



Preferred Language Consumer Testing Briefing

CALABASAS, CALIFORNIA, SEPTEMBER 11-12, 2017

NEW YORK, NEW YORK, SEPTEMBER 14-15, 2017

Where we tested

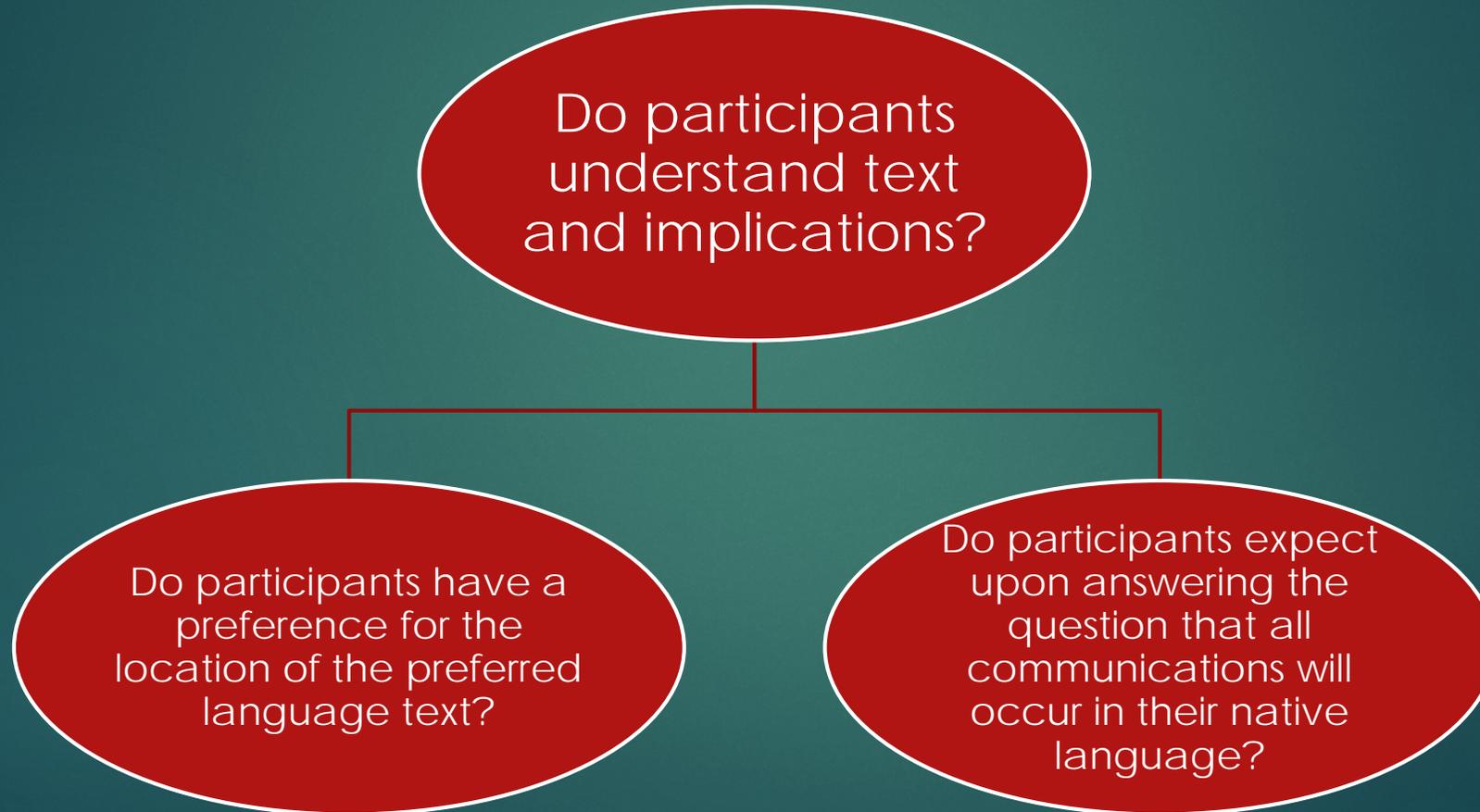
▶ Calabasas, California

- ▶ September 11 & 12, 2017
- ▶ Tested 18 LEP consumers in 6 languages:
 - ▶ 3 Chinese
 - ▶ 3 English
 - ▶ 3 Korean
 - ▶ 3 Spanish
 - ▶ 3 Tagalog
 - ▶ 3 Vietnamese
- ▶ Tested 4 lenders

