Consumer Testing of HUD's Good Faith Estimate Form

Project Author:
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Prepared For:
The US Department of Housing
and Urban Development

Peer Reviewer:
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Peer Review Questions

Does the report present a rigorous methodology?

Does the report have significant omissions or irrelevant materials that could be deleted?

Can any stylistic improvements be suggested that would enhance the report's readability?

Other general comments on the report

Does the report present a rigorous methodology?

Background

Rick Harroun at the US Department of Housing and Urban Development (HUD) requested a peer review of a research report completed by Kleimann Communication Group (KCG) as part of a longitudinal series of studies related to various consumer mortgage forms. HUD has partnered and subcontracted KCG to study and refine Good Faith Estimate (GFE) and Guaranteed Mortgage Package Agreement (GMPA) forms in order to help borrowers become better and more informed consumers as a result of increased awareness and understanding of information related to closing costs encountered when buying a home.

The longitudinal study spanning across six years has contributed to six individual rounds of study, analysis, and recommendations that are iterative in nature. Studies implemented diverse methodologies with heterogeneous samples representative of the general U.S. population. The heterogeneous sampling across all testing rounds contributed to *external validity* and representation of the population being studied. In addition, the longitudinal method integrated a grounded theory approach that allowed for an iterative process between the six rounds of qualitative testing. The interchange between findings and ongoing analysis increased *internal validity* as it allowed evaluators to study and control for confounding or extraneous variables that may have otherwise influenced variables under study. Interviews, observations, documents, and historical records all contributed to refining perspectives and voices of the population being studied. These methods contributed to understanding the intricacies of structure, content, and language of the given mortgage forms. Methodologically, the iterative process of refining operational variables and procedures between rounds more accurately captured the hypothetical construct under study while further strengthening *construct validity*.

This peer review will specifically focus on round six testing that took place in November 2007. This round sampled 60 demographically diverse representatives of the U.S. general population and implemented diagnostic usability testing and a closing simulation. The main goals of test 1 in round 6 were to study (a) the performance of the two versions of the GFE, (b) participant comprehension of the two versions of the GFE, and (c) whether participants were able to compare information across GFEs. The goals of test 2 focused on testing the performance and resulting benefits of HUD's recently developed Settlement Script and whether consumers (a) identify loan details and settlement costs, (b) facilitate the comparison of estimated and actual costs, and (c) help consumers identify discrepancies.

Methodological Strengths and Limitations

Johnson's (1997) framework for examining the validity structure of qualitative research was applied to evaluate methodological strengths and limitations of both qualitative testing sessions. Descriptive, interpretive, and theoretical validity are important to qualitative research because descriptions of what is observed and interpreted of participant's thoughts are two primary qualitative research activities (p.148). Emphasis was also placed on traditional internal and external validity (Maxwell, 1992, 1996).

Descriptive validity refers to the researcher's accuracy of reporting what they saw or heard that is typically indicative of descriptive information. Participants in round one were asked to read and process their impressions about GFE's aloud. In addition, they were asked open- and closed-ended questions about the first GFE. Participants in round two engaged in an imaginary simulation and answered questions pertaining to loan details and settlement costs and variants between the two. They were also asked general impressions about the form and to provide future recommendations. The most effective strategy to strengthen descriptive validity is through investigator triangulation. It was noticeable from the KCG report that a team of multiple observers were engaged in observing, recording, and describing participant's behavior in the context of these tests. Use of multiple observers engaged in cross-checking leads to a corroboration over analysis and feedback (Denzin & Lincoln, 2000).

Although KCG implies the use of multiple raters and investigator triangulation, it is important to identify and report the number of investigators involved in observation and interviews, and strategy used to share and analyze content.

Interpretive validity refers to the accurate portrayal of meaning attached by the participants to their interpretation and understanding of GFE forms. More simplistically, interpretive validity refers to the degree to which the qualitative researcher and report accurately capture the participant's viewpoints, thoughts, feelings, intentions, and body language. It appears that KCG made great effort to explore the participant's inner world by implementing opportunities for reflection and simulations that trigger informal processes that more authentically represent the participant's perspectives. KCG created redundancies in their testing by implementing open ended questions to explore participant rationale, viewpoints and feelings behind various answers. In reporting findings, great care was taken to also implement low inference descriptors (Johnson, 1997) that represent descriptions or verbatim phrases close to the participant's impressions. Verbatim captions provide face value description but also capture the participant's interpretations and personal meanings that may be embedded in stories, attitudes, and behaviors often overlooked in empirical studies.

