

**Conference of State Bank Supervisors
SAFE Mortgage Licensing Act – Testing and Education Requirements
REQUEST FOR PROPOSAL**

**Bidder Conference Calls – Questions and Answers
Posted November 26, 2008**

Summary – This is the second document being posted in response to one-on-one bidder calls with CSBS staff and state regulatory representatives. This document addresses many of the questions and answers that were generated during the calls.

This second posting may still not address all of the material questions that were raised in the calls. We will continue to review notes from bidder calls and may post additional Q&As no later than Monday, December 1, 2008.

This document has been arranged as follows. First there are some guidelines and answers to general RFP issues. Next, Q&As regarding components 1. and 2. are presented, including reference to a new Appendix C1. Then Q&As regarding components 3. and 4. are presented. Wherever a question referenced a specific RFP line number(s), that line number(s) is referenced in the question.

If vendors would like to ask follow-up questions about any of the items in this document, they should reference the posting date and the item/question number in their inquiry.

Guidelines and Answers to General RFP Issues

1. Multiple Vendors asked about the expected length of contracts.

Answer: The contract period for Component 1. Test Development, Fast Track shall be approximately 24 months.

The contract period for Component 1. Test Development. Normal shall be approximately 36 months. The contract may be renewed for subsequent periods.

The contract period for Component 2. Test Administration shall be approximately 36 months. The contract may be renewed for subsequent periods.

The contract period for Component 3. Education Management System shall be approximately 36 months. The contract may be renewed for subsequent periods.

The contract period for Component 4, Applicant and License Testing and Education Management System shall be approximately 36 months. The contract may be renewed for subsequent periods.

All contracts will contain at-will or for-cause termination provisions.

2. Question: How long will proposals and their terms be considered valid?

Answer: Vendors should make their proposals and terms valid for no less than 90 days from the date of submission.

3. Question: What is the minimum number of references required?

Answer: At least three references are required. Please refer to Section V., No. 5

4. Question: Reference Lines 661 – 663. Please clarify the terms of “distinct” in regard to the presentment of pricing.

Answer: Vendors should include their pricing in Section V, No. 9, Fees and Reimbursement. There is no requirement for pricing to be included in a sealed envelope or other similar arrangement.

5. Question: What are the methods of payment vendors can expect to handle from test takers (individuals or firms) and firms and individuals seeking course approvals?

Answer: NMLS&R expects vendors to be able to process payments made through major credit and debit card processors, VISA and Mastercard at a minimum. Receipt of other forms of payment such as ACH payments will be favorably considered. Vendors will not be required to accept checks, money orders, or similar means of payment.

6. Question: Reference Lines 706 – 734. Does the selection criteria favor a firm that proposes to do all the components?

Answer: No, not necessarily. The RFP is constructed to seek vendors that can provide the best solution to each component. If a vendor’s proposal to provide services for multiple components provides distinct advantages, than CSBS will carefully consider them.

Questions & Answers Related Directly to Components 1. & 2.

There were a number of questions related to components 1. and 2. This section, including the following items 7 – 11, consolidates many of them and provides guidance for vendors.

7. Guideline – Test Lengths

The length of the National Test and the Uniform State Test and State Specific Tests is not determined. It is safe to assume the National Test will be considerably longer than either the Uniform or State Specific Tests.

8. Guideline – Test Length and Pricing

Vendors who are bidding on component 2. using the form at Appendix C, Test Administration Price Table, must provide an assumption of the duration of each test for which they provide a price. For example, if the vendor believes the candidate will sit during a single appointment, for

the National Test (120 minutes) and one State Specific Test (45 minutes) including time for test orientation and test evaluation, than the vendor would aggregate those times and include them along with the appropriate pricing so a price per hour rate could be calculated.

9. Guideline – Standardized Pricing

If vendors do not wish to estimate the test duration, they can simply quote a Standardized Price per hour rate and not make any assumption about test durations. See Appendix C1 below.

