

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. The fourth round (Round 9) took place in Austin, TX from February 20-23, 2012. 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 Rounds 8 and 9, the CFPB did not use an online tool to gather feedback, and instead, merely posted the prototype designs on its blog and website.

Although the CFPB anticipated the ninth round being the last round of qualitative testing before proposal in July 2012, the CFPB will conduct an additional round (Round 10) under this Generic Clearance to address the testing data and public feedback from Round 9. Round 10 will be a one-day round focused on particular areas of the prototype disclosures. It will be conducted in Baltimore, MD on March 26, 2012. It will only involve six consumers and a reduced one-on-one interview time of 60 minutes. The CFPB will not use an online tool or a blog post to gather the feedback from the public on the prototype designs. 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 9 and Round 10.

Changes to the Recruiting Materials:

No changes have been made to the recruiting materials.

Changes in the Prototype Forms:

Round 10 will use the same prototype designs for the application and closing disclosures as in Round 9 with minor revisions. The following generally outlines the differences in the prototypes between Rounds 9 and 10:

- **The first page of both** will contain revisions to the estimated taxes and insurance and escrow sections in Projected Payments.
- **The second pages of both** will use the same designs as in Round 9, but the sub-categories of closing costs will be re-titled Loan Costs and Other Costs, to decrease the amount of similar terminology on the prototype.
- **The title of the Settlement Disclosure** will be revised to Closing Disclosure, to decrease the amount of similar terminology on the prototype.

Changes to the Moderator's Guide for Consumers

As we did in Round 9, in Round 10 consumers will do a think-aloud with the prototype application disclosure and then answer detail questions. As in Round 9, the consumers will then do a think-aloud with the closing disclosure and 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. The third task will involve questions about the required statements on pages 4 and 5 of the closing disclosure, to ensure comprehension.

Changes to the Moderator's Guide for Industry

Round 10 will not involve testing of industry participants.

Changes to the Scenario

The scenario card will not be revised.

Changes to the Internet tool

The CFPB will not use the Internet tool or a public blog post in Round 10.