

Bankruptcy Consumer Testing Discussion Guide - DRAFT

A. Introduction (5 minutes)

Thank you for participating in this study today. My name is _____, and I work for Fors Marsh Group. We are a private research firm, and we are helping the Consumer Financial Protection Bureau. The Consumer Financial Protection Bureau is a federal government agency that was created to help consumers. We are here helping the CFPB gather information to understand consumers' experiences. According to the Paperwork Reduction Act of 1995, the CFPB may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The OMB control number for this testing is 3170-0022, and it is valid through November 2015.

Today we will be evaluating forms that consumers receive regarding mortgage payments. These forms would be sent to consumers who are paying their mortgage while in bankruptcy. I will ask you a series of questions about the forms so I can learn what works well and what may need to change. Our goal is to make these forms as clear as possible for people who may receive them in the future. Your comments and feedback will help us to improve the forms. I did not create the forms, so please do not feel like you have to hold back on your thoughts to be polite to me. We're interested in both your positive and negative reactions to the forms. Difficulties you may run into reflect the design of the forms, not your skills or abilities. Please keep in mind that I am not testing you or your knowledge. Rather you are helping us to see how we can improve the forms.

The entire session should last about 60 minutes. Do you have any questions so far?

Let's cover a couple things before we get started.

We are making a video recording of this session. Only those of us associated with this project will see the recordings, and we will not share your name or personal information. The recordings are really used as a memory aid for me so I can go back later to recall what happened during each session. Your participation is voluntary and you can withdraw at any time.

I am interested in your thoughts and reactions as we proceed. This is important because I can see what you are doing, but I don't know why you are doing it. So I need your help. When we are using the forms, I'd like you to work as you normally would if I was not here, but I would also like you to share anything that is noteworthy or confusing. You don't have to read everything aloud to me. Just do what you normally would do. But please tell me if you are looking for something and what it is and whether you can find it or not. I will ask questions along the way.

There are some people from my team and from the CFPB who are in the other room to observe, take notes, and record your comments. Your candid feedback will be

very valuable, so even though people are observing, please speak openly about your opinions and experience. We want to learn from you, so it is important that you share your honest opinions. Audio recordings and transcripts will be maintained for future research use; however, responses will not be linked to you personally. Your name and other personally identifiable information will be removed from the transcripts and you will not be associated with any particular comment or statement.

There are no wrong answers, and your comments and opinions will only be used in combination with the feedback that we get from other people. Any questions so far?

B. Background Information (10 minutes)

Let's begin by talking for a few minutes about your experiences with mortgages.

1. Do you have a mortgage?
 - a. [If yes] How long have you had it?
 - b. How close are you to paying it off?
2. Is this your first mortgage?
 - a. [If no] Could you tell me a little about your other mortgages? Were they different from your current mortgage loan in any way? If so, how?
3. Do you get statements about your mortgage payment? How are they delivered? Electronically or by mail?
 - a. What do you do with those statements when you get them?
 - b. How closely do you read those statements? If you don't read them now, did you ever at any point in your mortgage?
 - c. If you do look at them, what information do you look at on the statement?
4. Have you ever filed for bankruptcy?
 - a. [if no] How familiar are you with the bankruptcy process?
 - b. [if yes] Could you tell me a little about this? When did you file?
 - c. What chapter did you file?
 - i. Did you stay in Chapter [7/13] the whole time?
 - ii. Did your case ever convert to Chapter [13/7]?
 - iii. How long did your case last?
 - iv. How did your case end?

1. [If Chapter 7] Did you get a discharge or was your case dismissed?
2. [If Chapter 13] Did you finish making all the payments due under your bankruptcy plan, or was your case dismissed?
- v. Did you consider filing under another chapter? How familiar are you with the differences between Chapter 7 and Chapter 13 bankruptcy filings?
- d. Did you have a mortgage when you filed for bankruptcy?
 - i. [If yes] Were you behind on your mortgage when you filed for bankruptcy?
 1. [If no] Did you ever fall behind on your mortgage while you were in bankruptcy?
 - ii. While you were in bankruptcy, where could you go for more information about how to pay your mortgage?
- e. What impact did the bankruptcy have on your mortgage?
 - i. Did the bankruptcy change the amount you had to pay each month?
 - ii. Did the bankruptcy stop a foreclosure proceeding that your mortgage company had started?
 - iii. Did the bankruptcy change how much you owed on your mortgage?
 - iv. Did the bankruptcy help you get caught up?
 - v. Did you give up your home in the bankruptcy?
 - vi. [For Chapter 7 experience] Did you reaffirm your mortgage while in bankruptcy?
- f. [For those with Chapter 13 experience] When you were in bankruptcy, did you make any other payments to your mortgage company? For example, did you ever have to pay attorneys' fees or other court costs?
 - i. [If yes] How did you know when and how much to pay?
- g. Did you receive any information about your mortgage or your mortgage payments while you were in bankruptcy?
 1. [If yes] From who?