▶ New York, New York

- ▶ September 14 & 15, 2017
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 - ▶ 3 Chinese
 - ▶ 3 English
 - ▶ 3 Korean
 - ▶ 3 Spanish
 - ▶ 3 Tagalog
 - ▶ 3 Vietnamese
- ▶ Tested 4 lenders

Research questions



What we did with LEP participants

- ▶ Interviews conducted by native speaker in native language.
- ▶ Simultaneous translator for observers.
- ▶ Showed participants an English version of the URLA and asked them to look at each section before filling it out.
- ▶ After they found Section 5c, asked them a series of questions, including several about language expectations.
- ▶ Provided an in-language version of Section 5c if they could not process English.
- ▶ Showed them “About Language” notice.
- ▶ Asked them a series of questions, including several about language expectations.

What they saw – Document 1

- ▶ Participants were given an English URLA with preferred language in Section 5c.
- ▶ (If they could not read the English version, they were given an in-language version of Section 5c.)

Section 5: Declarations. This section asks you specific questions about the property, your funding, your past financial history, and your language preference.

5a. About this Property and Your Money for this Loan

A. Will you occupy the property as your primary residence? If YES, have you had an ownership interest in another property in the last three years? If YES, complete (1) and (2) below: (1) What type of property did you own: primary residence (PR), FHA secondary residence (SR), second home (SH), or investment property (IP)? (2) How did you hold title to the property: by yourself (S), jointly with your spouse (SP), or jointly with another person (O)	<input type="radio"/> NO <input type="radio"/> YES <input type="radio"/> NO <input type="radio"/> YES _____ _____
B. If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property?	<input type="radio"/> NO <input type="radio"/> YES
C. Are you borrowing any money for this real estate transaction (e.g., money for your closing costs or down payment) or obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application? If YES, what is the amount of this money?	<input type="radio"/> NO <input type="radio"/> YES \$ _____
D. 1. Have you or will you be applying for a mortgage loan on another property (not the property securing this loan) on or before closing this transaction that is not disclosed on this loan application? 2. Have you or will you be applying for any new credit (e.g., installment loan, credit card, etc.) on or before closing this loan that is not disclosed on this application?	<input type="radio"/> NO <input type="radio"/> YES <input type="radio"/> NO <input type="radio"/> YES
E. Will this property be subject to a lien that could take priority over the first mortgage lien, such as a clean energy lien paid through your property taxes (e.g., the Property Assessed Clean Energy Program)?	<input type="radio"/> NO <input type="radio"/> YES

5b. About Your Finances

F. Are you a co-signer or guarantor on any debt or loan that is not disclosed on this application?	<input type="radio"/> NO <input type="radio"/> YES
G. Are there any outstanding judgments against you?	<input type="radio"/> NO <input type="radio"/> YES
H. Are you currently delinquent or in default on a federal debt?	<input type="radio"/> NO <input type="radio"/> YES
I. Are you a party to a lawsuit in which you potentially have any personal financial liability?	<input type="radio"/> NO <input type="radio"/> YES
J. Have you conveyed title to any property in lieu of foreclosure in the past 7 years?	<input type="radio"/> NO <input type="radio"/> YES
K. Within the past 7 years, have you completed a pre-foreclosure sale or short sale, whereby the property was sold to a third party and the Lender agreed to accept less than the outstanding mortgage balance due?	<input type="radio"/> NO <input type="radio"/> YES
L. Have you had property foreclosed upon in the last 7 years?	<input type="radio"/> NO <input type="radio"/> YES
M. Have you declared bankruptcy within the past 7 years? If YES, identify the type(s) of bankruptcy: <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 13	<input type="radio"/> NO <input type="radio"/> YES

5c. About Your Language Preference

Optional: Please mark the language you prefer for communications about your loan. Communications may not be available in your preferred language:

English Chinese Korean Spanish Tagalog Vietnamese Other: _____
 I do not wish to respond

Your answer will NOT negatively affect your mortgage application. Your answer does not mean the Lender or Other Loan Participants agree 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.

