

APPENDIX A

Original HUD Proposal GFE Form

Good Faith Estimate of Settlement Costs (GFE)

This form provides a reliable estimate of the funds that will be required from you, _____, the borrower(s) to obtain a mortgage using our company as your loan originator. This GFE covers both our charges, the charges of other settlement service providers who perform services that are required by the lender to close your mortgage loan, and applicable State and local government charges and taxes due at settlement.

The following estimate is valid for ___ days [30 days or greater] from the date this form is delivered or mailed to you, if you qualify for this mortgage based on your credit rating, the appraisal, and other appropriate criteria.

THE PROPERTY: You seek to [purchase][refinance] a residential property at (Address) _____

I. OUR SERVICES:

As a loan originator, we perform the services necessary to obtain and process your mortgage loan with our own funds or one or more funding sources. **We do not offer loans from all funding sources and we cannot guarantee the lowest price or best terms available in the market. You should compare the prices in the boxes below and shop for the loan originator, mortgage product, and settlement services that best meet your financing needs.**

II. LOAN TERMS:

For a mortgage amount of \$ _____, at a [fixed] interest rate of __%, your APR will be __%, which includes __% for mortgage insurance. Your loan term will be [] years with [] monthly payments. Your [initial] monthly payment for principal and interest and mortgage insurance on this loan will be \$ _____. See Section V. for loan terms related to adjustable rate mortgages, applicable prepayment penalties and balloon payments.

III. SETTLEMENT COSTS:

If you choose a different mortgage product or you do not lock your interest rate, some of the estimates listed below may change. The following costs will have to be paid at or before loan closing:

A. Origination Charges (HUD-1 800 Series)* \$ _____

See Attachment A-1 listing origination charge subtotals for the lender and the broker.

B. Interest Rate Dependent Payment (200, 900)***

Until you lock in your interest rate these payments may change.

- (1) (+) Borrower Payment to Lender for Lower Interest Rate: \$ _____
- (2) (-) Lender Payment to Borrower for Higher Interest Rate: \$ _____

NET LOAN ORIGINATION CHARGE DUE FROM BORROWER (Sum of A and B): \$ _____

C. Lender Required and Selected Third Party Services (800, 1300)* \$ _____

These are third party services that are required and selected by the lender, these services must be disclosed to you. See Attachment A-1 itemizing these services.

D. Title Services and Title Insurance (1100) \$ _____

- (1) ___ lender selected*
- (2) ___ borrower selected**

E. Shoppable Lender Required Third Party Services (800, 1300)** \$ _____

These are third party services that are required by the lender but you may shop for (other than title services and title insurance). See Attachment A-1 itemizing these services.

F. Government Charges –Taxes, State and Local (1200)* \$ _____

Government charges due at the time of settlement assuming a closing on _____.

G. Reserves/Escrow, (if required) (1000)** \$ _____

H. Per Diem Interest (900) *** \$ _____

Per Diem Daily Rate \$ _____ at _____ days with an estimated settlement date of _____.

I. Hazard Insurance(900)*** \$ _____

J. Optional Owner's Title Insurance (1100)*** \$ _____

TOTAL SETTLEMENT COSTS DUE FROM BORROWER (Sum of A-J): \$ _____

*The charges listed in A, C, D (if selected by the lender), F, and H (daily rate) will not vary except in unforeseeable and extraordinary circumstances as prescribed by federal regulation.
 **The charges listed in D (if selected by the borrower), E, and G must not be exceeded at settlement by more than 10% absent unforeseeable and extraordinary circumstances, except when a borrower chooses to purchase a more expensive service.
 ***The charges listed in B, H, I, and J are not subject to a tolerance, therefore these charges may vary.

IV. OPTIONS TO PAY SETTLEMENT COSTS AND LOWER YOUR INTEREST RATE

A. Cash Payment at Settlement: You may pay all or part of your required settlement costs at settlement using your available funds.

B. Borrowing Additional Funds to Pay Settlement Costs: You may be able to pay all or part of your settlement costs by borrowing the needed funds as part of your mortgage loan principal. If you chose this option, your monthly payments will increase.

C. Pay Settlement Costs Through a Higher Interest Rate: You may be able to lower your settlement costs in exchange for paying a higher interest rate on your mortgage loan. This higher interest rate will increase your monthly payments.

D. You May Lower Your Interest Rate: You may be able to lower the interest rate on your loan by paying additional funds at closing, commonly referred to as "discount points." The reduced interest rate will lower your monthly payments.

The following table will show you how higher and lower interest rates affect your loan and loan payments.

	GFE Terms You Selected	Higher Interest Rate	Lower Interest Rate
New Loan Balance	\$100,000	\$100,000	\$100,000
Interest Rate	7.00%	7.25%	6.75%
Monthly Principal & Interest & PMI	\$700.30	\$717.18	\$683.60
Credit	\$100	\$1,100	N.A.
Discount Points	N.A.	N.A.	\$900
Change in Cash to Close From GFE Terms You Selected		\$1,000 less	\$1,000 more
Change in Monthly P&I from GFE Terms You Selected		\$16.88 more	\$16.70 less

V. ADDITIONAL LOAN TERMS

- This mortgage **IS** subject to Prepayment Penalty.
- This mortgage **IS NOT** subject to Prepayment Penalty.
- This mortgage **HAS** a balloon payment of _____, which will be due at the conclusion of the loan term.
- This mortgage **DOES NOT HAVE** a balloon payment.

Adjustable Rate Mortgage (ARM) Loans

This is an Adjustable Rate Mortgage (ARM) Loan. The initial interest rate for this ARM loan is _____. The first adjustment will occur after _____ months/years and every _____ months/years thereafter for a period of _____ months/years. The interest rate is based on the _____ index and may increase by a margin of _____ percent over this index with each adjustment. The maximum rate increase adjustment per period is _____ and the maximum interest rate that can ever apply to this loan is _____.

Attachment A-1 instructions

Attachment A-1, "Required Use" and Shoppable Third Party Providers.

A. The loan originator must itemize on this form any services that may be independently obtained by the borrower and the estimated cost (based on local market averages for the area where the property is located). The loan originator must also indicate (by checking the appropriate box) any lender-required, lender selected services, along with the estimated charge (based on local market averages for the area where the property is located), and name of the provider.

B. In reporting subtotals for mortgage broker/lender and title agent/title insurance, the loan originator must indicate the names of the service providers and the subtotals of all their charges and fees.

