



# URLA Round 7 Consumer Testing Briefing

SAN FRANCISCO, CALIFORNIA

JULY 21-22, 2016

# What we did

- ▶ **4 lender interviews** – 7/22
- ▶ **8 English borrower interviews** – 7/21
  - ▶ 4 joint borrowers (combined interviews)
  - ▶ 4 single borrowers
- ▶ **1 focus group** – 7/22
  - ▶ 10 borrowers
- ▶ **Participants were fluent in**
  - ▶ Chinese, English, Hindi, Korean, Spanish, Tagalog
- ▶ **All interviews** consisted of
  - ▶ A review of the application
  - ▶ Specific questions about “preferred language”
- ▶ **Lender interviews** consisted of
  - ▶ A review of the application
  - ▶ Specific questions about “preferred language”



# What we tested: Single Borrower URLA 3

**Uniform Residential Loan Application**

*To be completed by the Lender:*  
Lender Loan No. \_\_\_\_\_ Agency Case No. \_\_\_\_\_

Complete this application with your Lender's help. If you have questions, please ask your Lender. If more than one Borrower is on this application, complete the Additional Borrower Information sheets provided by your Lender.

**Section 1: Borrower Information.** This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

**1a. Personal Information**

Name (First, Middle, Last, Suffix) \_\_\_\_\_

Alternate Names – List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix) \_\_\_\_\_

I am applying for individual credit.  
 I am applying for joint credit. Number of Borrowers: \_\_\_\_\_  
Each Borrower agrees to apply for joint credit. **Your initials:** \_\_\_\_\_

Marital Status:  Married,  Separated,  Unmarried\*  
\*Single, Divorced, Widowed, Civil Union, Domestic Partnership, Registered Reciprocal Beneficiary Relationship

Dependents (not listed by another Borrower): Number \_\_\_\_\_, Ages \_\_\_\_\_

Social Security Number \_\_\_\_\_  
(or Individual Taxpayer Identification Number)

Date of Birth (mm/dd/yyyy) \_\_\_\_\_  
 U.S. Citizen  
 Permanent Resident Alien  
 Non-Permanent Resident Alien

List Name(s) of Other Borrower(s) on This Application (First, Middle, Last, Suffix) \_\_\_\_\_

Contact Information:  
Home Phone ( ) - \_\_\_\_\_  
Cell Phone ( ) - \_\_\_\_\_  
Work Phone ( ) - \_\_\_\_\_  
Email \_\_\_\_\_

Current Address: Street \_\_\_\_\_, Unit # \_\_\_\_\_, City \_\_\_\_\_, State \_\_\_\_\_, Zip \_\_\_\_\_  
How Long at Current Address? \_\_\_\_\_ Years \_\_\_\_\_ Months  Own  Rent (\$ \_\_\_\_\_/month)  No primary housing expense

If at Current Address for LESS than 2 years, list Former Address  Does not apply  
Street \_\_\_\_\_, Unit # \_\_\_\_\_, City \_\_\_\_\_, State \_\_\_\_\_, Zip \_\_\_\_\_  
How Long at Former Address? \_\_\_\_\_ Years \_\_\_\_\_ Months  Own  Rent (\$ \_\_\_\_\_/month)  No primary housing expense

Mailing Address – If different from Current Address  Does not apply  
Street \_\_\_\_\_, Unit # \_\_\_\_\_, City \_\_\_\_\_, State \_\_\_\_\_, Zip \_\_\_\_\_

Military Service – Did you (or your deceased spouse) ever serve, or are you currently serving, in the United States Armed Forces?  NO  YES  
If YES, mark all that apply:  Currently serving on Active Duty with projected expiration date of service/tour \_\_\_\_ / \_\_\_\_ (mm/yyyy)  
 Currently retired, discharged, or separated from service  
 Only period of service was as a non-activated member of the Reserve or National Guard  
 Surviving Spouse

**1b. Current Employment and Income**  Does not apply

Employer or Business Name \_\_\_\_\_ Phone ( ) - \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_, State \_\_\_\_\_, Zip \_\_\_\_\_

Position or Title \_\_\_\_\_  
Start Date \_\_\_\_ / \_\_\_\_ (mm/yyyy)  
How long in this line of work? \_\_\_\_\_ Years \_\_\_\_\_ Months

Check if this statement applies:  
 I am employed by a family member, property seller, real estate agent, or other party to the transaction.