Language assistance and resources may be available through housing counseling agencies approved by the U.S. Department of Housing and Urban Development. To find a housing counseling agency, contact one of the following federal government agencies:

- U.S. Department of Housing and Urban Development (HUD) at (800) 569-4287 or www.hud.gov/counseling.
- Consumer Financial Protection Bureau (CFPB) at (855) 411-2372 or www.consumerfinance.gov/find-a-housing-counselor.

Borrower Name: _____
Uniform Residential Loan Application
Freddie Mac Form 65 • Fannie Mae Form 1003
Revised 8/2016 • NOT FOR CURRENT USE

What they saw – Document 2

- ▶ Participants were given the *Notice to Borrowers About Language* notice as a free-standing notice that included English text as well as translated text in the 5 languages.

Notice to Borrowers about Language

Your mortgage loan transaction is likely to be conducted in English. The information you receive and the official documents you will sign will likely be in English.

We want you to understand the transaction. Translations may be available to complement the English language documents. These documents are to help you understand the transaction. Your lender or servicer may not be able to provide you with translation services or translated documents.

Language assistance and resources may also be available through housing counseling agencies approved by the U.S. Department of Housing and Urban Development (HUD). You can find a list of HUD-approved housing counseling agencies at www.hud.gov/counseling.

1. Select "[housing counseling agency](#)" near you, then select your state.
2. To locate housing counseling agencies in your area that speak your language, select "Click here to narrow your search" and select a language.
3. Or, call HUD at 800-569-4287 for help in finding a counselor.

Information about housing counselors is also available at www.consumerfinance.gov/find-a-housing-counselor.

给借款人的语言通知

您的抵押贷款交易可能用英语进行。您收到的信息和待签署的官方文件也可能是英文版。

我们希望您能了解交易内容。我们可能会为您提供英文文件的帮助译文。这些文件有助于您了解交易内容。您的贷款人或服务机构可能无法为您提供翻译服务或翻译文件。

您也可通过美国住房和城市发展部 (U.S. Department of Housing and Urban Development, HUD) 批准的住房咨询机构获取语言协助和资源。您可在以下网站获取 HUD 批准的住房咨询机构名单：www.hud.gov/counseling。

1. 选择您附近的 "[housing counseling agency](#)", 然后选择您所在的州。
2. 如需查找所在区域内使用您偏好语言的住房咨询机构, 请选择 "Click here to narrow your search", 然后选择语言。
3. 或者致电 800-569-4287 联系 HUD, 获取咨询机构查找帮助。

您还可以在以下网站获取住房咨询机构的相关信息：www.consumerfinance.gov/find-a-housing-counselor。

대출자 대상 언어 관련 안내

귀하의 주택담보대출 거래는 영어로 진행될 가능성이 큽니다. 귀하께서 받으시는 정보와 서명하시게 될 공식 서류는 영어로 되어 있을 가능성이 큽니다.

귀하께서 해당 거래를 이해하지 못할 수 있습니다. 영어 서류를 보완하기 위해 번역본이 있을 수 있습니다. 이러한 서류는 귀하께서 거래를 이해하는 데 도움이 됩니다. 귀하의 대출기관 또는 서비스 제공자가 번역 서비스나 번역된 서류를 제공하지 못할 수 있습니다.

언어 지원 및 자료는 미국 주택도시개발국(HUD)이 승인한 주택상담기관을 통해서도 이용하실 수 있습니다. www.hud.gov/counseling 에서 HUD의 승인을 받은 주택상담기관 목록을 찾을 수 있습니다.

1. 가까운 "[housing counseling agency](#)"를 선택한 다음, 주를 선택하십시오.
2. 해당 지역의 주택상담기관을 검색하려면 "Click here to narrow your search" 을 선택하고 언어를 선택하십시오.
3. 또는 미국 연방정부 주택공사 800-569-4287에 전화해서서 카운셀러를 찾아 주십시오.