Attachment A-1

A. "Required Use" and Shoppable Third Party Providers

Federal regulation 3500.7(f) requires that if a lender requires the use of a particular provider of a settlement service, other than the lender's own employees, and also requires the borrower to pay any portion of the cost of such service, then the good faith estimate must: (1) state that the particular provider is required; (2) state the providers name; and (3) state the estimated charge. These services are marked as "required use."

The services marked as shoppable on this list that are also required by us to close your loan, however, unlike the "required use" services, we do not require that you use a particular provider. You may want to shop for these services on your own to find the best price and service to meet your needs. However, if you chose to use a company that is more expensive than our selection, then the excess over our estimate below is excluded from the 10% limit on the closing cost estimate given by us. The following lists the services and companies used by us and price estimates for those services.

Req. Use	Shoppable	Service	Provider	Estimate

B. Loan Origination and Title Services Subtotals

Federal regulation 3500.7(c) requires that this Attachment indicate the subtotals of the lender and mortgage broker origination charges; the subtotals of all the charges for title and settlement agent services, including any commissions for title insurance; and the subtotal for the title insurance premium.

Service	Subtotal
Mortgage Broker Charges (HUD 1 line 800)	
Lender Charges (800)	
Title Agent Charges(1101)	
Title Insurance Premium (1108)	

APPENDIX B

Screening Questionnaire

U.S. RESEARCH COMPANY

Financial Study #75301006 Screener

I.D.# _____ (01-05)	EDT# _____	(06)	<u>MARKET:</u> 1 Atlanta 2 Austin 3 Boston 4 Chicago 5 Edison 6 Los Angeles 7 Orlando 8 St. Louis
<u>DATE OF INTERVIEW:</u> ____/____/____03	VAL# _____		

Name of Recruiter: _____

Name of Interviewer: _____

<u>CELL:</u> (07) 1 2 3 4 5	<u>AGE:</u> (08) 1 18-24 2 25-34 3 35-44 4 45-54 5 55-64 6 65 or older	<u>GENDER:</u> (09) 1 Male 2 Female	<u>EDUCATION:</u> (10) 1 High School or less 2 Some College or higher	<u>ETHNICITY:</u> (12) 1 Hispanic/Latino (13) 2 White (14) 3 Black/AA (15) 4 American Indian/Alaska Native (16) 5 Asian (17) 6 Native Hawaiian or other Pacific Islander
		<u>QUOTA:</u> (11) 1 Recent Mortgage Customer 2 Current Shopper		

Name of Respondent: _____

Address: _____

City: _____ State: _____ Zip: _____

Home Telephone #: () _____

Work Telephone #: () _____

Screening Questionnaire

Hello, I'm _____ from U.S. Research, a nationwide market research company. We are not selling anything . . . we just want to talk to consumers like you. Could you spare us a few minutes to answer some brief questions? Thank you.

1a. In the last three years, have you purchased or leased a motor vehicle?

- (18) 1 Yes
- 2 No

1b. In the last three years, have you taken out a mortgage to either purchase a home, refinance an existing mortgage, or get a home equity loan or second mortgage?

- (19) 1 Yes
- 2 No

1c. Are you currently shopping for a mortgage to either purchase a home, refinance an existing mortgage, or get a home equity loan or second mortgage?

- (20) 1 Yes
- 2 No

1d. In the last three years, have you purchased airline tickets?

- (21) 1 Yes
- 2 No

If "Yes" to Q.1b OR Q.1c —> Continue

If "No" to Q1b AND Q.1c —> Terminate and Tally

(22-23)

Interviewer note for the next and later questions: Qualified respondents who answered "Yes" to Q.1b are considered "RECENT MORTGAGE CUSTOMER." Qualified respondents who answered "No" to Q.1b are considered "CURRENT SHOPPER."

If "RECENT MORTGAGE CUSTOMER" -> Go to Q.2a

If "CURRENT SHOPPER" —> Go to Q.2b

TERMINATE AND TALLY IF QUOTA IS FILLED

(24-25)

2a. In getting the mortgage, who was the main person in your household who shopped for and made decisions on the mortgage? Was it you or someone else in your household?

- (26) 1 The respondent —> Skip to Q.3
2 Both / joint —> Skip to Q.3 _____
3 Someone else —> Terminate and Tally _____
(29-30)

2b. In shopping for the mortgage, who is the main person in your household who is shopping for and making decisions on the mortgage? Is it you or someone else in your household?

- (27) 1 The respondent —> Continue to Q.3
2 Both / joint —> Continue to Q.3 _____
3 Someone else —> Terminate and Tally _____
(31-32)

3. Have you or anyone in your household ever worked . . .
– In marketing research?
– In advertising or public relations?
– For a bank, mortgage broker, or finance company?

- If “Yes” to any of the above —> Terminate and Tally _____
No —> Continue _____
(33-34)

3a. How many market research surveys have you participated in within the past 3 months?

- a One or more—> Terminate and Tally _____
b None—> Continue _____
(35-36)

4. (*Show age category card to respondent.*) Please look at this card and tell me which of the categories, “A” through “F”, describes your age.

- (28) 1 a. 18 – 24 years old
2 b. 25 – 34 years old
3 c. 35 – 44 years old
4 d. 45 – 54 years old
5 e. 55 – 64 years old
6 f. 65 or more years old
- } Terminate and Tally _____
if quota is filled (37-38)
- g. Don't know (NOT ON CARD) Terminate and Tally _____
(39-40)
- h. Refused (NOT ON CARD) Terminate and Tally _____
(41-42)

5. What is the last grade of school you completed?
(DO NOT READ LIST)

- (43) 1 a. Less than high school graduate
2 b. High school graduate
3 c. Some college
4 d. Graduated college
5 e. Graduate school or more
6 f. Technical/trade school
- If quota is filled, _____
Terminate and Tally _____
(50-51)
- g. Don't know → Terminate and Tally _____
(52-53)
- h. Refused → Terminate and Tally _____
(54-55)

6. Are you of Hispanic or Latino origin?
(DO NOT READ LIST)

- (44) 1 Yes
2 No
- If quota is filled, _____
Terminate and Tally _____
(56-57)
- c. Don't know → Terminate and Tally _____
(58-59)
- d. Refused → Terminate and Tally _____
(60-61)

7. (*Show race category card to respondent.*) Please look at this card and tell me which of the categories "H" through "L" best describes your race. You may select more than one category if more than one describes your race.

- (45) 1 h. White
(46) 2 i. Black or African American
(47) 3 j. American Indian or Alaska Native
(48) 4 k. Asian
(49) 5 l. Native Hawaiian or Other Pacific Islander
- If quota is filled, _____
Terminate and Tally _____
(62-63)
- m. Don't know (NOT ON CARD) Terminate and Tally _____
(64-65)
- n. Refused (NOT ON CARD) Terminate and Tally _____
(66-67)

8. (Show income category card to respondent.) Please look at this card and tell me which of the categories, "H" through "N", best describes your total annual household income.

