

**CONSUMER FINANCIAL PROTECTION BUREAU
INFORMATION COLLECTION REQUEST – SUPPORTING STATEMENT
QUALITATIVE TESTING OF MORTGAGE SERVICING RELATED MODEL FORMS
AND DISCLOSURES
(OMB CONTROL NUMBER: 3170-0018)**

The CFPB will begin its third round of testing under this emergency clearance on Tuesday, April 3rd, 2012. The following describe the changes submitted to OMB from the testing materials used in the previous round.

As with the second round of testing, we are providing a revised protocol. For the third round, we expect to only update the interview protocol.

The explanation for changes made since Round 2 is enclosed:

Changes to the Interview Protocol

As discussed in Part B of the supporting statement, the CFPB has used data gathered from testing to revise the mortgage servicing-related model forms and disclosures. Based on data gathered from the second round of testing, we have made revisions to the model forms and updated the interview protocol for the third round accordingly. In particular:

* Throughout the protocol:

a. Time allocations to different sections of the protocol were revised to reflect items that were added to and deleted from each section.

* Background Information:

a. Question 3 was deleted for reasons of time; this information is not relevant to the research objectives for Round 3.

* Periodic Statement:

a. The two periodic statements that will be tested in Round 3 represent different scenarios than those that were used in the first two rounds. The first statement that will be shown to participants is for a borrower who is at least 30 days delinquent on his or her loan; this statement includes a "delinquency notice" that provides information about the borrower's recent account history, as well as information about counseling and assistance. A number of changes were made to Questions 6 through 12 to reflect the fact that the statement shows a different scenario.

b. Participants in this round will also be shown a second statement for a "pick-a-pay" or payment option mortgage. The structure of this statement is significantly different, since it shows information for three payments instead of one. A new section was added to the protocol for testing this statement (Questions 14 through 24). Some of the items (e.g., Questions 15 through 18) were used in Round 2 as well. Others (e.g., Questions 19 through 24) are newly-developed questions that relate specifically to a pick-a-pay statement.

c. Because two statements are being tested instead of one, and because the length of the interview protocol must remain 60 minutes, several questions were deleted from the protocol. These include Questions 9, 11, 13, 14, and 17 from the Round 2 protocol (question numbers

from Round 2 protocol). These questions were selected for deletion because the results were clear enough in Round 2 that no additional research was necessary.

* ARM Notice

a. Question 20 was deleted, because in Round 2 we found that this item wording did not produce useful information.

b. Question 28 was added to test consumers' recognition of the fact that the ARM notice being tested shows that the borrower's new payment included principal, while their current payment did not.

c. Question 29 was added to test consumers' recognition of the fact that the ARM notice being tested shows that the borrower's interest rate was limited by a rate limit, and that therefore 1.0% of change in the index will be 'carried over' to the subsequent period.

d. Questions 24 through 29 from the original Round 2 protocol were deleted for reasons of time. Some pieces of these questions were integrated into new Questions 28 and 29; others were deleted because they were not relevant to the specific research objectives for this round.

* Force-Placed Insurance Notice

a. Question 33 was added, because the notice being tested in Round 3 indicated that a previous notice had been sent with the same information.

b. Questions 34 and 35 were revised, because the researchers believe based on results in Round 2 that this may be a more effective way to ask these questions.

c. Question 34 from the original Round 2 protocol was deleted because Version WP of the notice is not being used in this round.

d. Questions 35 and 36 from the original Round 2 protocol were deleted because they were not relevant to the research objectives for this round.

e. Question 36 was revised because it was determined that asking about a "one-month period" was more realistic than asking about a "one-week period."

f. Question 36a was revised to test consumers' understanding of a different scenario than was used in Round 2.

g. Questions 38 and 39 from the original Round 2 protocol were deleted for time reasons, and because they are not relevant to the research objectives for this round.

These changes will not affect the burden previously approved by OMB.