주택 관련 상담 카운셀러는 아래의 웹사이트에서도 찾으실 수 있습니다.
www.consumerfinance.gov/find-a-housing-counselor

Aviso para los prestatarios sobre el idioma

Es probable que la transacción de su préstamo hipotecario se lleve a cabo en inglés. La información que reciba y los documentos oficiales que firme probablemente estarán en inglés.

Queremos que entienda la transacción. Es posible que haya servicios de traducción disponibles para complementar los documentos que están en inglés. El objetivo de estos documentos es ayudarlo a entender la transacción. Es posible que su prestamista o su proveedor de servicio no puedan proporcionarle servicios de traducción ni los documentos traducidos.

Es posible que también haya recursos y asistencia de idioma disponibles a través de agencias de asesoramiento sobre vivienda aprobadas por el Departamento de Vivienda y Desarrollo Urbano de los Estados Unidos (U.S. Department of Housing and Urban Development, HUD). Puede encontrar una lista de agencias de asesoramiento sobre vivienda aprobadas por el HUD en www.hud.gov/counseling.

1. Seleccione una agencia de asesoramiento sobre vivienda cercana a su domicilio haciendo clic en "[housing counseling agency](#)" (agencia de asesoramiento sobre vivienda); luego, elija su estado.
2. Para encontrar agencias de asesoramiento sobre vivienda en su área en las que se hable su idioma, seleccione "Click here to narrow your search" (Haga clic aquí para limitar la búsqueda) y elija un idioma.
3. O bien llame al HUD al 800-569-4287 para que lo ayuden a encontrar a un asesor.

También puede obtener información sobre asesores de vivienda en www.consumerfinance.gov/find-a-housing-counselor.

What they saw – Document 3

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- ▶ Participants were given “Addendum 1” - a different format of Section 5c that was in-language.

To be completed by the Lender:
Lender Loan No./Universal Loan Identifier _____ Agency Case No. _____

Uniform Residential Loan Application — Language Preference

About Your Language Preference

Optional: Please mark the language you prefer for communications about your loan. Communications may not be available in your preferred language:

English Chinese Korean Spanish Tagalog Vietnamese Other: _____

I do not wish to respond

Your answer will NOT negatively affect your mortgage application. Your answer does not mean the Lender or Other Loan Participants agree 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.

Language assistance and resources may be available through housing counseling agencies approved by the U.S. Department of Housing and Urban Development. To find a housing counseling agency, contact one of the following federal government agencies:

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What they saw – Document 4

New York Only

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- ▶ Participants were given “Addendum 2” - a reworded version of Addendum 1. This was only in English. This was read to the LEP participants in-language.

Draft, Non-Public, Confidential

Optional: Your loan transaction is likely to be conducted in English. This section requests information to see if communications are available in your preferred language in order to assist you in this process. Please be aware that communications may NOT be available in your preferred language. Please mark the language you would prefer, if available: English, Chinese, Korean, Spanish, Tagalog, Vietnamese, Other: _____, I do not wish to respond.

Your answer will NOT negatively affect your mortgage application. Your answer does not mean the Lender or Other Loan Participants agree 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.

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Results Summary

Placement of Preferred Language

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- ▶ Nearly all said the placement in Section 5c was wrong.
 - ▶ Wastes time and builds frustration for the borrowers.
 - ▶ Builds suspicion that URLA is trying to hide the information.
 - ▶ Allows lenders to avoid providing support in a non-English form.
- ▶ If included in the URLA, most wanted the preferred language section to be placed at the start of the application or at the end of Section 1a. Personal Information.
 - ▶ This placement seemed more logical.
 - ▶ They didn't want to go through half of the application before finding it.

Placement of Preferred Language

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- ▶ Given a choice of Section 5c or a stand-alone version, Addendum 1 or Addendum 2, (Addendum 2 was NY only), most preferred a stand-alone version.
- ▶ Most borrowers thought having the language as a stand-alone made it special and more likely to be noticed. A few felt the separate paper could get lost in the other loan papers.