10. Guideline – Tiered Pricing

Several vendors commented on CSBS' confidence in the number of MLO licensees it estimated would be required to take the test in the initial transition period. Since this number is a critical element in determining the fee schedule, several vendors asked if they might be able to submit a tiered pricing approach to reflect pricing across several different test-taking volume estimates. CSBS will consider a tiered approach to pricing the fee per test taker. If vendors choose this approach, they should clearly identify their pricing approach. Likewise, if appropriate, they should make sure any other pricing, such as that described in the previous paragraph (Standardized Pricing), is consistent with the tiered approach. See Appendix C1 below.

Appendix C1 has been created to accommodate Standardized Pricing and Tiered Pricing. See that Appendix for more details.

11. Guideline – Test Item Ownership

Multiple vendors inquired about the ownership of items. CSBS assumes that vendors who own their mortgage test related items will retain ownership of them unless they arrange to transfer them to CSBS.

CSBS assumes that the Phase II, Normal process will involve items being developed from scratch and those items would be the property of NMLS&R. Even items developed for the Uniform State Test or State Specific Tests would be the property of CSBS.

12. Question: Reference line numbers 163 – 169 and 378 (Test Administration). Can you please clarify the distinction among the three test types and the implication for test development and test administration?

Answer: The SAFE language requires NMLS&R to develop a “qualified written test” but then requires that the test incorporate subject areas including, “Federal law and regulation” and “State law and regulation”. CSBS has interpreted this language to mean that the SAFE test will have separate components addressing each of these subject areas. The National Test will be common to all applicants regardless of which state(s) he or she intends to get an MLO license. Many states have informed CSBS that they expect the SAFE Test to have a section that is specific to their state laws and regulations. If every state wanted CSBS to follow this approach, than there would be up to 55 state specific tests. But, some states may not wish to help CSBS produce a state specific test. If they adopt this approach, it does not relieve CSBS of its obligation under SAFE to include a test with state laws and regulations. Therefore, CSBS will work with the Test Development vendor(s) to develop a Uniform State Test that could then be

used by applicants seeking licenses in those states that did not help develop a State Specific Test or simply chose to adopt the Uniform State Test.

13. Question: Does CSBS have a minimum number of items it requires to be developed for use in an item bank?

Answer: No. In their responses, vendors should recommend how many items they would expect to develop in order to meet the initial demand of test-takers, then satisfy the number of post-transition test takers.

14. Question: Reference line numbers 227 - 229. Can CSBS comment on the impact this contract will or may have on those states which have or soon will have required pre-licensure testing MLOs?

Answer: CSBS expects that states that currently or will soon administer MLO tests will gradually cease requiring applicants to take these state required tests and will adopt the SAFE test in place of their current requirements. However, CSBS has little or no knowledge of the nature of the contracts that these states may have with their vendors and cannot accurately predict when the various state testing requirements will end. In addition, some states require testing for different license types other than MLOs. CSBS fully expects those requirements will stay in place.

15. Question: Reference line numbers 227 - 229. Will the selected vendor be required to enter into separate contracts with each state as each state adopts the new federal requirement?

Answer: No. The vendor will be contracting only with NMLS&R nor will any state have any SAFE-related contractual relation with NMLS&R or the vendor.

16. Question: Reference Line 260. Explain the level of participation a vendor can expect from CSBS in identifying or recruiting practice analysis survey respondents such as coordinating web announcements and contacts with various state agencies or industry associations?

Answer: CSBS will utilize its relationships with the state agencies, AARMR, and state trade associations, to reach out to potential respondents.

17. Question: Reference Lines 302 - 304. Does CSBS have any preferred publications to be used for the documentation used in item development?

Answer: No. CSBS will collaborate with its working groups, SMEs and others to identify such publications.

18. Question: Reference lines 382 – 383. Does CSBS have a schedule of fees that a selected vendor will be required to collect and remit to NMLS&R?

Answer: CSBS will determine the fee schedule that will be employed nationwide by the selected Test Administration vendor(s). NMLS&R will expect to receive a portion of the fee that is assessed to each test taker.