- ii. Did you get statements from your mortgage company while you were in bankruptcy?
 - 1. [If yes] Were they helpful?
- iii. Did you or your attorney ever ask for information from your mortgage company while you were in bankruptcy?
 - 1. [If yes] Did your mortgage company provide the information?
- iv. Did the trustee provide you with any statements or information about your mortgage payments? [If yes] Were they helpful?
- v. If you remember, was there other information that you wanted about your mortgage while you were in bankruptcy? What was it? Were you able to get it?
- vi. While you were in bankruptcy, where did you get information about your mortgage?
- h. What happens if you fall behind on your mortgage while in bankruptcy?
- i. [If Chapter 13] Did/do you have a copy of your bankruptcy plan you could refer to if you had questions?

C. Initial Response to Periodic Statement (15 Minutes)

We are going to move on to an activity now. I would like you to imagine that you have a mortgage with a company called Springside Mortgage. I'd also like you to imagine that you have filed for [Chapter 7 / Chapter 13 as appropriate] bankruptcy and that you are currently in bankruptcy. Now I'm going to show you an example of a letter you might receive in the mail.

[Hand participant Chapter 7/Chapter 13 notice as appropriate for review.] I'd like you to take a minute to read it over and familiarize yourself with this notice [allow up to 1 minute]. I would like you to review this document just as you would if you had received this in the mail. As you are reading, however, I'd like you to "think aloud." So, I would like you to tell me what you are thinking as you read. Tell me how you're reviewing the information and if anything is confusing, surprising, interesting, or unclear, and let me know when you're done.

Post-form Likert Scale Questions

Now I'd like you to answer a few questions. [Administer the post-form Likert scale questionnaire.]

1. How organized is the format of this notice?				
1 - Not at all organized	2 - Slightly organized	3 - Moderately organized	4 - Very organized	5 - Extremely organized

2. How clear is the language in the notice?				
1 - Not at all clear	2 - Slightly clear	3 - Moderately clear	4 - Very clear	5 - Extremely clear

3. How trustworthy is the information provided in this notice?				
1 - Not at all trustworthy	2 - Slightly trustworthy	3 - Moderately trustworthy	4 - Very trustworthy	5 - Extremely trustworthy

4. How helpful would this notice be to you if you were paying your mortgage while in bankruptcy?				
1 - Not at all helpful	2 - Slightly helpful	3 - Moderately helpful	4 - Very helpful	5 - Extremely helpful

Debrief Questions

1. What was the purpose of the notice you just viewed?
2. If you received this statement while in bankruptcy, what would you do after receiving this notice?
3. Was there anything on the notice that you found confusing or unclear?
4. In your own words, what does [point to section/phrase of interest] mean to you?
 - a. What would you do with this information?
5. Was there anything on the notice that you think other people might find confusing or unclear? Why? How would you explain this information to them?
6. [For those with bankruptcy experience] Was there anything on the notice that you think someone who had not been through bankruptcy before might find confusing or unclear? Why? How would you explain this information to them?
7. What is the most important part of what you read?

8. If you received this statement while in bankruptcy, is there anything you would find particularly of interest on this form?
9. What could happen eventually if you don't bring your account up to date?
 - a. Would they have the right to take your house?
 - b. What if you were in bankruptcy?
10. If you had questions about the form or your mortgage, what would you do?
11. Imagine that you were having trouble paying your mortgage? What would you do?
 - a. Other than [name of mortgage company], is there anyone that you could contact to get advice?
 - b. Are there organizations that could give you advice on what to do?
 - c. How could you contact these organizations?
 - d. [If necessary] Is there any information on this statement about how you could contact an organization to get advice?
12. Is there any additional information that you would want to know that is not shown here? If so, what?
13. If you could change just one thing about this form, what would it be?

D. Comprehension Task on Periodic Statement (15 Minutes)

Now I'd like to ask you some specific questions about the information presented in this document. Please remember that I am not testing you or your knowledge. I'd like to get a better sense of how easy the statement is to read and understand, so you are free to look through the statement when answering these questions.

1. Is Springside telling you how to make a payment?
 - a. Do you have a choice about making a payment? What would you do if you wanted to stop making payments?
 - b. If you did not make a payment, what do you think would happen next? Would you be charged a late fee?
2. If you wanted to keep making mortgage payments, how much is Springside telling you that you would need to pay this month?
 - a. Why are you being asked to pay that amount?

