

**Department of Treasury, Departmental Offices**  
**Consumer Financial Protection Bureau**  
**Qualitative Testing of Integrated Mortgage Loan Disclosure Forms**  
**Information Collection 1505-0233**  
**Submission of Non-Substantive Changes**

The Consumer Financial Protection Bureau (CFPB) is required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law No. 111-203, Title X (Dodd-Frank Act), to “publish a single, integrated disclosure for mortgage loan transactions” that satisfies requirements of the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) by July 21, 2012 (Dodd-Frank Act, §§ 1032(f), 1098, 1100A).

The CFPB received OMB approval of its Information Collection, 1505-0233. As set forth in the supplemental statement, the CFPB is involved in an iterative process of designing and testing the disclosure form. The CFPB is now preparing for the fifth round of testing, which will be conducted in Albuquerque, New Mexico. Round 5 is scheduled to begin on Monday, October 17. The CFPB will not use its website to gather feedback for this round. This memorandum outlines the changes in the information collection tools between Round 4 and Round 5.

Changes in the Prototype Forms:

Only one prototype disclosure will be tested in Round 5. The following changes have been made to the first, second, and third pages of the Round 4 prototype:

- **The first page** presents two sections that have appeared in similar form in Rounds 2 through 4, Loan Terms and Projected Payments. We have changed the Loan Terms section to contain only the essential terms of the promissory note: the loan amount, interest rate, the monthly principal and interest payment, and whether there is a prepayment penalty or balloon payment. The Projected Payments table has been revised to accurately display the components of the monthly payment to the lender and the estimated total payment for each payment period. This section also presents the estimated monthly taxes and insurance when there is not an escrow account. This new design is being tested to determine if consumers can identify the different components of the monthly payment when that payment changes, and whether taxes and insurance will be escrowed.
- **The second page** contains a level of detail in a format similar to that of the Redbud and Camellia forms that we posted to our website in Rounds 2 and 3. This level of detail is being tested to determine if the additional itemization encourages consumers to shop for settlement services and negotiate fees with their lenders. In addition, the second page contains revised language describing the tolerance requirements under Regulation X, which implements RESPA. This language is being tested for comprehension.
- **The third page** contains the Comparisons section, which was previously on the first page. This page still contains certain statements and items required by TILA. We are

testing comprehension of the Comparisons section and the required statements and items. We are also testing the signature line again in this round.

### Changes to the Moderator's Guide for Consumers

Because the Round 5 testing is focused on understanding and use of the core loan terms as well as the closing cost details, the moderator guide continues to be similar to versions used in earlier rounds of testing. The primary change is that all three pages of the prototype disclosure will be provided to the consumer during the first three tasks, as it would be when used in actual transactions. In addition, because only one prototype design will be tested in this round, the questions about comparing designs have been eliminated.

This round also follows a similar format as Round 4, but it has been modified because only one design is being tested in this round. The first two tasks will remain the same. Consumers will be given a single disclosure in the first task and perform a think-aloud. The second task will present two disclosures of a second product with different pricing and ask the consumer to choose which of the two loans he or she is most interested in. This task enables us to learn how the consumer uses the form to compare two loans as we work on improving the content and presentation within a well-developed design. The third task will no longer present two loans using a different design. Instead, it will present two different loan products using the design the consumer has already seen and ask the consumer to choose among the loan he or she preferred in the first task and the two new loans. The fourth task involves the consumer examining and discussing the third page.

### Changes to the Moderator's Guide for Industry

The moderator guide for industry continues to be similar to versions used in earlier rounds of testing. The primary change is that all three pages of the prototype disclosure will be provided to industry during the first two tasks, as it would be used in actual transactions. In addition, because only one prototype design will be tested in this round, the questions about comparing designs have been eliminated.

This round follows a modified format to allow the participant to see all four disclosure forms being tested. In the first task, the industry participant will be given the disclosures for the two adjustable-rate mortgage loans, and will perform a think-aloud and answer detail questions about comprehension and implementation. The second task will involve the disclosures for the two fixed-rate loan products and additional questions specific to those loan products. The third task will involve answering questions specific to the third page. The third task will also involve several questions regarding the proposed titles of the disclosure forms that will be presented to the participant on note cards, as the title of the form may change as a result of the integration.

### Changes to the Scenario

The scenario card has been revised to reflect a purchase transaction rather than a refinance transaction and to use an appropriate loan amount for the Albuquerque metropolitan area.