Expectations for language with Section 5c only

- ▶ Most stated that the language in Section 5c built an expectation that documents and assistance would be available in-language.
- ▶ Most were excited about having access to in-language documents and speakers.
 - ▶ Understood the importance of the transaction and comprehending it.
 - ▶ Wanted help to conduct the process correctly.
- ▶ Those who spoke English very poorly were visibly relieved when they saw the options of Section 5c thinking that they would receive documents and assistance in the language they checked.
 - ▶ Felt respected.
 - ▶ Saw it as a service to their community.
 - ▶ Saw it as a small effort to provide translations.

Expectations about services with Section 5c only

- ▶ The links set expectation that in-language services would be available.
- ▶ Only a few could articulate a difference between what they would find on the phone and on-line.
- ▶ Participants expected the phone and on-line resources to have relevant and valuable information.
- ▶ Participants expected the phone and on-line resources to be in-language.
- ▶ The word "services" was not defined and led to different interpretations.
 - ▶ Help with questions on the URLA.
 - ▶ In-language documents.
 - ▶ Someone who speaks their language to walk them through process.

Section 5c vs. *Notice to Borrowers
about Language*

The two disclosures created a different set of expectations

- ▶ Once participants saw the *Notice to Borrowers about Language*, they changed their expectations about getting in-language documents.
 - ▶ Many were disappointed that the documents would not be in their language.
 - ▶ Some were even angry.
 - ▶ Some said they didn't expect to get documents in-language; it was out of their control.

Many saw the difference in language and tone

- ▶ Many saw the language as contradicting each other:
 - ▶ Section 5c saying you will get in-language documents and services.
 - ▶ *Notice to Borrowers about Language* saying you won't get those documents and services.
- ▶ Every participant commented on the difference in the language.
 - ▶ They thought Section 5c was "too passive."
 - ▶ In New York, they commented on the negative tone of Section 5c.
- ▶ Nearly all preferred the language of the *Notice to Borrowers about Language*.
- ▶ However, in New York, we offered a rewritten version of Section 5c (Addendum 2):
 - ▶ *Optional: Your loan transaction is likely to be conducted in English. This section requests information to see if communications are available in your preferred language in order to assist you in this process. Please be aware that communications may NOT be available in your preferred language*
- ▶ New York English participants and lenders saw the rewrite and thought it clearer, "softer" in setting expectations, and less confrontational.
- ▶ In-language moderators read the rewrite to participants who also thought it clearer, "softer" in setting expectations, and less confrontational.

Preference on the two disclosures

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- ▶ Participants were split on whether both notices were needed.
 - ▶ Some thought they worked well together and wanted to see them both.
 - ▶ Others thought they were redundant with the *Notice to Borrowers about Language* having clearer language.
- ▶ In New York, participants wanted the *Notice to Borrowers about Language* to be a stand alone with the revised optional language (Addendum 1 or 2) placed at the front of the URLA.
- ▶ Some New York participants wanted the revised optional language placed at the start of the URLA and Section 5c to remain as is.

Specific Language Issues

Translation issues in Tagalog and Vietnamese

- ▶ Tagalog speakers may not need translations or place translations at a lower priority.
 - ▶ Most Filipinos speak English or a hybrid of English and Tagalog—Taglish.
 - ▶ A true translation may be difficult for most American Filipinos to use because the written form of Tagalog is highly formal and not as accessible to those who speak Taglish.
 - ▶ Taglish has so many regional variations that it would be nearly impossible to translate widely.
- ▶ Vietnamese translations are generational dependent.
 - ▶ After North Vietnam invaded South Vietnam in 1975, new words were introduced and old words removed from dictionaries and school books.
 - ▶ The pre-1975 generation hates the “communist” word; the post-1975 generation simply doesn’t recognize the old words.
 - ▶ Our translators recommend using both words in any translations.
 - ▶ Still will need to decide which word goes first—pre-1975 word or post-1975 words

Language use and preference

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- ▶ Participants did one of two things:
 - ▶ Overstated their knowledge of English and then struggled and shut down until they saw the option of in-language documents.
 - ▶ Understated their knowledge of English, did okay, but prefer to have in-language documents to compare side-by-side or interlinearly.
- ▶ If participants are strong in English and another language, they prefer documents in English.
- ▶ Many expressed concerns about translations from banks—could they be trusted to be accurate, even though they trust a bank employee who speaks their language.
- ▶ Many commented that Google Translate is a “horrible” app.

