

# Moderator's Guide—Lender/Broker


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*Greet participant and thank him or her for coming. Ask participant to take a seat and if he or she had any trouble finding the site or if he or she has been there before.*

## Introduction of Moderator and Notetaker (10 minutes)

Welcome, and thank you for coming today. My name is \_\_\_\_\_ and this is \_\_\_\_\_. We are from the Kleimann Communication Group, a design and research firm in Washington, DC. Before we get started, I want to let you know that I will be reading from a script. We are talking with a number of people this week, and we want to be sure we say the same things in the same way to everyone.

The material we are testing today is part of a study about the disclosure you provide when a client applies for a mortgage loan to buy or refinance a home. The study is being conducted by the Consumer Financial Protection Bureau, a government agency, also known as the CFPB.

 **Note to Moderator: Hand participant piece of paper with the CFPB website address: <http://www.consumerfinance.gov/knowbeforeyouowe/>**  
**(Include link if there is one to where on the site it talks about this project)**

Representatives from the CFPB are observing today. They are very interested in hearing your thoughts. Let me know at the end of the session if you would like to meet them.

We know that as a lender or broker you interact with consumers using these forms and undoubtedly have important suggestions. We also want to get feedback from you about improving the form's usability, reducing burdens, and easing implementation for industry. The CFPB is working to create a disclosure that consumers, lenders, and brokers can all understand and use. What you say to us today will help us do that.

I will be leading today's session and \_\_\_\_\_ will be taking notes to help us remember what you say. We will be audio- and/or video- taping this session, based on what you agreed to, to ensure that we collect complete information. The entire session will take no more than 90 minutes, and we will take a break about half way through the session. The questions we will be asking have been approved by the Office of Management and Budget and have been assigned OMB Control Number 1505-0233.

Okay? Any questions?

## Confidentiality

I have a few questions to ask you about the paperwork you filled out when you arrived. Please answer either yes or no to each of the questions that I will ask you. (If participant nods or shakes head, ask him or her to say the answer out loud for our tape)

- Did you fill out a questionnaire when you arrived today?
- Were you given consent forms to participate in this session and for us to audiotape and videotape your session today?
- Did you read and sign those forms?
- Did you give permission for both audiotape and videotape? (If did not give permission for video, ensure video is off)

**NOTE TO MODERATOR: Do not proceed with the session unless the participant answers "yes" to each of the first three questions. Participant must agree to audio but not to video.**

Do you have any questions?

All of the information we collect today will be kept confidential to the extent permitted by law, and we will not identify you by name when we compile our results. In addition, we will not use your full name, address, or any other personal identifying information (other than your image if you agreed to videotaping) in reports, papers, or videos based on this research. In addition, I want to remind you that you may end the interview at any time.

# About the Session

Over the next 90 minutes, I am going to ask you to do a couple of things and to respond to a series of questions. As I go through these questions, and you give me your responses, please remember there are no right or wrong answers. We aren't testing you. We're testing the disclosure.

## Introduction to Think-Aloud Technique

One of the best ways to learn about a disclosure is by watching someone interact with it for the very first time. Once I give you the disclosure, I'm going to ask you to talk **out loud** about what you are thinking as you read it. You might be reading out loud and thinking, "Wow! This is great!" or "I don't like this!", say those things out loud. Or maybe you think "This doesn't work." Say it out loud. We want to hear that inner voice in your mind that comments on things you read. Talking out loud is the only way we can hear what you are thinking and how you are reacting. This may seem a little odd, but we really want to hear everything that you are thinking as you work with this disclosure for the first time, so we can improve it.



*Note to Moderator: If needed*

To learn from you, it is important that you:

- Tell us out loud where you are in the disclosure.
- Tell us what you are reading, skimming, skipping in the disclosure.
- Tell us any questions, suggestions, or confusion that you might have about any part of the disclosure.

Talking out loud is very important because our notetaker will be recording what you say as you go through the disclosure for the first time. What you are thinking is more important than what you are reading.