- b. This statement says that you are being charged \$375 for “escrow.” [*Point out in the Explanation of Amount Due section.*] What does “escrow” mean? Who would you make that payment to?
 - i. [Chapter 13 only] If you are not making the payment to the mortgage company, where would you send it? Where would you find this information?
 - c. This statement breaks out [or does not break out, as applicable] the amount due by principal and interest [and escrow]. Does that affect how affect how helpful this form is to you? Why or why not? What would you do with that information?
3. If you wanted to make a payment when is your next payment due?
 - a. What happens if your payment is late? Would you be charged a fee?
4. What is the interest rate on your mortgage?
5. Is that interest rate going to stay the same, or might it change in the future?
 - a. Why? What makes you say that?
6. Were you charged any fees in the past month?
 - a. If so, why were those fees charged?
7. How much money is left on your mortgage?
8. Imagine that you won the lottery and wanted to pay off your mortgage entirely this month. Would Springside Mortgage charge you any fee for doing so?
 - a. How do you know?
 - b. Would you have to pay this fee if you refinanced and got a new mortgage?
 - c. Would you have to pay this fee if you sold the house?
9. How much money have you paid in interest so far this year?
10. If you wanted more information about this mortgage, how would you get that information?
 - a. Is there anything on this statement that tells you what to do?
11. [Chapter 7] Based on this document, are you behind on your mortgage payments?
 - a. If so, how do you know?
 - b. How long overdue does the bank consider you to be?

- c. How much money are you behind on your payments? How do you know?
 - d. How did they calculate how much money you are behind?
- 12.[Chapter 7] If you wanted to bring your account entirely up-to-date, how much would you have to pay this month?
13. [Chapter 13 statement] Have you made all the monthly mortgage payments you're supposed to make while you're in bankruptcy?
- a. [If yes] How can you tell?
 - i. What do you think this statement would show if you had not made all of your payments?
 - b. [If no] How do you know?
 - i. How long overdue does the bank consider you to be?
 - ii. How much money are you behind on your payments? How do you know?
 - iii. How did they calculate how much money you are behind?
- 14.Did the bank receive the payment you made last month? How do you know?
- a. [If respondent does not realize that he or she made a payment, point out that row in the Transaction Activity or Past Payments Breakdown box] When you made last month's payment, did it decrease the amount that you owe? If so, by how much? How do you know?
- 15.[Direct attention to Transaction Activity] What do each of the payments / charges mean?
- a. What is this section of the statement telling you?
 - b. Who made the payments?
 - c. If you had questions about the information in this box, who would you ask?
 - d. [Point out the section of the Past Payments Breakdown showing how the last payment was applied.]
 - i. What does this section of the statement telling you?
 - ii. [Chapter 13] Would all of your payments to the Trustee be reflected here?
 - 1. If not, what would and would not be reflected?
 - e. [Point out the reference to "Partial Payment (Unapplied)"] If there was a dollar amount here, what would it mean?

- i. [If necessary, tell participant that the fact that this amount is “unapplied” means that Springside Mortgage has not yet applied the money to their mortgage, but instead is holding the money in a separate account.] What would you have to do in order to get Springside Mortgage to apply those funds to your loan?

16.[Chapter 13] [Direct attention to Pre-Petition Arrearage / Pre-Bankruptcy Debt Field] What does the Arrearage box show you?

- a. Did you make these payments? Whom did you send them to?

17.What happens if you only pay part of the payment this month?

18.If you didn't want to receive these statements anymore, what would you?

[Portions of Section can be repeated, as needed, for an additional form, such as the Lump Sum Alternative. If two forms are tested, the order that participants review forms will be randomized. If two forms are viewed, participants can be asked additional comparative questions.]

1. Let's compare the two forms—which of these forms would you prefer most? Why?
2. Which of these forms is in a more desirable format? Why?
3. Which of these two forms is clearer in terms of language and wording?
4. Which of these two words is more trustworthy? Why?
5. What else do you still need to know that is not clear here?
6. If you could change one thing, and one thing only about form 1, what would it be?
7. If you could keep one thing the same in form 1, what would it be?
8. If you could change one thing, and one thing only about form 2, what would it be?
9. If you could keep one thing the same in form 2, what would it be?

E. Special Task (5 Minutes)

We are going to move on to another activity now.

1. Do you normally keep your mortgage statements for past months?
2. [If yes] Do you keep them just in case there is a problem or do you routinely compare them against your current month's bill? What information do you compare on the old and new statements?

[Hand participant two Chapter 13 notices for consecutive months.] Imagine that last month you received the notice dated [Month, Year], and this month you received the notice dated [Month, Year].

3. Please take a look at the amount of the principal and interest under the Explanation of Payment Amount in the noticed dated [first notice]. Now please look at the amount of principal and interest under the Past Payments Breakdown in the notice date [second notice]. Do you notice any differences?
 - a. What do these differences mean?
 - b. Would this difference cause you any concerns? Why or why not?
 - c. If you do have concerns about the differences, would you ask anyone for an explanation? Who?

Thank you, those are all the questions I have for you today. Was there anything else that you wanted to say about the forms before we finish?