- (68) 1 h. Less than \$15,000
- 2 i. \$15,000 to \$24,999
- 3 j. \$25,000 to \$39,999
- 4 k. \$40,000 to \$49,999
- 5 l. \$50,000 to \$74,999
- 6 m. \$75,000 to \$99,999
- 7 n. \$100,000 or more
- 8 o. Don't know (NOT ON CARD)
- 9 p. Refused (NOT ON CARD)

9. Do you usually wear eyeglasses or contact lenses when you read?

- (69) 1 Yes —> Continue
- 2 No —> Skip to Q.11

10. Do you have your eyeglasses or contact lenses with you today?

- (70) 1 Yes —> Continue
 - 2 No —> Terminate and Tally —————> _____

- (72-73)

11. (Record sex – do not ask)

- (71) 1 Male —> Continue
- 2 Female -> Continue

12. I'd like you to accompany me to the interviewing area where we can do the survey. I will show you some materials about mortgage loans and then ask you a few questions about it. We'll be giving you \$2.00 to thank you for participating. I think that you'll find it interesting, and it will take only a few minutes.

13. (GET NAME, ADDRESS AND HOME TELEPHONE NUMBER. IF RESPONDENT REFUSES TO GIVE YOU EITHER ADDRESS OR HOME TELEPHONE NUMBER, TERMINATE AND TALLY.)

(74-75)

(ESCORT RESPONDENT TO FACILITY)

76-79Z
80-1

Confidentiality Statement and Consent Form

We are U.S. Research Company. We conduct consumer surveys and other types of consumer research. We are conducting a survey with about 500 consumers to examine consumer reactions to different ways of presenting information about the cost of mortgage loans. We will show you some information about the cost of mortgage loans and ask you some questions about it. We also will ask you some questions about your past experience obtaining mortgage loans. The questions will not be trying to test you. We are just trying to get consumer reactions to different ways of presenting cost information.

We want you to understand the following about the survey:

1. Your participation is completely voluntary.
2. You do not have to answer any questions that you do not want to answer.
3. You may stop participating at any time during the interview.
4. Your identity and participation in the survey will be kept strictly confidential. Your name will not be used in any report and you will not be contacted for any type of sales or marketing. Someone may contact you simply to verify that the survey was conducted.
5. The interview will take about 12 minutes to complete.
6. You will receive \$2 at the completion of the interview to thank you for participating.

If you have read and understood this description of the survey and your rights and agree to participate, please print your name and sign and date the form below.

Thank you for your participation in this important project.

Name: _____
(PLEASE PRINT)

Signature: _____

Date: _____

APPENDIX C

Main Questionnaire

I.D.# _____

Financial Study

CELL:

#75301006

(06) 1

Start Time: _____:_____

Main Questionnaire

2

3

4

5

(INTERVIEWER: CHECK SCREENER Q.10).

- IF RESPONDENT DOES NOT WEAR GLASSES OR CONTACT LENSES FOR READING, SKIP TO CONFIDENTIALITY STATEMENT AND CONSENT FORM.
- IF RESPONDENT WEARS GLASSES OR CONTACT LENSES FOR READING, SAY:

"If you wear glasses for reading, please put them on".

"If you wear contact lenses for reading, please insert them if they are not already inserted".

(Give copy of the Confidentiality Statement and Consent Form to the respondent.) This form describes the survey we are conducting, your rights during the survey, and assures you that we will keep your participation confidential. Please take a minute to read this. If you have any questions, please ask me. *(After the respondent signs the form:)* Thank you.

If "RECENT MORTGAGE CUSTOMER" -> Go to Q.1a

If "CURRENT SHOPPER" -> Go to Q.2

1a. Thinking about the last time you took out a mortgage, how many different lenders or mortgage brokers did you contact while shopping for that mortgage?

(07-08)

(Record number) _____

98 Don't know

99 Refused

1b. Thinking about the company you got that mortgage from, had you done business with them before you got that mortgage?

(09) 1 Yes -> Skip to Q.3

2 No -> Skip to Q.3

2. Thinking about the mortgage you are shopping for, how many different lenders or mortgage brokers have you contacted so far while shopping for the mortgage?

(10-11)

(Record number) _____

98 Don't know

99 Refused

(GENTLY PULL LOANS G AND R FROM BACK OF QUESTIONNAIRE.)

3. Now I'm going to show you some information about the cost of two different mortgage loans. I'm going to ask you to look at the information and tell me which of the two loans would cost you less. (*Place the first set of loan cards on the table in front of the respondent.*) The information on the cards does not include some costs such as homeowners insurance and property taxes. Assume that any costs not listed are the same for both loans. Please look at this information, and when you are ready, tell me, based on the information shown on the cards about the loan terms and settlement costs, which loan would cost you less. Would Loan G cost you less, would Loan R cost you less, or would both loans cost you the same?

(12-13)

- Loan G 11
 Loan R 12
 98 Both the same
 99 (DO NOT READ) Don't know

4. Why do you say that (*Repeat respondent's answer to Q.3: "Loan _____ would cost you less" or "both would cost you the same"? [open-ended] (Probe: "Anything else?" Probe until unproductive.)*)

14-15	24-25
16-17	26-27
18-19	28-29
20-21	30-31
22-23	32-33

5. (*Show "certainty" category card to respondent.*) Please look at this card and tell me which of the categories, "1" through "5", best describes how certain you are that (*Repeat respondent's answer to Q.3: "Loan _____ would cost you less" or "both would cost you the same).*)

- (34)
1. Very certain
 2. Somewhat certain
 3. Neither certain nor uncertain
 4. Somewhat uncertain
 5. Very uncertain
 8. Don't know (NOT ON CARD)
 9. Refused (NOT ON CARD)

6. If you were shopping for a mortgage loan and had to choose between one of these two loans, which loan would you choose, Loan G or Loan R? (DO NOT READ LIST).

(35-36)

- Loan G 11
 Loan R 12
 96 Either, both the same
 97 Neither
 98 Don't know
 99 Refused

7. Why do you say (*Repeat respondent's answer to Q.6*)? [open-ended] (*Probe: "Anything else?" Probe until unproductive.*)

37-38	47-48
39-40	49-50
41-42	51-52
43-44	53-54
45-46	55-56

REMOVE LOANS G AND R FROM VIEW.

(GENTLY PULL LOANS V AND M FROM BACK OF QUESTIONNAIRE.)