Full understanding of documents rests on experience with the process

- ▶ Familiarity with a mortgage loan transaction ameliorated the lack of in-language documents:
 - ▶ Understood the process and documents.
 - ▶ Had methods to get translation help (usually a trusted loan officer).
 - ▶ Many asked for, and received, a bank employee to help with translations.
- ▶ Participants consistently had trouble with these words:
 - ▶ Delinquent
 - ▶ Other loan participants
 - ▶ Default
- ▶ Nearly all participants said a Glossary would be a big help.
 - ▶ Those more comfortable in English said they know most words, but a Glossary would help with unfamiliar words.

English-speaking participant findings

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- ▶ Findings were consistent with LEP participants.
- ▶ They felt the Preferred Language section needs to be direct and explain WHY it is being asked:
 - ▶ “We are asking this question to see if we have the documents in your selected language.”
 - ▶ The rewrite of language in New York (Addendum 2) attempted to address this, but remains less direct than the suggestion from Calabasas.
- ▶ Most saw the language question as being helpful to LEP borrowers.
- ▶ Very clear and consistent desire that phone trees and websites be as streamlined as possible.
- ▶ Also very clear that if phone trees and websites are to be used, then language preference should be the first question—with the expectation that in-language people and translated sites would be immediate response.
- ▶ Many borrowers wanted to press a button for preferred language and the site would be translated—or they would abandon the site.

Lender Findings

Placement

- ▶ Nearly all of the 8 lenders felt that Section 5c was a “no-brainer.”
 - ▶ They agreed that it should be placed up-front in the URLA.
 - ▶ They thought the *Notice to Borrowers about Language* could be incorporated and also placed up front.
- ▶ At least one lender was concerned with implementation. He also wanted the placement up-front.

Expectations

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- ▶ All had concerns that asking the questions if forms/services would not be provided, set up false expectations.
- ▶ Several pointed out that although the “fine print” was there, customers were likely to only skim the form.
- ▶ They said that the language in Section 5c definitely left the impression that in-language documents would be provided.
 - ▶ They felt the prominence of the checkboxes combined with skimming was the cause.
- ▶ They said that the *Notice to Borrowers about Language* set lower expectations.
- ▶ In New York, the lenders who saw the rewrite of the Optional section, preferred the rewrite and believed that it set accurate expectations.

Concerns

- ▶ Some lenders were unconcerned about the inclusion of Section 5c.
 - ▶ They also assumed that in-language resources would be available for them to use.
 - ▶ When told in-language might not be available, they were less enthusiastic.
- ▶ Some lenders thought Section 5c opened a “can of worms” and would harm borrowers:
 - ▶ Created false expectations that entire transaction would be in-language.
 - ▶ Could be a disincentive to lenders on commission to provide loans to non-English speaking borrowers because it would take longer to process loans.
 - ▶ Even if URLA is in-language, other players in the process wouldn't be able to provide forms or services in-language.

Implementation

- ▶ All lenders thought this change would require extensive training for loan officers.
- ▶ Lenders each described completely different strategies for dealing with LEP borrowers
 - ▶ Some lenders had dedicated in-language staff and process for servicing LEP borrowers.
 - ▶ Some lenders used ad hoc methods such as recruiting staff members who speak a language to help with a transaction.
- ▶ Most lenders said they would work with the borrower for a bit to see how non-English speaking they were.
- ▶ If borrowers were non-English speaking, the lenders would show them the Preferred Language question.

Other findings

- ▶ None of the lenders recognized “Other Loan Participants” as a defined term on the URLA.
- ▶ Some lenders questioned the choice of 5 languages; they thought Russian should be included.
- ▶ One lender had problems with referring customers outside of his own company for information or documents.
- ▶ Most lenders were concerned about the importance for quality translations.
- ▶ One lender appreciated being shown the Spanish version on the GSEs websites.
 - ▶ His company specializes on Spanish-speaking clients and 80% of clientele is Hispanic or Latino.
 - ▶ He did not know the Spanish version existed.