

**ICBA Disclosure Testing: Qualitative Pre-testing of Survey (Testing) Instrument
and Modified Disclosure Forms**

OMB CONTROL NUMBER: 3170-XXXX

Supporting Statement Part A

A. JUSTIFICATION

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

In November 2023, the CFPB granted an application from the Independent Community Bankers of America (ICBA) for a Trial Disclosure Waiver Template (Template) under the Policy to Encourage Trial Disclosure Programs. The application covered certain modifications to the existing TILA-RESPA Integrated Disclosures (TRID) mortgage disclosures in the context of construction loans. ICBA believes the current disclosures can be improved, especially for many first-time homebuyers in rural areas who build their homes instead of buying existing homes, and consequently, experience greater challenges of using the current disclosures in the construction loan process. The Template serves as a foundation for applications from individual lenders to test the modified disclosures in-market.

After the Template was issued, the CFPB and ICBA agreed that, prior to such in-market testing by lenders, ICBA would first conduct laboratory testing of the disclosures to, *inter alia*, gain evidence about the extent to which the modified disclosures improve upon current disclosures. The parties agreed that ICBA would be responsible for conducting the testing, in consultation with CFPB subject matter experts.

The central research question that ICBA will be examining in the disclosure testing is whether the modified TRID disclosures are more effective for disclosing any component of consumer construction and construction-to-permanent loans for a sample of consumers who are similar in age, income, and education to community bank customers. Effectiveness will be measured by how well a consumer can understand various dimensions of each loan by answering comprehension questions (e.g., interest rate, payment schedule, etc.) for various types of construction-to-permanent and construction loans they are presented.

ICBA's contractor will conduct qualitative pre-testing of both the survey (testing) instrument and the modified TRID disclosure forms to ensure their effectiveness. The sample will be reflective of community bank consumers in terms of age, income, and education while mirroring the race and ethnicity of the general U.S. population. The contractor will collect and analyze the data and produce a report of the findings.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

The information collected will be used by the Bureau to evaluate the effectiveness of the ICBA's proposed TRID disclosure form as compared to the existing disclosure forms required by the Bureau under Regulation X (The Real Estate Settlement Procedures Act).

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also, describe any consideration of using information technology to reduce burden.

Testing will be conducted using online survey tools. This means of collection was adopted to reduce respondent burden, minimize any chances of data collection error, and to enable collection of larger sample sizes.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item A.2 above.

This is a unique test of a unique disclosure and therefore does not duplicate any existing information.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

Testing will be conducted with individuals who are similar in age, income, and education to community bank customers. Some participants may be community bank members. No community banks or small entities are involved.

6. Describe the consequence to federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

Individual lenders can apply for approval to test the alternative disclosures for construction loans. In deciding whether to approve individual lender applications, the CFPB will carefully evaluate a lender's plan to test the effectiveness of these disclosures under the CFPB's Policy to Encourage Trial Disclosures. Without the evidence generated from this study, CFPB will be unable to evaluate whether a modified disclosure form is an improvement over the form currently in use.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- **requiring respondents to report information to the agency more often than quarterly;**

- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **requiring the use of statistical data classification that has not been reviewed and approved by OMB;**
- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

There are no special circumstances. The collection of information requirements are consistent with the applicable guidelines contained in 5 CFR Part 1320.5(d)(2).

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years -- even if the collection-of-information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

The CFPB has published a 60-day notice for this data collection on 5/22/2025 (90 FR 21904) and will publish a 30-day notice. The CFPB received three comments from the 60-day notice period. Only one of those comments was germane to the information collection request and was supportive in nature citing ongoing collaboration with CFPB staff in developing the project.

9. Explain any decision to provide any payments or gifts to respondents, other than remuneration of contractors or grantees.

The Bureau is not directly paying study participants. However, the contractor will be providing a small incentive of \$20.00 to participants to encourage them to complete the survey.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

No assurances of confidentiality will be provided to participants.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

Not applicable.

12. Provide estimates of the hour burden of the collection of information.

The Bureau estimates the burden of this information collection as follows:

| Information Collection Requirements | Number of Respondents | Number of annual responses | Time per response | Total Burden Hours |
|---|-----------------------|----------------------------|-------------------|--------------------|
| Screening of online survey participants | 1,440 | 1,440 | 3 minutes | 72 |
| Online survey participants | 575 ¹ | 575 | 20 minutes | 192 |
| TOTAL | 1,440 | 2,015 | | 264 |

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

Not applicable.

14. Provide estimates of the annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), any other expense that would not have been incurred

¹ These respondents are a subset of the screened participants.

without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 into a single table.

There are not costs to the Federal Government as the Bureau does not directly collect any information under this data collection and the ICBA is incurring the costs of hiring the contractor and administering the survey.

15. Explain the reasons for any program changes or adjustments.

This is a new information collection.

16. For collections of information whose results will be published, outline plans for tabulations, and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

CFPB may publish results of the study, either by directly publishing the report furnished by ICBA and KKG or by reanalyzing the underlying data provided by ICBA and KKG and publishing its own report. Any such report will report the simplest possible analytic techniques that can draw appropriate inferences from the data. These techniques may include chi-squared tests and/or z-tests to test for treatment effects in discrete variables and t-tests to test for treatment effects in continuous variables. We may also conduct regression analyses to account for the influence of observable demographic variables and to explore treatment effects within demographic subgroups. Report completion and publication dates will depend on data collection completion, but we can estimate that any publication of results will take 6-18 months after all data have been collected.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal government's electronic PRA docket at www.reginfo.gov, as well as in the Code of Federal Regulations. There are no required forms or other documents upon which display of the control number and expiration date would be appropriate.

18. Explain each exception to the certification statement.

The Bureau certifies that this collection of information is consistent with the requirements of 5 CFR Part 1320.9, and the related provisions of 5 CFR Part 1320.8(b)(3) and is not seeking an exemption to these certification requirements.