

Moderator's Guide—Industry

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 you to 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 consumer study about the settlement disclosure you provide to consumers when they are closing on a loan to buy or refinance a home. The study is being conducted by the Consumer Financial Protection Bureau, a government agency that is also known as the CFPB.



Note to Moderator: Hand participant piece of paper with the CFPB website address:

<http://www.consumerfinance.gov/knowbeforeyouowe/>

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.

CFPB has been developing and testing these forms since last May. We have spoken with industry representatives each time. Now we are nearing the end of the testing process. We are interested in knowing how well you think that consumers will be able to use this information and how well it helps you to explain things to your clients. We are interested in knowing what you think is working and what

is not. We know that as a lender/broker or settlement agent, you interact with consumers using these forms and undoubtedly have important suggestions.

In today's session, I'd like you to think of this as a conversation. I'd like you to talk, but as you do, I may ask you questions to make sure that I understand the points you are making.

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 **3170-0003**. Any questions so far?

Privacy

I have a few questions to ask you about the paperwork you filled out when you arrived. Can you 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, say, "One of my colleagues in back will make sure that the 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 video is optional). Do you have any questions?

All of the information we collect today will be kept private 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 in reports, papers, or videos based on this research. I want to remind you that you may end the interview at any time.

About the Session

Over the next 90 minutes, we'll be talking about these disclosures and your thinking about them. I will ask you questions about what you say and even ask you some standard questions. As we talk and you answer my questions, please remember there are no right or wrong answers. We want to learn from you what works best for consumers to help them understand mortgage loan settlement disclosures, what eases implementation and the usability of the form for industry, and if these disclosures give you the format you need to disclose the transaction of purchasing a home or refinancing a mortgage loan.

Task One: Loan Estimate Focus (20 minutes)

While you were in the waiting room, you had a chance to look at the Loan Estimate disclosure. The Loan Estimate would replace the current Good Faith Estimate and Truth in Lending statement. This estimate would be given to consumers when they are shopping for a loan to purchase or refinance a home. It lists the basic loan terms, an estimate of the costs and fees associated with the loan, and an estimate of how much money your client will need to bring to closing. Let me give you a moment to look through this Loan estimate again and then I'd like to discuss your reactions and ask some general questions.



Note to Moderator: Make sure you cover the following questions the conversation.

1. What do you like about this design?
2. What do you not like about this design?
3. Where would your consumers have difficulty?
4. What about this disclosure would HELP your consumers?
5. What would you change, if you could?
6. What challenges would you have in using this design?
7. Could you use the first page of this as a worksheet? Why? Why not?

Task Two: Settlement Disclosure Focus (20 minutes)

Now, I'm going to show you a Settlement Disclosure which would replace the current HUD-1 and Truth in Lending statement. It is very similar to the Loan Estimate disclosure but instead of an estimate, this provides the actual final costs. It also lists the basic loan terms, and provides final costs and fees associated with the loan, and a summary of the funds your client will need to bring to closing. As you look through the disclosure, I'd like you to be talking out loud to tell me what you notice and react to. I'm really interested in your first reactions, and let me remind you that nothing you say will offend me. We want this disclosure to work for you and for your clients. As before, I may ask you questions about what you say to make sure that I understand your points. Any questions? Great! Let's get started.



Note to Moderator: Make sure you cover the following questions the conversation.

1. What do you like about this design?
2. What do you not like about this design?
3. Where would your consumers have difficulty?
4. What about this disclosure would HELP your consumers?
5. What would you change, if you could?
6. What challenges would you have in using this design?

Break (5 minutes)

Task Three: Alternative Design (20 minutes)

Now, I'm going to show you a slightly different format of the final settlement disclosure. This disclosure has the same basic information and numbers as the one you just reviewed, only the format is different. Again, I would like you to talk out loud to me about the differences that you see and your preferences for what will work best for you and your clients. Any questions? Great! Here's the other design.



Note to Moderator: Make sure you cover the following questions the conversation.

1. What do you like about this design?
2. What do you not like about this design?
3. Where would your consumers have difficulty?
4. What about this disclosure would HELP your consumers?
5. What would you change, if you could?
6. What challenges would you have in using this design?
7. Which Design is your preference and why?

Task Four: Part 3 Federal Disclosures Think Aloud (15 minutes)

Now I would like to focus on the last two pages of the final closing disclosure and I have a number of questions to ask you about that. We will go ahead and use the settlement disclosure I first gave you. Remember, you can look back at the form as much as you want.



Note to Moderator: Give participant whichever form they saw first to focus on last 2 pages.

1. Would you look at the Escrow Account Information? Do you have a preference for one of the two designs? Why?
2. Let's look at the "Loan Calculations" section, what is the Total Interest Percentage? Would this information be useful to your client? Why?
3. What is the Average Cost of Funds? Would this information be useful to your client? Why?
4. Is there any information about a lender's costs that would be useful to provide to a consumer?
5. Please highlight the items in the "Loan Calculations" section that you think would be MOST important to your client. Why are they important? Which items in this section would be least useful to consumers?
6. In the "Other Disclosures" information, please highlight the items in that section that you think would be MOST important to your client. Why are they important?
7. Do you have a preference for the two Questions Designs?
8. Does the Contact Information table have the basic information that is needed by a consumer?
9. What does it mean if your client signs this form?
10. What do you think would happen if she signed this form and then chose not to close on the loan?
11. Is there any information on these pages that you think could be deleted?
12. One last question, I have some potential names for this disclosure to show you. Can you tell me which of these you prefer? Which are your top three? (The old GFE will likely be called the "Loan Estimate.")

Closing Remarks (1 minute)

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?

Do you have any questions for or are you interested in meeting the observers?

Thanks again for coming in today, you can head back to the front desk to collect your payment.