Check if you are the Business Owner or Self-Employed  I have an ownership share of less than 25%.  I have an ownership share of 25% or more. Monthly Income (or Loss) \$ \_\_\_\_\_

Gross Monthly Income:  
Base \$ \_\_\_\_\_/month  
Overtime \$ \_\_\_\_\_/month  
Bonus \$ \_\_\_\_\_/month  
Commission \$ \_\_\_\_\_/month  
Military Entitlements \$ \_\_\_\_\_/month  
Other \$ \_\_\_\_\_/month  
TOTAL \$ \_\_\_\_\_/month

Uniform Residential Loan Application  
Freddie Mac Form 65 • Fannie Mae Form 1003  
Revised x/20xx

Reserved space for barcode and other identifying information

- ▶ Single borrower version—7 pages
- ▶ Sections break over pages in order to shorten the length

# Preferred Language Options

## [ ] Option 1

### Section 6: Preferred Language (Optional)

If communications were available in a language other than English, what would be your preferred language?

- Spanish    Chinese    Korean
- Vietnamese    Tagalog    Other: \_\_\_\_\_

Your answer is voluntary and will NOT affect your mortgage application. Your answer does not obligate [commit] the Lender or Other Loan Participants to communicate with you or provide documents to you in your preferred language, but may enable them to assist you or to direct you to persons who can assist you.

## [ ] Option 2

### Section 6: Preferred Language (Optional)

If communications were available in a language other than English, what would be your preferred language?

- Spanish    Chinese    Korean
- Vietnamese    Tagalog    Other: \_\_\_\_\_

Your answer is voluntary and will NOT affect your mortgage application. The Lender or Other Loan Participants are NOT committing to communicate with you or provide documents to you in your preferred language.

## [ ] Option 3

### Section 6: Preferred Language. (Optional)

If communications were available in a language other than English, what would be your preferred language?

- Spanish    Chinese    Korean
- Vietnamese    Tagalog    Other: \_\_\_\_\_

Your answer is voluntary and will NOT affect your mortgage application. Your answer does not commit the Lender or Other Loan Participants to communicate with you or provide documents to you in your preferred language, but may enable them to assist you or to direct you to persons who can assist you.

## [ ] Option 4

### Section 6: Preferred Language

Please mark the language you would prefer for communications about your loan.

- English    Chinese    Korean
- Spanish    Tagalog    Vietnamese
- Other: \_\_\_\_\_

By law, your answer will NOT affect your mortgage application. Your answer does not commit the Lender or Other Loan Participants to communicate or provide documents in your preferred language. However, it may let them assist you or direct you to persons who can assist you.

# Lender Results

# Lenders commented very strongly on overall URLA and the Demographics

- ▶ They rated the URLA overall as 4 out of 5 overall
- ▶ They volunteered that they strongly disliked the Demographics section
  - ▶ Uncomfortable asking these questions
  - ▶ Said most Borrowers are uncomfortable answering these questions
  - ▶ Questioned the accuracy of Lenders' observations, especially with the distinctions being made
  - ▶ Would not trust any reported numbers based on data from this section

# Lenders had mixed reactions to preferred language

- ▶ Because they wanted to help their clients, they wanted the preferred language included, but with suggestions and concerns
- ▶ Suggestions -
  - ▶ Want the preferred language placed at front of URLA
  - ▶ Want translations to include the URLA as well as communications
  - ▶ Translations, especially of the URLA, need to come from a “higher source” than locally, such as CFPB
- ▶ Concerns
  - ▶ See a liability to them if they provide the URLA or communications in another language
  - ▶ Worried about the accuracy of the translator unless the translator knows the mortgage business and their liability if they provide a translator
  - ▶ Concerned that translations would need to consider dialects
- ▶ Liked Option 4 because of simple language, but wanted stronger language about the Lender NOT committing to provide services.

# Lenders' current practice varies

- ▶ They see most borrowers relying on a family member or friend for language assistance
  - ▶ They commented that the real estate agent often speaks the same language as the Borrowers
  - ▶ With Borrowers whose primary language is not English, one lender refers them to an agent who does speak the language
  - ▶ Others provide brochures in English or in Spanish
- ▶ For the future, they suggested
    - ▶ “Approved” translations of URLA and standard communications from official sources, such as CFPB
    - ▶ You Tube videos
    - ▶ Other brochures translated



# Borrower Interview and Focus Group Results

# Most borrowers in both interviews and the focus group rated the revised application positively

## Borrower Interviews

- ▶ Borrowers rated the application a **3.6 out of 5** overall
- ▶ Felt it had the right information without many “unnecessary” elements