8. Now I'm going to ask you to do this one more time with two other mortgage loans. (*Place the second set of loan cards on the table in front of the respondent.*) Again, please look at this information, and when you are ready, tell me, based on the information shown on the cards about the loan terms and settlement costs, which loan would cost you less. Would Loan V cost you less, would Loan M cost you less, or would both loans cost you the same?

(57-58)

- Loan V 14
 Loan M 13
 98 Both the same
 99 (DO NOT READ) Don't know

9. Why do you say that (*Repeat respondent's answer to Q.8: "Loan _____ would cost you less" or "both would cost you the same"? [open-ended] (Probe: "Anything else?" Probe until unproductive.)*)

59-60	69-70
61-62	71-72
63-64	73-74
65-66	75-76
67-68	77-78

79Z 80-2

10. (*Show "certainty" category card to respondent.*) Please look at this card and tell me which of the categories, "1" through "5", best describes how certain you are that (*Repeat respondent's answer to Q.8: "Loan _____ would cost you less" or "both would cost you the same).*)

- (06)
1. Very certain
 2. Somewhat certain
 3. Neither certain nor uncertain
 4. Somewhat uncertain
 5. Very uncertain
 8. Don't know (NOT ON CARD)
 9. Refused (NOT ON CARD)

11. If you were shopping for a mortgage loan and had to choose between one of these two loans, which loan would you choose, Loan V or Loan M ? (DO NOT READ LIST)

(07-08)

- | | | |
|----|-----------------------|----|
| | Loan <u> V </u> | 14 |
| | Loan <u> M </u> | 13 |
| 96 | Either, both the same | |
| 97 | Neither | |
| 98 | Don't know | |
| 99 | Refused | |

12. Why do you say (*Repeat respondent's answer to Q.11*)? [open-ended] (*Probe: "Anything else?" Probe until unproductive.*)

09-10	19-20
11-12	21-22
13-14	23-24
15-16	25-26
17-18	27-28

13. Now I want to ask you about one of the items listed on this form. (*Point to the line in the card for Loan V that says "Interest rate dependent payment. Lender payment to borrower for higher interest rate"*). When this says "Interest rate dependent payment. Lender payment to borrower for higher interest rate", what does that mean to you? [open-ended] (*Probe: "Anything else?" Probe until unproductive.*)

29-30	39-40
31-32	41-42
33-34	43-44
35-36	45-46
37-38	47-48

14. If "RECENT MORTGAGE CUSTOMER" → Continue
If "CURRENT SHOPPER" → Go to Q.15

Now to finish up, I want to ask you a couple of questions about your experience obtaining mortgages. Thinking about the last time you took out a mortgage, please look at this card and tell me which of the categories, "A" through "E", best describes how long ago you took out this mortgage.

- (49) 1 a. Less than 3 months ago.
2 b. 3 months ago but less than 6 months ago.
3 c. 6 months ago but less than 1 year ago.
4 d. 1 year ago but less than 2 years ago.
5 e. More than 2 years ago.

15. Now I want to ask you about the total number of mortgages you have ever taken out. Please count all types of mortgage transactions – for purchasing a home, refinancing an existing mortgage, obtaining a home equity loan, or obtaining a second mortgage. And please count all mortgages, no matter how long ago you took them out. Approximately how many times have you ever taken out a mortgage?

(50-51)

(Record number) _____

98 Don't know

99 Refused

That completes our study. Thank you very much for taking the time to participate.

END TIME: _____:_____ _____

CHECK START TIME AND END TIME. RECORD LENGTH OF INTERVIEW:

_____ MINUTES

(52-53)

54-55/14

TURN TO NEXT PAGE.

56-79Z

80-3

APPENDIX D

LOAN COST DISCLOSURE FORMS

The loan cost information disclosure forms shown to respondents in the loan comparison and loan choice tests are presented in this appendix. All versions that were used in the study are included.

The versions of the disclosure forms differ in three respects. First, the overall format of the form and the wording of the YSP disclosure differ across the five disclosure groups. Two groups use a one-page format based on the original HUD proposal and three groups use a two-page format based on the “revised prototype.” Also, one group in each format omits the YSP disclosure so that it can be used as a control. Second, the loan cost figures differ between the test in which one loan was less expensive than the other and the test in which both loans cost the same. Third, in disclosure groups that include a YSP disclosure, a YSP was disclosed for one of the two loans shown to respondents but not the other. The specification of the disclosure groups, loan cost figures, and YSP disclosures are discussed in detail in the Methodology section of this report.

In each test, two loans were shown to respondents. The loans were labeled “Loan G” and “Loan R” in the test in which one loan was less expensive than the other and “Loan V” and “Loan M” in the test in which both loans cost the same. In disclosure groups that included a YSP disclosure, loans “G” and “V” were considered to be broker loans and disclosed a YSP. Loans “R” and “M” were considered to be direct lender loans and did not disclose a YSP. This disclosure formulation followed the asymmetric policy proposed by HUD.

The different versions of the disclosure forms are identified on the page that precedes each pair of forms. The identification includes the disclosure group and the test version.

Disclosure Form Version

Original HUD proposal

YSP disclosure included

One loan less expensive than the other

LOAN "G"

I. LOAN TERMS:

Loan Amount	\$ <u>150,000.00</u>
Interest Rate	<u>5.75%</u>
Loan Term	<u>30 years</u>
Monthly Payment	\$ <u>875.00</u>

II. SETTLEMENT COSTS:

A. Origination Charges	\$ <u>4,300.00</u>
B. Interest Rate Dependent Payment	
(1) (+) Borrower Payment to Lender for Lower Interest Rate:	\$ <u>0.00</u>
(2) (-) Lender Payment to Borrower for Higher Interest Rate:	- \$ <u>3,100.00</u>

NET LOAN ORIGINATION CHARGE DUE FROM BORROWER (Sum of A and B):

\$ 1,200.00

C. Title Services and Title Insurance	\$ <u>500.00</u>
D. Government Charges – Taxes, State and Local	\$ <u>300.00</u>
E. Appraisal Fee	\$ <u>200.00</u>

TOTAL SETTLEMENT COSTS DUE FROM BORROWER (Sum of A-E):

\$ 2,200.00

LOAN "R"

I. LOAN TERMS:

Loan Amount	\$ <u>150,000.00</u>
Interest Rate	<u>5.75%</u>
Loan Term	<u>30 years</u>
Monthly Payment	\$ <u>875.00</u>