Recommendation
Open ended questions implemented by KCG led to richer content and greater interpretive validity. A strategy to further strengthen this accuracy can be achieved through participant feedback (Johnson, 1997). This strategy would require KCG to share interpretation of participants' open ended responses for additional member checking and clarification of misconception or miscommunication.

Theoretical validity represents the degree to which a theoretical explanation developed from this study fits the data and is therefore credible and defensible. Although theory is typically more abstract, it should navigate beyond interpretation and provide explanation of the phenomenon. KCG has taken great care in strengthening and assuring this accuracy by engaging in extended fieldwork, modified versions of negative case sampling, and peer review. Reviewing and comparing data from three databases and various evaluation points in time further contributes to the accuracy and trustworthiness of the results.

Internal validity refers to the degree to which a researcher can attribute that a relationship between variables is causal (Neuman, 2006). Although qualitative researchers are typically not interested in justifying empirical cause-effect relationships, qualitative research is useful in exploring and explaining the intricacies of how and why a phenomenon operates (Straus & Corbin, 1998). In the case of this study, qualitative researchers triangulated methodological approaches to understand intricacies of comprehension. Qualitative data triangulation allowed researchers to explore issues beyond the confines of one approach and study issues embedded in various extraneous variables. The qualitative research team symbolically represents a team of detectives that search for genuine causes of a phenomenon, examining details of evidence, ruling out extraneous variables and possibly cross checking (Denzin & Lincoln, 2000) to verify and confirm interpretation. Internal validity is further strengthened by ruling out not only confounding variables but also rival and plausible explanations for the relationship other than what has been identified through in-depth study and analysis (Johnson, 1997). Johnson recommends developing a list of competing hypotheses and providing an explanation for each individual possibility. KCG has addressed many competing explanations and extraneous variables through their grounded analytical approach and data triangulation.

Recommendation

The only plausible recommendation to further enhance internal validity is to implement a control group. A control groups would complete original forms and represent a comparison group in contrast to the experiment group completing the revised forms. Repeated responses in both control and study groups would further validate the impact of form modification on client comprehension.

External validity is important if KCG and HUD desire to implement changes and generalize research findings to the larger U.S. population. In order to increase confidence for generalization, Johnson recommends that researchers provide (a) the number and kinds of people in the study, (b) how they were selected to be in the study, (c) contextual information, (d) the nature of the researcher's relationship with the participants, (e) the methods of data collection used, and (f) data analysis techniques used. Attention to this transparent detail contributes to both generalization and replication. KCG took great care to report methodological details for both generalization and replication logic.

Report Omission and Stylistic Recommendations

First Impression

KCG made noticeable changes and improved layout, structure, clarity, and simplicity of content for the most current Round 6 report. The report introduction captures the longitudinal design of the larger study, clarifies the purpose of Round 6 and implicitly lays out the main goals of the methodology.

Lasting Impressions

Both tests in Round 6 are clearly delineated, avoid laborious and distracting content, but provide sufficient information to follow methodological functionality. The analysis section provides sufficient detailed content to reveal data strategies implemented to establish research rigor. KCG also developed an ingenious approach to reporting findings. *Recap of HUD's Goals for Testing* clearly indicates the match between HUD goals and findings from Round 6. Lastly, the clarity and simplicity with which *Recommendations for Improving the Forms* are written increases the utility of results and likelihood that recommendations will be implemented with greater efficiency and accuracy.

Conclusion

Design, presentation, and structure of the Round 6 report noticeably improved from previous reports by offering increased readability and perceived utility. The Kleimann Communication Group (KCG) designed, implemented, and brought to fruition a rigorous and well grounded qualitative study that produced a number of credible findings and recommendations. Peer recommendations peppered throughout this peer review should be interpreted as complementary approaches to an already comprehensive research report in a string of other credible longitudinal studies. Please do not hesitate to contact me if I can offer clarification and/or additional information on statements made in this peer review.

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