## Borrower Focus Group

- ▶ Borrowers rated the application a **3.75 out of 5** overall
- ▶ Some felt there was too much information, but hoped that if they filled it out completely the first time, it would shorten the overall process

# Most borrowers noticed the preferred language section

## Borrower Interviews

- ▶ Several borrowers selected the preferred language as “unnecessary” on their unprompted review of the form
- ▶ The preferred language was noticed more than any other part of the form
- ▶ Several said they would rely on family and friends; they may be able to translate, but not explain concepts (one said her grandfather relied on her when she was 7)

## Borrower Focus Group

- ▶ Borrowers noticed the section, but didn't mark it as unnecessary
- ▶ When discussing this section, a few wondered why it was included
- ▶ They were unclear if preferred language meant spoken assistance or written assistance
- ▶ Mixed reaction as to whether it included URLA or other communications

# Most participants liked the preferred language section

## Borrower Interviews

- ▶ Most thought the preferred language should be included
  - It's a service and helpful to people with a second language
  - It would help immigrants not be taken advantage
  - It would help these borrowers understand the process and be more comfortable with the process

## Borrower Focus Group

- ▶ Most found the preferred language helpful
  - ▶ It can empower individuals who would not have to rely on family and friends as much for translation
  - ▶ It provides assistance to immigrants
  - ▶ It is "optional" and does not have to be completed
  - ▶ Wanted the translator to be knowledgeable about mortgages

# Some borrowers expressed concerns about the preferred language section

## Less than half of the borrowers in interviews expressed concerns

- ▶ Those who didn't like this section were concerned primarily about the possibility of discrimination
  - ▶ One said that bias is often "hidden"
  - ▶ Two others mentioned possible "discrimination"
  - ▶ These concerns are similar to borrowers' reactions to the Demographics section

## Less than half of the borrowers in the focus group expressed concerns

- ▶ Those who didn't like the section felt it was unnecessary, and some had subtle concerns about the possibility of discrimination
  - ▶ One stated "I don't understand why they need to know your language"
  - ▶ Another said "it kind of gives me a feeling that if you mark something they might single you out"
  - ▶ Some felt selecting a preferred language might slow down the process because of the time needed to find assistance

# When asked what they expected to happen next, most borrowers expected materials and translator

## Borrower Interviews

- ▶ Borrowers had firm expectations about what would happen next
  - ▶ Lender will provide forms and/or letters in the preferred language
  - ▶ Lender will offer or provide a translator (though they also mentioned being more comfortable using a friend or family member)

## Borrower Focus Group

- ▶ Borrowers were less sure what would happen next and had more questions about it
  - ▶ Would the lender provide a translator or forms in another language?
  - ▶ Would checking this section lengthen the process as the lenders identify a translator?
  - ▶ Would anything happen at all given that the section discusses "no commitment" to provide assistance?

# Borrower from both interviews and focus group made similar suggestions about the preferred language

- ▶ Place the preferred language section earlier in the form, perhaps first. By the time a person encounters this section on page 7, they have likely completed the form in English
- ▶ Reframe the question as “Do you want help?” or “Do you need language assistance?” (Yes/No, and the Lender can follow up)
- ▶ Include more languages in the list (most frequently cited languages were Arabic, Farsi, French, Italian, and Russian)
- ▶ When a preferred language is mentioned, offer an actual translator, which might be more effective than a translated form
- ▶ Provide ancillary preferred language tools like YouTube videos or brochures
- ▶ Provide the form online where the user chooses the language and the information is translated

# Most borrowers in both interviews and focus group chose Option 4

Those who chose Option 4 gave reasons, such as

- The language was simpler and more direct
- The sentences were shorter
- The phrasing was more polite
- Making the question required for everyone (by including English as a choice) was good because it was not optional

Option 2 was generally disliked

- Comes across as very negative
- Too many uses of “you”



# Demographics

SAN FRANCISCO, CALIFORNIA

# Demographics - Borrower

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	Atlanta, GA	Chicago, IL	Denver, CO	Philadelphia, PA		Los Angeles, CA		Tulsa, OK		San Francisco, CA
<b>Gender</b>				<b>English</b>	Spanish	<b>English</b>	Spanish	<b>English</b>	Spanish	
Male	3	4	5	3	4	3	2	11	4	
Female	4	3	3	4	3	3	4	9	4	
<b>Race/Ethnicity</b>										See below*
African American	4	1		2		1		6		
White	2	6	8	4		4		12		
Asian	0							2		3 Chinese, 2 Vietnamese, 3 Tagalog, 2 Hindi, 2 Korean, 1 n/a
Hispanic	2	1	1	1	7 (Puerto Rican)	1	6		8	1
African American/Asian	1									
<b>Education Level</b>										
Less than HS, HS graduate, or GED	3	2	1		1		1	3	2	
Some college or 2-year program	0	3	4	3	2	3	4	8	2	3
College graduate	1	2	2	2	4	2		7	3	8
Additional education	2		1	2		1	1	2	1	4