II. SETTLEMENT COSTS:

A. Origination Charges	\$ <u>1,500.00</u>
B. Interest Rate Dependent Payment	
(1) (+) Borrower Payment to Lender for Lower Interest Rate:	\$ <u>0.00</u>
(2) (-) Lender Payment to Borrower for Higher Interest Rate:	\$ <u>0.00</u>

NET LOAN ORIGINATION CHARGE DUE FROM BORROWER (Sum of A and B):

\$ 1,500.00

C. Title Services and Title Insurance	\$ <u>500.00</u>
D. Government Charges – Taxes, State and Local	\$ <u>300.00</u>
E. Appraisal Fee	\$ <u>200.00</u>

TOTAL SETTLEMENT COSTS DUE FROM BORROWER (Sum of A-E):

\$ 2,500.00

Disclosure Form Version

Original HUD proposal
YSP disclosure included
Both loans cost the same

LOAN "V"

I. LOAN TERMS:

Loan Amount	\$ <u>125,000.00</u>
Interest Rate	<u>6.0%</u>
Loan Term	<u>30 years</u>
Monthly Payment	\$ <u>750.00</u>

II. SETTLEMENT COSTS:

A. Origination Charges	\$ <u>3,200.00</u>
B. Interest Rate Dependent Payment	
(1) (+) Borrower Payment to Lender for Lower Interest Rate:	\$ <u>0.00</u>
(2) (-) Lender Payment to Borrower for Higher Interest Rate:	- \$ <u>2,500.00</u>

NET LOAN ORIGINATION CHARGE DUE FROM BORROWER (Sum of A and B): \$ 700.00

C. Title Services and Title Insurance	\$ <u>600.00</u>
D. Government Charges – Taxes, State and Local	\$ <u>200.00</u>
E. Appraisal Fee	\$ <u>100.00</u>

TOTAL SETTLEMENT COSTS DUE FROM BORROWER (Sum of A-E): \$ 1,600.00

LOAN "M"

I. LOAN TERMS:

Loan Amount	\$ <u>125,000.00</u>
Interest Rate	<u>6.0%</u>
Loan Term	<u>30 years</u>
Monthly Payment	\$ <u>750.00</u>

II. SETTLEMENT COSTS:

A. Origination Charges	\$ <u>700.00</u>
B. Interest Rate Dependent Payment	
(1) (+) Borrower Payment to Lender for Lower Interest Rate:	\$ <u>0.00</u>
(2) (-) Lender Payment to Borrower for Higher Interest Rate:	\$ <u>0.00</u>

NET LOAN ORIGINATION CHARGE DUE FROM BORROWER (Sum of A and B):

\$ 700.00

C. Title Services and Title Insurance	\$ <u>600.00</u>
D. Government Charges – Taxes, State and Local	\$ <u>200.00</u>
E. Appraisal Fee	\$ <u>100.00</u>

TOTAL SETTLEMENT COSTS DUE FROM BORROWER (Sum of A-E):

\$ 1,600.00

Disclosure Form Version

Original HUD proposal

YSP disclosure omitted

One loan less expensive than the other

LOAN "G"

I. LOAN TERMS:

Loan Amount	\$ <u>150,000.00</u>
Interest Rate	<u>5.75%</u>
Loan Term	<u>30 years</u>
Monthly Payment	\$ <u>875.00</u>

II. SETTLEMENT COSTS:

A. Origination Charges	\$ <u>1,200.00</u>
B. Title Services and Title Insurance	\$ <u>500.00</u>
C. Government Charges – Taxes, State and Local	\$ <u>300.00</u>
D. Appraisal Fee	\$ <u>200.00</u>

TOTAL SETTLEMENT COSTS DUE FROM BORROWER (Sum of A-D):

\$ <u>2,200.00</u>

LOAN "R"

I. LOAN TERMS:

Loan Amount	\$ <u>150,000.00</u>
Interest Rate	<u>5.75%</u>
Loan Term	<u>30 years</u>
Monthly Payment	\$ <u>875.00</u>

II. SETTLEMENT COSTS:

A. Origination Charges	\$ <u>1,500.00</u>
B. Title Services and Title Insurance	\$ <u>500.00</u>
C. Government Charges – Taxes, State and Local	\$ <u>300.00</u>
D. Appraisal Fee	\$ <u>200.00</u>

TOTAL SETTLEMENT COSTS DUE FROM BORROWER (Sum of A-D):

\$ <u>2,500.00</u>

Disclosure Form Version

Original HUD proposal

YSP disclosure omitted

Both loans cost the same

LOAN "V"

I. LOAN TERMS:

Loan Amount	\$ <u>125,000.00</u>
Interest Rate	<u>6.0%</u>
Loan Term	<u>30 years</u>
Monthly Payment	\$ <u>750.00</u>

II. SETTLEMENT COSTS:

A. Origination Charges	\$ <u>700.00</u>
B. Title Services and Title Insurance	\$ <u>600.00</u>
C. Government Charges – Taxes, State and Local	\$ <u>200.00</u>
D. Appraisal Fee	\$ <u>100.00</u>

TOTAL SETTLEMENT COSTS DUE FROM BORROWER (Sum of A-D):

\$ <u>1,600.00</u>

LOAN "M"

I. LOAN TERMS:

Loan Amount	\$ <u>125,000.00</u>
Interest Rate	<u>6.0%</u>
Loan Term	<u>30 years</u>
Monthly Payment	\$ <u>750.00</u>

II. SETTLEMENT COSTS:

A. Origination Charges	\$ <u>700.00</u>
B. Title Services and Title Insurance	\$ <u>600.00</u>
C. Government Charges – Taxes, State and Local	\$ <u>200.00</u>
D. Appraisal Fee	\$ <u>100.00</u>

TOTAL SETTLEMENT COSTS DUE FROM BORROWER (Sum of A-D):

\$ <u>1,600.00</u>

Disclosure Form Version

Revised prototype

YSP disclosure included

One loan less expensive than the other

LOAN "G"

Summary of Loan Terms

Loan Details

Loan amount	\$150,000.00
Interest rate	5.75%
Loan term	30 years
Monthly payment	\$875.00

Settlement Costs

Adjusted Origination Charges <i>(see items 1 and 2 on page 2)</i>	\$1,200.00
Charges for Other Settlement Services <i>(see items 3 through 5 on page 2)</i>	\$1,000.00
Total Settlement Charges	\$2,200.00

LOAN "G"

Understanding the Settlement Charges

Charges for Loan Origination

1. Our service charge	\$4,300.00
2. Charge or credit for the specific interest rate chosen <input checked="" type="checkbox"/> For a higher interest rate loan—the payment by the lender on your behalf that reduces the up-front charge you pay <input type="checkbox"/> For a lower interest rate loan—the additional up-front charge you pay the lender	- \$3,100.00
A	Adjusted Origination Charge \$1,200.00