19. Question: Reference line numbers 387 – 388. Is there a required or preferred method of test delivery?

Answer: CSBS expects the vendor or vendors will utilize “brick and mortar” facilities and that all tests will be delivered via a computer based protocol. Vendors should be prepared in unusual situations, to deliver tests in paper and pencil format or other formats where they can guarantee a safe and secure testing environment.

20. Question: Reference line number (none). Is there is estimate for the annual number of MLO test takers after the MLOs in the initial transition period are tested?

Answer: No.

21. Question: Reference Line number 389. Does NMLS&R have a desired timeframe for test data (exam results) to be submitted after the testing event?

Answer: CSBS assumes that Test Administrators will submit test results to NMLS&R immediately following the administration of the test.

22. Question: Reference Line number 412. How will CSBS assist the selected vendor in publicizing the SAFE testing requirements?

Answer: CSBS will publicize the requirements through its own web sites and expects to work closely with its state members and state trade associations to have them provide appropriate publicity, links, etc.

Questions and Answers Related Directly to Components 3. and 4.

23. Guideline

There were many questions from multiple vendors regarding what eligibility a candidate would have to establish in order to take either the SAFE test or a SAFE course.

Before taking either the SAFE Test or SAFE education courses, a licensee or applicant must have a Unique Identifier (UI) which is generated by the NMLS&R. CSBS will work with the states to develop business rules regarding whether an applicant must submit a license application (which requires the payment of fees) or can simply create a record (which has no cost) prior to being eligible to take a test or courses.

There is no pre-condition for an applicant to satisfy the pre-licensure education requirement to be eligible to sit for the SAFE test. As a practical matter, license applicants might well want to take

a pre-licensure course in order to help them prepare for the SAFE tests but there is not requirement for this.

24. Question: Reference lines 471, 472, & 488. Please clarify the screening requirements listed for course provider or course approvals

Answer: If the vendor is proposing to provide services related to the requirements in Component 3, than CSBS would expect the vendor to perform a minimum level of screening before content experts or CSBS staff get involved in the review and approval process. CSBS would expect to identify and secure the services of content experts.

25. Question: Reference lines 498 - 500. Please elaborate on the type of Help Desk services required in component 3.

Answer: Please refer to the initial description of the required service in Lines 463 – 466. If the vendor is proposing the delivery of system that is maintained on behalf of NMLS&R, than the vendor should be prepared to provide a minimum level of Help Desk services to assist prospective course providers or approved course providers navigate the system and overcome technical issues. However, if the vendor is proposing to deliver a system that is operated by NMLS&R staff or other contracted resources, than the vendor would not have this obligation. The vendor should be clear in this part of the proposal, what is being offered.

26. Question: There were several questions addressing scenarios where a state mortgage regulatory agency has education requirements exceeding SAFE Requirements and vendors were asking how those would be handled?

Answer: For purposes of systems in components 3. and 4., NMLS&R will define standards and business rules that vendors will need to incorporate in their systems. Our first priority is to address SAFE requirements. However, vendors should contemplate designing systems that should be flexible and be able to accommodate additional business rules, such as requirements many states have that exceed SAFE minimums.

27. Question: Will course and course provider approval standards and procedures be made available during the RFP process? If not when?

Answer: No. Several high level standards will be released in December followed by more detailed standards and policies and procedures in the first quarter of 2009.

28. Question: Have the fields been identified and defined that will be in the component 4. system?

Answer: No.

29. Question: Who will be responsible for setting standards and enforcing them regarding course providers and their courses?

Answer: NMLS&R

30. Question: Reference RFP line numbers 477 – 479 and 582 – 584. Describe and clarify expectations regarding fees CSBS expects to charge and receive.

Answer: NMLS&R expects to assess fees in the following manner in order to offset the costs associated with the development, delivery, operation and maintenance of the systems and services described in components 3. and 4.