I know this technique of thinking aloud might seem unusual. So, I'd like to let you practice this technique of thinking aloud. I'm going to give you a menu from a restaurant and I'd like you to "think aloud" and tell me how you would go through this menu and decide what you'd want to eat. Again, I want to hear what you are thinking, reading, skimming, skipping, how you react to the menu, and how you go about making a decision. Any questions?



*Note to Moderator: Hand participant Menu.*

Now, here is the menu. Remember, that you are reading to decide what to order. To get you started, what is the first thing you see or notice?



*Note to Moderator:*

- Give the participant the menu and get him or her comfortable with talking about what he or she is looking at or reading, and with voicing questions, confusion, and decisions.
- Coach the participant to use the technique. Be sure that he or she has looked at and commented on the following:
  1. the appearance—color, font, layout
  2. symbols and graphic elements, such as pictures or symbols
  3. details, such as why some items have descriptions and others don't
  4. order in which he or she reads the information
- Ask the participant what he or she is reading, where he or she is looking, and when a decision can be made. The task should take no more than 5 minutes.
- *Important:* This task sets the stage for how well the participant will "talk aloud" in Task One.

Great! You understand exactly what we are looking for. Do you have any questions before we get started?

# Task One: Think Aloud (10 minutes)

Okay, I'm going to give you a scenario.



*Note to Moderator: Hand participant Scenario Card and read out loud.*

## Industry Scenario- Purchase

You are contacted by an individual who has found a house she wants to buy. She was given your name by her realtor and is hoping you can help her get a loan to buy the house. The house costs \$240,000 and she is planning on putting 10% down so wants to borrow \$216,000.

Purchase Price of home: \$240,000

Down payment: \$24,000 (10%)

Amount consumer wants to borrow for the purchase price of the house: \$216,000

In a moment I am going to hand you a mortgage loan disclosure. In reviewing the mortgage loan disclosure, I'd like you to imagine that *you are reviewing this disclosure in preparation to explain it to this individual who has not purchased a home before.* **Your task is to look at this disclosure to decide what areas of the disclosure you think are important to effectively advise your client on her loan options.**

When I hand you the disclosure, I want to hear what you are noticing and thinking about as you look through the disclosure as well as your thoughts, questions, and ideas about the mortgage disclosure. Tell me what you like about what you see, what you don't like and what you think might be confusing to consumers. Remember we want to hear your thoughts—both positive and negative, so we can improve the disclosure to make sure consumers have clear information about the loan terms and can use the disclosures to compare loans.

Please go through the disclosure the way you would if you were reviewing it to present to a client and trying to anticipate where you may have to explain things. As you go through it, please speak aloud so I can hear what you are thinking just as we did with the menu. Remember this is a test of the disclosure, not a test of you. Do you have any questions before we get started?

Okay, here is the disclosure.



*Note to Moderator: Hand participant mortgage disclosure.*

To help get you started, what is the first thing you notice?



*Note to Moderator:*

- Allow participant time to review the disclosure and comment on it.
- Ask participant to put disclosure on table.
- State aloud whenever the participant moves to another section or page.
- Ask participant what he or she is looking at.
- If participant looks confused, ask “is there something that is confusing there?”
- Remind the participant to tell you what he or she is thinking, what he or she likes and dislikes, and what he or she understands and doesn’t understand.

When the participant seems to be finished, ask the participant:

1. Do you think your client would have trouble understanding the overall disclosure? PROBE: Why? Why not?
2. What items do you think would confuse consumers?
3. Which areas do you think other lenders or brokers may have trouble explaining?
4. In your work now, what aspects of the disclosures have you seen consumers have trouble understanding or what aspects of this information do you regularly have to explain?
5. Are there aspects of the disclosure that you choose to always make sure to draw a consumer’s attention to?



*Note to Moderator: Hand participant Highlighter.*

6. We want to know what lenders and brokers think is the most important and useful information in the disclosure for consumers. Take this highlighter and highlight parts of the disclosure that you think are most important and useful. Consider the front and back sides.
7. Can you explain to me, in your own words, why you selected the information you did?

