must be created in NMLS and reflect the complete obligation required for the entity. Bonds cannot be converted for Maryland surety bonds. Any paper bond should be cancelled outside NMLS once the appropriate surety bond has been created using ESB in NMLS in order to ensure there is no coverage lapse.

After the surety bond producer has prepared the bond in NMLS, the duly authorized individual (specifically, president or vice president of a corporation, managing member or manager of a LLC, or general partner of a partnership) must sign and submit the bond through NMLS. The surety bond will then be managed entirely through NMLS.

How will ESBs for branch offices be managed in NMLS?

Separate surety bonds for branch locations no longer need to be managed if using ESB functionality. A single surety bond meeting the appropriate obligations may be managed through the company's NMLS record.

What resources are available to help with managing a surety bond in NMLS?

Electronic Surety Bond Training

NMLS offers an [Electronic Surety Bond \(ESB\) Course](#) available on the [NMLS Resource Center](#) for all ESB-related information and to assist in the process of managing ESBs in NMLS. This e-learning tool aggregates and consolidates all of the different resources and information available on the NMLS Resource Center and CSBS Learning Management System. The ESB Course contains recorded webinars, documentation, workflows, and other valuable resources for surety companies, surety bond producers, and licensees.

Electronic Surety Bond Guides

Visit the [ESB for NMLS Licensees page](#) of the NMLS Resource Center for more information about the Electronic Surety Bond process.