Charges for Other Settlement Services

3. Title services and title insurance	\$500.00
4. Government taxes and fees	\$300.00
5. Appraisal fee	\$200.00
B	Charges for Other Settlement Services \$1,000.00
A + B = Total Settlement Charges \$2,200.00	

LOAN "R"

Summary of Loan Terms

Loan Details

Loan amount	\$150,000.00
Interest rate	5.75%
Loan term	30 years
Monthly payment	\$875.00

Settlement Costs

Adjusted Origination Charges <i>(see items 1 and 2 on page 2)</i>	\$1,500.00
Charges for Other Settlement Services <i>(see items 3 through 5 on page 2)</i>	\$1,000.00
Total Settlement Charges	\$2,500.00

LOAN "R"

**Understanding
the Settlement
Charges**

Charges for Loan Origination

1. Our service charge	\$1,500.00
2. Charge or credit for the specific interest rate chosen <input checked="" type="checkbox"/> For a higher interest rate loan—the payment by the lender on your behalf that reduces the up-front charge you pay <input type="checkbox"/> For a lower interest rate loan—the additional up-front charge you pay the lender	\$0.00
A	Adjusted Origination Charge \$1,500.00

Charges for Other Settlement Services

3. Title services and title insurance	\$500.00
4. Government taxes and fees	\$300.00
5. Appraisal fee	\$200.00
B	Charges for Other Settlement Services \$1,000.00
A + B = Total Settlement Charges	
	\$2,500.00

Disclosure Form Version

Revised prototype

YSP disclosure included

Both loans cost the same

LOAN "V"

Summary of Loan Terms

Loan Details

Loan amount	\$125,000.00
Interest rate	6.0%
Loan term	30 years
Monthly payment	\$750.00

Settlement Costs

Adjusted Origination Charges <i>(see items 1 and 2 on page 2)</i>	\$700.00
Charges for Other Settlement Services <i>(see items 3 through 5 on page 2)</i>	\$900.00
Total Settlement Charges	\$1,600.00

LOAN "V"

Understanding the Settlement Charges

Charges for Loan Origination

1. Our service charge	\$3,200.00
2. Charge or credit for the specific interest rate chosen <input checked="" type="checkbox"/> For a higher interest rate loan—the payment by the lender on your behalf that reduces the up-front charge you pay <input type="checkbox"/> For a lower interest rate loan—the additional up-front charge you pay the lender	- \$2,500.00
A	Adjusted Origination Charge \$700.00

Charges for Other Settlement Services

3. Title services and title insurance	\$600.00
4. Government taxes and fees	\$200.00
5. Appraisal fee	\$100.00
B	Charges for Other Settlement Services \$900.00
A + B = Total Settlement Charges \$1,600.00	

LOAN "M"

Summary of Loan Terms

Loan Details

Loan amount	\$125,000.00
Interest rate	6.0%
Loan term	30 years
Monthly payment	\$750.00

Settlement Costs

Adjusted Origination Charges <i>(see items 1 and 2 on page 2)</i>	\$700.00
Charges for Other Settlement Services <i>(see items 3 through 5 on page 2)</i>	\$900.00
Total Settlement Charges	\$1,600.00

LOAN "M"

Understanding the Settlement Charges

Charges for Loan Origination

1. Our service charge	\$700.00
2. Charge or credit for the specific interest rate chosen <input checked="" type="checkbox"/> For a higher interest rate loan—the payment by the lender on your behalf that reduces the up-front charge you pay <input type="checkbox"/> For a lower interest rate loan—the additional up-front charge you pay the lender	\$0.00
A	Adjusted Origination Charge \$700.00

Charges for Other Settlement Services

3. Title services and title insurance	\$600.00
4. Government taxes and fees	\$200.00
5. Appraisal fee	\$100.00
B	Charges for Other Settlement Services \$900.00
A + B = Total Settlement Charges \$1,600.00	

Disclosure Form Version

Revised prototype

YSP disclosure omitted

One loan less expensive than the other

LOAN "G"

Summary of Loan Terms

Loan Details

Loan amount	\$150,000.00
Interest rate	5.75%
Loan term	30 years
Monthly payment	\$875.00

Settlement Costs

Origination Charges <i>(see item 1 on page 2)</i>	\$1,200.00
Charges for Other Settlement Services <i>(see items 2 through 4 on page 2)</i>	\$1,000.00
Total Settlement Charges	\$2,200.00

LOAN "G"

Understanding the Settlement Charges

1. Our service charge for loan origination	\$1,200.00
2. Title services and title insurance	\$500.00
3. Government taxes and fees	\$300.00
4. Appraisal fee	\$200.00
Total Settlement Charges	
	\$2,200.00

LOAN "R"

Summary of Loan Terms

Loan Details

Loan amount	\$150,000.00
Interest rate	5.75%
Loan term	30 years
Monthly payment	\$875.00

Settlement Costs

Origination Charges <i>(see item 1 on page 2)</i>	\$1,500.00
Charges for Other Settlement Services <i>(see items 2 through 4 on page 2)</i>	\$1,000.00
Total Settlement Charges	\$2,500.00

LOAN "R"

Page 2

Understanding the Settlement Charges

1. Our service charge for loan origination	\$1,500.00
2. Title services and title insurance	\$500.00
3. Government taxes and fees	\$300.00
4. Appraisal fee	\$200.00
Total Settlement Charges	\$2,500.00

Disclosure Form Version

Revised prototype

YSP disclosure omitted

Both loans cost the same

LOAN "V"

Summary of Loan Terms

Loan Details

Loan amount	\$125,000.00
Interest rate	6.0%
Loan term	30 years
Monthly payment	\$750.00

Settlement Costs

Origination Charges <i>(see item 1 on page 2)</i>	\$700.00
Charges for Other Settlement Services <i>(see items 2 through 4 on page 2)</i>	\$900.00
Total Settlement Charges	\$1,600.00

LOAN "V"

Understanding the Settlement Charges

1. Our service charge for loan origination	\$700.00
2. Title services and title insurance	\$600.00
3. Government taxes and fees	\$200.00
4. Appraisal fee	\$100.00
Total Settlement Charges	\$1,600.00

LOAN "M"

Summary of Loan Terms

Loan Details

Loan amount	\$125,000.00
Interest rate	6.0%
Loan term	30 years
Monthly payment	\$750.00