8. Of the pieces that you highlighted on this disclosure, can you mark the five most critical pieces of information for consumers to know (in order)?
9. What information do you think is not useful? Why do you think that?
10. How does this disclosure compare to how the current GFE and initial Truth in Lending disclosures present important information to consumers?
11. What information do you think should be included on the integrated disclosure that is not now included? (Why do you recommend that?)
12. How critical do you think it is to include this information? Why?
13. What other materials or educational information would you want to provide or would you feel you need to provide to help your client?
14. Where would you find this material?
15. How would you provide the material to your client?

## Task Two: Loan Product Comparison 2 (10 minutes)

Thank you for working with that disclosure. Now, I'd like to show you the same disclosure format but for a different loan estimate. .



*Note to Moderator: Hand participant disclosure 2 (the same loan design and the same product with different pricing).*

Give the participant time to read and then ask:

1. What differences do you notice between the loans? (If participant asks what we mean say “differences between costs, features, loan terms, etc”)
2. Do you think it would be easy for your client to compare these two loan disclosures and easily notice or identify the differences?
3. If a client were provided with these 2 options, on a scale from 1-5, with 1 being really easy and 5 being very difficult, how easy or difficult do you think it would be for your client to **understand** the differences between the loans? PROBE: Why? Is there anything else you would like to comment about related to the disclosure?



*Note to Moderator: Hand participant disclosure 3.*

## Task Three: Loan Product Comparison 3 (30 minutes)

Thank you for working with that last disclosure. Now, I'd like to show you the same disclosure format but for a different loan product.



*Note to Moderator: Hand participant disclosure 3.*

Give the participant time to read and then ask:

1. What differences do you notice between the loans? (If participant asks what we mean say "differences between costs, features, loan terms, etc.")
2. Do you think it would be easy for your client to compare these three loan disclosures and easily notice or identify the differences?

If a client were provided with these 3 options, on a scale from 1-5, with 1 being really easy and 5 being very difficult, how easy or difficult do you think it would be for your client to **understand** the differences between the loans? PROBE: Why? **Now we are going to look back again at that first disclosure.**

3. Overall, what's your impression of this form?
4. Let's go through each section on the initial disclosure (use initial disclosure). First, let's look at the **top information** with the Institution information and basic loan information. Is there any information here that you think is unnecessary?
5. Is there any information that would be confusing to your clients? How do you think we could improve that section?



### Option 1 Questions

6. Now, let's look at the **Key Loan Terms** section. Do you think that the "right" information is included in this section?
7. Is there any other information that you think would belong in "Key Loan Terms"?
8. Is there anything you would take out of this section?
9. Do you think that this information would be considered key information to your clients?
10. Now, let's look at the **Cautions** section. Do you think it is clear why these items are considered "Cautions"?
11. Could a different word than "cautions" be used?
12. Do you think that information would be helpful to your clients?'
13. Would you add any information to this section?
14. Now, let's look at the **Comparisons** section. Do you think this information would be helpful to your clients?
15. What questions do you think your clients would have about the two measures?
16. How do you think we could improve that section?
17. Now, let's look at the **Projected Payments** section. What do you think that this section is trying to convey to consumers?
18. Do you think presenting this information this way helps consumers? In what way?
19. What do you think might be confusing in this section to consumers?
20. Do you think consumers will be able to understand why their payments are broken up in this way in the table?
21. Is it clear how much a client will need to bring to closing?
22. Do you think that information would be helpful to your clients?
23. Is there anything else that you think your clients would need to know?

### Option 2 Questions

24. Now, let's look at the **Projected Payments** section. What do you think that this section is trying to convey to consumers?
25. Do you think presenting this information this way helps consumers? In what way?
26. What do you think might be confusing in this section to consumers?
27. Do you think consumers will be able to understand why their payments are broken up in this way in the table?
28. Is it clear how much a client will need to bring to closing?
29. Do you think that information would be helpful to your clients?
30. Is there anything else that you think your clients would need to know?
31. Now, let's look at the **Summary** section. Do you think that the "right" information is included in this section?
32. Is there any other information that you think would belong in a "Summary"?
33. Is there anything you would take out of this section?
34. Is it clear how much a client would need to bring to closing?
35. Now, let's look at the **Cautions** section Do you think it is clear why these items are considered "Cautions"?
36. Could a different word than "cautions" be used?
37. Do you think that information would be helpful to your clients?
38. Would you add any information to this section?
39. Now, let's look at the **Comparisons** section Do you think this information would be helpful to your clients?
40. What questions do you think your clients would have about the two measures?
41. How do you think we could improve that section?