# Borrower Demographics, cont.

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	Atlanta, GA		Chicago, IL		Denver, CO		Philadelphia, PA		Los Angeles, CA				Tulsa, OK				San Francisco, CA			
Marital Status							English		Spanish		English		Spanish		English		Spanish			
Married	3		3		2		5		2		4		4		12		4		9	
Separated					1										1					
Unmarried	4		4		5		2		5		2		2		4		4		11	
Age																				
18-30	0		1		2				1		2				5		4		1	
31-45	4		2		3		4		3		2		2		7		3		10	
46-60	3		3				2		3		2		2		5		1		1	
Older 60					3		1						2		2				3	
Income			C	I	C	I	C	I	C	C	I	C	I	C	I	C	I	C	I	
Less than \$35K	1		3	3	2	6		1	1				1		5		3	1	1	
\$35K-\$70K	1		2	3	3	2		4	4		3	2	4	4	15	6	5	1	5	
\$70K-\$125K	5		1	1			2		1	5	1	2	1	8		2		5	7	
More than \$125K	0		1				3	2				2						3	1	

# Borrower Demographics, cont.

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	Atlanta, GA	Chicago, IL	Denver, CO	Philadelphia, PA		Los Angeles, CA		Tulsa, OK		San Francisco, CA
<b>Purchase Status</b>				English	Spanish	English	Spanish	English	Spanish	
Bought in past 10 years	4	0	3	2	2	2	4	7	4	8
Refinanced in past 10 years	2	2	1	3		2	3	7	2	4
Bought and refinanced in past 10 years	1	1	2	2		2	3	1		5
Last house was first purchase	6	2	2	2	3	2		4	4	7
Will purchase home in next 2 years	0	3	5	7	7	6		12	3	8
Never Bought		2	1	1	3		2	6	3	4
Own more than one property			3	2	1	2	1	3	1	2
<b>Borrower Status</b>										
Single	4	2	3	2	3	2		8	5	5
Co-borrower	3	5	4	5	4	4		8	3	8
<b>Relationship with Co-borrower</b>										
Married	2	3	2	5	1	4	4	11	2	4
Related	1	1	2							3
Unrelated					3			2		1
<b>Military Status</b>										
Current or previous military service	1	1	2	1	1	0	2	1		
<b>Employment Information</b>										
Own Own Business	Did not collect	1	6	2	1			2	3	3
Currently work 2 or more jobs	Did not collect	4	2	2	1	2				2

# Demographics - Lender

	Chicago, IL	Denver, CO	Philadelphia, PA	Los Angeles, CA	Tulsa, OK	San Francisco, CA
<b>Gender</b>						
Male	2	3	1	4	1	
Female	2	1	3	1	3	3
<b>Financial Institution Size</b>						
Small	2	2			1	1
Medium	2	2	2	3	2	2
Large			2	2	1	
<b>Manual vs. POS/LOS</b>						
Manual						1
POS/LOS	4	4	4	5	4	3
<b>Years Experience</b>	11,1.5,10,14 years	1.25, 6, 15, 20+ years	3+, 5, 6, 17	10, 15, DNA, 6, 5	3.5,15,11,years	8, 20,2
<b>Experience with Government Loans</b>						
FHA	4	4	4	5	4	3
USDA-RD	1	3	2	5	4	
VA	4	4	3	5	4	1

# Lender Demographics, cont.

	Chicago, IL	Denver, CO	Philadelphia, PA	Los Angeles, CA	Tulsa, OK	San Francisco, CA
<b>Individual Income</b>						
Less than \$35K						
\$35K-\$70K	1		1			
\$70K-\$125K	2	1	1		2	1
More than \$125K	1	2	1	5	2	2
Would not answer		1	1		1	
<b>Percentage of Hispanic Clients</b>	DNA	Less than 5%,10%, 15%, 10-20%	20%, 20%, 2 DNA	20%, 70%, 15%, 20%, Not Sure	15%,5%,15%,40%	30%, 20%, None