Settlement Costs

Origination Charges <i>(see item 1 on page 2)</i>	\$700.00
Charges for Other Settlement Services <i>(see items 2 through 4 on page 2)</i>	\$900.00
Total Settlement Charges	\$1,600.00

LOAN "M"

Page 2

Understanding the Settlement Charges

1. Our service charge for loan origination	\$700.00
2. Title services and title insurance	\$600.00
3. Government taxes and fees	\$200.00
4. Appraisal fee	\$100.00
Total Settlement Charges	\$1,600.00

Disclosure Form Version

FTC YSP language

YSP disclosure included

One loan less expensive than the other

LOAN "G"

Summary of Loan Terms

Loan Details

Loan amount	\$150,000.00
Interest rate	5.75%
Loan term	30 years
Monthly payment	\$875.00

Settlement Costs

Adjusted Origination Charges <i>(see items 1 and 2 on page 2)</i>	\$1,200.00
Charges for Other Settlement Services <i>(see items 3 through 5 on page 2)</i>	\$1,000.00
Total Settlement Charges	\$2,200.00

LOAN "G"

**Understanding
the Settlement
Charges**

Charges for Loan Origination

1. Our service charge for loan origination	\$4,300.00
2. Adjustments for the specific interest rate chosen:	
<input checked="" type="checkbox"/> Rebate—applicable if borrower is paying a higher interest rate to reduce up-front costs	- \$3,100.00
<input type="checkbox"/> Charge—applicable if borrower is paying additional up-front fees to reduce the interest rate	
A	Adjusted Origination Charge
	\$1,200.00

Charges for Other Settlement Services

3. Title services and title insurance	\$500.00
4. Government taxes and fees	\$300.00
5. Appraisal fee	\$200.00
B	Charges for Other Settlement Services
	\$1,000.00
A + B = Total Settlement Charges	
	\$2,200.00

LOAN "R"

Summary of Loan Terms

Loan Details

Loan amount	\$150,000.00
Interest rate	5.75%
Loan term	30 years
Monthly payment	\$875.00

Settlement Costs

Adjusted Origination Charges <i>(see items 1 and 2 on page 2)</i>	\$1,500.00
Charges for Other Settlement Services <i>(see items 3 through 5 on page 2)</i>	\$1,000.00
Total Settlement Charges	\$2,500.00

LOAN "R"

**Understanding
the Settlement
Charges**

Charges for Loan Origination

1. Our service charge for loan origination	\$1,500.00
2. Adjustments for the specific interest rate chosen:	
<input checked="" type="checkbox"/> Rebate—applicable if borrower is paying a higher interest rate to reduce up-front costs	\$0.00
<input type="checkbox"/> Charge—applicable if borrower is paying additional up-front fees to reduce the interest rate	
A	Adjusted Origination Charge
	\$1,500.00

Charges for Other Settlement Services

3. Title services and title insurance	\$500.00
4. Government taxes and fees	\$300.00
5. Appraisal fee	\$200.00
B	Charges for Other Settlement Services
	\$1,000.00

A + B = Total Settlement Charges	\$2,500.00
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Disclosure Form Version

FTC YSP language

YSP disclosure included

Both loans cost the same

LOAN "V"

Summary of Loan Terms

Loan Details

Loan amount	\$125,000.00
Interest rate	6.0%
Loan term	30 years
Monthly payment	\$750.00

Settlement Costs

Adjusted Origination Charges <i>(see items 1 and 2 on page 2)</i>	\$700.00
Charges for Other Settlement Services <i>(see items 3 through 5 on page 2)</i>	\$900.00
Total Settlement Charges	\$1,600.00

LOAN "V"

Understanding the Settlement Charges

Charges for Loan Origination

1. Our service charge for loan origination	\$3,200.00
2. Adjustments for the specific interest rate chosen: <input checked="" type="checkbox"/> Rebate—applicable if borrower is paying a higher interest rate to reduce up-front costs <input type="checkbox"/> Charge—applicable if borrower is paying additional up-front fees to reduce the interest rate	- \$2,500.00
A	Adjusted Origination Charge \$700.00

Charges for Other Settlement Services

3. Title services and title insurance	\$600.00
4. Government taxes and fees	\$200.00
5. Appraisal fee	\$100.00
B	Charges for Other Settlement Services \$900.00

A + B = Total Settlement Charges	\$1,600.00
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LOAN "M"

Summary of Loan Terms

Loan Details

Loan amount	\$125,000.00
Interest rate	6.0%
Loan term	30 years
Monthly payment	\$750.00

Settlement Costs

Adjusted Origination Charges <i>(see items 1 and 2 on page 2)</i>	\$700.00
Charges for Other Settlement Services <i>(see items 3 through 5 on page 2)</i>	\$900.00
Total Settlement Charges	\$1,600.00

LOAN "M"

Understanding the Settlement Charges

Charges for Loan Origination

1. Our service charge for loan origination	\$700.00
2. Adjustments for the specific interest rate chosen: <input checked="" type="checkbox"/> Rebate—applicable if borrower is paying a higher interest rate to reduce up-front costs <input type="checkbox"/> Charge—applicable if borrower is paying additional up-front fees to reduce the interest rate	\$0.00
A Adjusted Origination Charge	\$700.00

Charges for Other Settlement Services

3. Title services and title insurance	\$600.00
4. Government taxes and fees	\$200.00
5. Appraisal fee	\$100.00
B Charges for Other Settlement Services	\$900.00
A + B = Total Settlement Charges	\$1,600.00

APPENDIX E

Verbatim Responses to the Question Asking the Meaning of the YSP Disclosure

This appendix presents the verbatim text of responses to the question asking the meaning of the YSP disclosure (Question 13). For each respondent, the table presents the number of cost comparisons answered correctly by the respondent in the two cost comparison questions, the version of the YSP disclosure viewed by the respondent, the verbatim text of the respondent's answer to the question asking the meaning of the YSP disclosure, and the categorization of the correctness of this response. See Section 3.6, above, for a discussion of the categorization methodology.

The version of the YSP disclosure viewed by the respondent is indicated by the following codes: (1) original HUD proposal, (2) revised prototype, (3) FTC YSP language.