- Approved Course Providers (ACPs) – companies wishing to provide SAFE related courses will be assessed a fee as part of their review and approval process.
- Courses – ACPs can expect to be assessed a fee for each SAFE pre-licensure and continuing education course they wish to have approved.
 - ACPs and courses will be approved for a limited time and can expect to go through a re-approval process not less than once a year and probably not more than once every other year. Those standards are to be determined.
 - CSBS is evaluating several different models to determine what fees to apply for ACP and course approval.
- ACPs can expect to be assessed a roster type fee every time the ACP submits a roster of students who have successfully completed a pre-licensure or continuing education program.
 - The expected level of this fee is yet to be determined but is likely to be nominal compared to the ACP or course approval fees.
- The system in component 4. will need to be able to receive those fees and disburse them to NMLS&R.

31. Question: Reference RFP line numbers 482 – 483 and 496 – 497. Have the reports described in these lines been defined?

Answer: No.

32. Question: Will the vendor who operates the component 4. system be able to charge any processing fees as a form of compensation?

Answer: This is to be determined. If a vendor's pricing for this component includes some sort of transaction processing fees, than this should be clearly defined in the pricing proposal.

33. Question: Reference Line numbers 450 – 452. How will candidates prove they have met the pre-licensing education requirement or will proof of a state issued license be acceptable?

Answer: Licensees will be required to have their respective state agencies certify that they have successfully completed at least 20 hours of state required education. NMLS&R will determine the standards by which these certifications are transmitted to the NMLS&R and or the system described in component 4.

34. Question: Reference Line numbers 454 – 456. How many education providers and courses are there?

Answer: CSBS does not know the number of education providers there might be or the number of courses they may wish to get approved. CSBS encourages vendors who would like a better estimate to check out various state agency web sites to learn more about the number of providers and/or courses they have approved.

35. Question: Reference Line numbers 463 - 466. Would CSBS consider the additional outsourcing of review and approval/approval recommendations to the selected vendor? If yes, where does CSBS want the fee structure for these services quoted?

Answer: Yes. CSBS will consider solutions that involve outsourcing the review and approval process. If a vendor offers such a solution, it should note the fees for such a service in the Fees and Reimbursement section of its proposal.

36. Question: Reference Line numbers 506 - 507. Is late second quarter for the delivery of component 4. services acceptable?

Answer: Yes.

37. Question: Would the vendor be required to receive, store, handle, sensitive information about licensees whose testing and education information is being stored in the Component 4. System?

Answer: CSBS expects that this system will need to maintain a minimum level of personal data about the licensees. We do not expect the system will need to store a licensee's SSN or birth date. The system will need to store the licensee's unique identifier (UI) which is generated by the NMLS&R when the applicant creates a record in that system.

38. Question: From multiple vendors. Please elaborate more about the integration of the system in Component 4. with NMLS&R.

Answer: The Component 4. system is intended to be a stand-alone system. CSBS has no requirement or preference regarding the programming language used to develop/operate the system. The system will be expected to update the NMLS&R on a regular basis but not on a real time basis. Vendors can use a daily update requirement.

Vendors can expect to transfer data to the NMLS&R using the XML format. Other formats may be defined.

Vendors should be prepared to describe the network data security standard they employ in the system.

39. Question: Reference Line Number 539. Please define multiple tests as they apply to a single candidate.

Answer: There are two definitions that apply to multiple tests. The first is the reference to a National Test, a Uniform State Test, and multiple State Specific Tests. The average MLO is licensed in more than one state, therefore he or she would be required to take the National Test plus the appropriate Uniform and/or State Specific Test in order to satisfy the licensing requirements in at least one state. For each additional jurisdiction, he or she might have to take additional State Specific tests.

The second is the reference to test re-takes. The SAFE language prescribes the re-test standards in Section 1505 (d)(3)(b) and (c). There is a potential conflict between (b) and (c). CSBS has interpreted these sections to mean that testing and re-testing would follow this cycle:

Initial test and fail.

30 days later, retest #1. and fail.

30 days later, retest #2. and fail.

30 days later, retest #3. and fail.

Wait 180 days

Repeat the cycle for initial and retests.

Also, we interpret that the above cycle applies to each test segment (National, Uniform, and State Specifics)

The end of Q&As for the second posting, November 26, 2008