

**Consumer Financial Protection Bureau**  
**Qualitative Testing of Integrated Mortgage Loan Disclosure Forms**  
**Information Collection 3170-0003**  
**Description of Subsequent Iteration of Qualitative Testing**

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 generic information collection request on November 04, 2011. The OMB control number is 3170-0003. As set forth in the Supporting Statement, the CFPB is involved in an iterative process of designing and testing the disclosure form. The first round of testing under this Information Collection occurred November 8-10, 2011 in Des Moines, IA. This was the sixth in the series of qualitative testing of the integrated disclosures under this and the CFPB’s Emergency Clearance 1505-0233. The second round of testing under this Information Collection (Round 7) occurred December 13-15, 2011 in Birmingham, AL. The CFPB conducted the third round under this Information Collection (Round 8) on January 24-26, 2012 in Philadelphia, PA. In Rounds 6 and 7, the CFPB gave the public the opportunity to provide feedback on the two prototype designs that were presented through a tool on its website. In Round 8, the CFPB did not use an online tool to gather feedback, and instead, merely posted the prototype designs on its blog and website.

The CFPB will conduct the next round of qualitative testing under this Generic Clearance (Round 9) on revised prototype designs in Austin, TX on February 20-23, 2012. As in Round 8, the CFPB will not use an online tool to gather the feedback from the public on the prototype designs, but will post the prototype designs on its website. The CFPB does not anticipate conducting any more rounds of qualitative testing before proposing the disclosures for formal notice and comment in July 2012.

This memorandum outlines the changes in the information collection tools between Round 8 and Round 9.

Changes to the Recruiting Materials:

No changes have been made to the recruiting materials.

Changes in the Prototype Forms:

Round 9 will test only one prototype design. The prototype will have the same page length and will have the same first page as in Round 8. The prototype will have the same pages 2 and 3 as one of the prototypes from Round 8. The prototype design will have essentially the same pages 4 and 5 as one of the prototype designs in Round 8. Minor revisions have been made to the

prototype application and closing disclosures to make the formats more similar. The following generally outlines the differences in the prototypes between Rounds 8 and 9:

- **The first page** is essentially the same as Round 8. The escrow checkboxes will be from one of the prototypes in Round 8.
- **The second and third pages** are essentially the same as one of the prototypes in Round 8, which placed the Closing Cost Details on page 2 and the summaries of the transaction on page 3. The Closing Cost Details and Calculating Cash to Close sections were streamlined, to match the application disclosure prototype. Directional language has been added to the sections, to match the format of the prototype application disclosure.
- **The fourth and fifth pages** are essentially the same as one of the prototypes in Round 8. They contain information required by TILA, as amended by the Dodd-Frank Act. We are testing comprehension of these required statements and items. The statements have been slightly modified to either address readability or visibility. We are also testing the signature line.

In addition, we will also be testing a revised version of the application disclosure, in order to test whether the application and closing disclosures work together. The format of this prototype has been slightly revised to ensure the format of the disclosure works with the closing disclosure. We have also added a “Closing Cost Details” header to the second page, to match the header on the closing disclosure prototype.

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

As we did in Round 8, in Round 9 we will be providing participants with both the application and closing disclosures and participants will be tasked with verifying whether the information on the closing disclosure is accurate. This is a critical task for actual consumers that are reviewing their closing disclosures, and the proposed disclosures should enable this comparison. As in Round 9, we will also be testing the closing disclosure alone with some participants. In addition, we will also allow some consumers to focus more time on the prototype application disclosure, to test the minor revisions to the application disclosure on its own.

Similar to Round 8, the Round 9 moderator guide involves a think-aloud task and detail questions. The participant will be provided with the basic scenario. As in Round 8, some of the participants will be provided the application disclosure before beginning the think-aloud, and others will only be provided with the scenario. This is done to test whether the closing disclosure designs work for consumers who do not have their application disclosure with them. As in Round 8, for the participants that are provided the application disclosure, the moderator will read a script that will explain the application disclosure as would a loan officer or mortgage loan broker. Half of these consumers will then perform a think-aloud and detail questions with the prototype closing disclosure. The other half will perform a think-aloud with the prototype application disclosure. The task will also involve detail questions, and consumers will again be asked to verify information to gauge performance. The second task will involve comprehension questions about the statements and items on pages 4 and 5.

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

The moderator guide for industry will be essentially the same version used in Round 8. The format will be slightly modified to test only one prototype, rather than the two in Round 8. As in previous rounds, the emphasis of questions will be on practical use and implementation issues. In the first task, the industry participant will be given the prototype application disclosure and will perform a think-aloud, as well as answer detail questions about comprehension and implementation. The second task will involve a think-aloud and additional questions with the prototype closing disclosure design. The third task will involve a think-aloud and additional questions specific to pages 4 and 5.

### Changes to the Scenario

The scenario card has been revised to reflect a purchase transaction and an appropriate sale price and loan amount for the Austin, TX metropolitan area.

### Changes to the Internet tool

The CFPB will not use the Internet tool in Round 9. The CFPB will publish the prototype designs for the application and closing disclosures on its website, and the public will be permitted to provide feedback via email.