### Option 1 and 2 questions

42. Now, let's look at the **Loan Estimate** details section. Overall, does the listing from A to I provide the critical loan estimate details to your client?
43. Is the level of detail sufficient or too much?
44. Is there any information missing?
45. Is there any information you think is unnecessary?

46. Which of these items do you think that you would have to explain to your client? Why?
47. How would you explain to a client the line “E” Advance charges you pay at closing?
48. What words would you use?
49. When you look at items F, G, H, and I, do you think that this provides the right detail for consumers to understand the cash they will need for closing?
50. How well does this connect to the information on the front of the disclosure?
51. Can you suggest a way to better connect it?
52. Finally, let’s look at this **last section**. What is your overall impression of this section?
53. Is there any of this information that you think could be eliminated? Why?
54. Is there any information missing? Why would this be important to add?
55. Of these sections, which do you think that you would need to explain to your client?
56. As a mortgage lender or broker, what are your concerns with these loan disclosures?
57. Do you have any additional suggestions to improve the integrated disclosure for consumers?



Let’s go ahead and take a short break. I’ll take you back to the waiting room and you can get a drink or use the restroom, and I will come and get you in a few minutes. Thanks.

## Break (5 minutes)

## Task Four: Design Questions (10 minutes)



*Note to Moderator: Place Loan 1 in front of participant.*

You probably noticed that the three different loan estimates were in the same format. I'd like to ask you some specific questions about the design aspects. We'll look at loan 1, the first disclosure you saw.

1. In this disclosure, what information do you notice first?
2. What is your overall impression of this form?
3. On a scale of 1 to 5, with 1 being 'the worst form I have ever seen' and 5 being 'best form I have ever seen', how would you rate this form?
4. Do you think that this format will help consumers compare estimates?

We're almost finished.



*Note to Moderator: Place Design 2 in front of participant.*

Here is one other design.

5. What is your overall impression of this format?
6. When you glance at each format, which looks like it will be easiest to understand? (Why?) (State choice out loud for recording)
7. When you glance at each format, which looks like it will be easiest to use to compare estimates? (Why?) (State choice out loud for recording)
8. Which format is easier for you to use? Why? (State choice out loud for recording)
9. Which format helps you understand the information better? Why? (State choice out loud for recording)
10. Where do you prefer the placement of the Projected Payments information at the bottom of the

form in Option 1 or at the top of the form in Option 2?

11. Overall, which format do you prefer? Why?

**Option 1 question:**

1. Did you read the information after the “Yes” or “No” buttons? Do these attract your attention?
2. What do you think of the overall organization of this format?
3. Is there anything else you would comment on about this design?

**Option 2 question:**

1. Do you prefer the numerals being bolded?
2. What do you think of the overall organization of this format?
3. Is there anything else you would comment on about this design?

## **Task Five (10 minutes): Industry Implementation**

Now, I want to ask you some questions about industry implementation of these disclosures.

1. How do you see this disclosure fitting into your current loan process, given that it would replace the GFE and initial Truth in Lending disclosure?
2. What would you have to do differently when working with a client?
3. What specific difficulties (if any) can you foresee in implementing this disclosure?
4. Do you think you would need to give or develop a worksheet or some other explanatory materials to help your clients understand the loan?
5. Do you have any other overall comment about these disclosures or the effort to combine the GFE and Truth in Lending documents?

## **Closing Remarks (5 minutes)**

Thanks so much for sharing your thoughts and impressions with us today. Your feedback and suggestions have been very helpful. Do you have any questions I can try to answer?

\_\_\_\_\_ at the front desk will sign you out and take care of your payment. And do you want to meet any of the observers? Again, thanks for coming in today!