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
2	3	You get a rebate when you pay a higher rate.	Correct
2	1	It means that you are going to get a higher interest rate but it will knock off \$3,100 so it would be the same as the other one.	Correct
2	1	The lender is paying the borrower for a higher interest rate.	Correct
2	1	That means you have to pay a premium to get their lowest rate.	Correct
2	2	You're getting a credit for picking a higher rate loan.	Correct
2	1	The lender would reduce cost to borrower in exchange for giving them a higher interest rate on their loan.	Correct
2	1	They are giving me a rebate to give me a higher interest rate.	Correct
2	1	That they are going to pay that amount of charges due to the higher rate.	Correct
2	2	That if I pay a higher interest rate I get a lower settlement cost.	Correct
2	2	They will reduce upfront costs but you get a higher rate probably.	Correct
2	2	It sounds like paying a higher rate so you get a reduction of the upfront charges.	Correct
2	3	It means I would get a lower interest rate if I wanted to pay their charges for the loan origination fees.	Correct
2	2	The payment to you offsets the cost of a higher loan rate.	Correct
2	1	Well it sounds like I might be paying a higher rate but they're trying to reduce the amount less out of pocket fee.	Correct
2	1	That because the interest rate is higher that they will give me more money.	Correct
2	1	They're giving me a credit for accepting a higher interest rate but it's the same as the rate on the other loan. That's it.	Correct
2	3	That you only get a rebate if you're paying a higher interest rate. They give it to you to offset it.	Correct

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
2	3	It means that if I didn't want to pay any upfront fees, I could get a higher interest rate, and if I do want to pay the upfront charges, the interest rate would lower. At a lower interest rate, depending on the rate, it maybe cheaper to pay the upfront fees over the life of the loan.	Correct
2	3	I get a discount if I'm paying a higher interest rate. That's it.	Correct
2	1	Looks like the lender of the loan is going to give you a refund for a high interest rate. That's all.	Correct
2	3	If I go with a higher interest rate then I get \$2,500 upfront. I could probably cut down on my closing costs.	Correct
2	3	If they can charge you more in the long run then they'll give you a discount upfront. That's it.	Correct
2	3	It means your paying a high interest rate, which helps reduce upfront costs.	Correct
2	2	The interest charges on the loan will lower the payment you put upfront.	Correct
2	2	If you want a lower interest rate you will pay more for a service charge.	Correct
2	3	Another loan is available for a lower option. A 5.5% or 5.2% loan will cost you more.	Correct
2	1	Looks like the lender pays borrower to go with a higher interest rate.	Correct
2	1	It means they owe you money, and charge a higher interest rate.	Correct
2	2	The upfront charge becomes less, if you pay high interest.	Correct
2	3	That means that a rebate is applicable if I am paying a higher interest rate.	Correct
2	1	The lender is going to give money to the borrower if he pays a higher interest.	Correct
2	2	For a higher interest rate the lender will reduce upfront charges.	Correct
2	1	For some reason the lender is paying you for a higher interest rate but if the math comes out right, it doesn't make much difference.	Correct

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
2	1	The lender is going to give me \$2,500 because I'm paying a higher interest rate.	Correct
2	2	They're offering you the \$2,500 for a higher interest rate.	Correct
2	1	They want to give me \$2,500 to offset the settlement cost for a higher interest rate.	Correct
2	3	The money I put down upfront is less but the percentage rate I pay for the borrowed money is higher. I will pay a higher interest rate on borrowed money.	Correct
2	1	The lender is reducing closing costs so that I would agree to a higher interest rate.	Correct
2	3	Rebate if you're paying a higher interest. You pay a higher interest to get reduced costs upfront.	Correct
2	2	You pay an upfront charge. You pay more in the beginning, but less over time. Less upfront, more over time.	Correct
2	3	You get the money back if you pay a higher interest rate.	Correct
2	3	You get a rebate if you pay a higher interest rate.	Correct
1	1	They are paying me to go to a higher interest rate.	Correct
1	2	For a higher interest rate you save points.	Correct
1	2	If you want a lower rate you pay more money initially.	Correct
1	3	It means that I get back a little bit of money for having to pay a higher interest rate.	Correct
1	3	If I'm paying a higher interest rate, I get upfront lower costs.	Correct
1	3	They're trying to say that they'll give me more money back if pay a higher interest rate.	Correct
1	3	If I am paying more interest for the loan in order to reduce upfront costs I get a rebate.	Correct
1	1	If the interest rate was high, I get money back.	Correct
1	3	This rebate is applicable if you pay the higher interest rate.	Correct
1	2	Well, actually they make you pay a higher interest rate for accepting a \$3,100 rebate.	Correct

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
1	2	It means that it would have a higher interest rate but I wouldn't have to put a bunch of money upfront.	Correct
1	1	It looks like they will give you money back for a higher interest rate.	Correct
1	2	They're giving a rebate on the upfront charge but you get a high interest rate.	Correct
1	3	It means I am paying a higher interest rate. It will reduce any upfront cost, \$2,500 dollars.	Correct
1	1	The lender will give an upfront discount for a higher interest rate during the course of the loan.	Correct
1	3	It means that \$2,500 is a credit for a higher rate of interest that they will be paying.	Correct
1	3	They are offering a rebate to reduce closing costs due to the higher interest rate.	Correct
1	2	Choosing charge or credit for your specific interest rate. If you get a higher interest rate loan, the person who loans you the money, your upfront charges are lower.	Correct
0	1	The lender is paying me back for giving me a higher interest rate.	Correct
0	3	You'd only get a rebate if you pay a higher interest rate.	Correct
0	1	It means that they are going to give me money for accepting a higher interest rate.	Correct
0	3	You agree to take a higher interest rate so that they will help with costs.	Correct
0	2	To take a higher interest rate you have to come up with less upfront closing costs.	Correct
0	1	It sounds like the lender will pay me for a higher interest rate.	Correct
0	2	You pay a higher rate for the lender giving you money to reduce what you pay upfront.	Correct
0	3	It brings the initial charges down if you take a higher interest rate.	Correct
0	3	Just what it said, you pay a higher rate over long-term versus upfront costs. That's it.	Correct

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
0	1	Because I'm getting a higher interest rate they are taking money off the cost of the mortgage for me. That's all.	Correct
0	1	If you get a higher interest rate, you get the money back from it.	Correct
0	3	You will get money back if you pay a higher interest rate.	Correct
0	3	Because they are charging me a higher interest rate that's why they are making it cheaper for me to close.	Correct
0	3	They offer a lower interest if you want to pay higher closing costs.	Correct
0	2	This is the amount of money they take off the service charge in exchange for charging more over a number of years.	Correct
0	3	If I'm paying a higher interest loan, I get a rebate, which will reduce my overall cost.	Correct
2	2	The lender rebating some of the charges.	Partly correct: lower costs
2	2	A rebate from the lender or loan officer to me.	Partly correct: lower costs
2	3	A rebate on the closing cost.	Partly correct: lower costs
2	3	It's helping them with closing costs and points.	Partly correct: lower costs
2	1	The lender is helping a borrower having a lesser out of pocket expense. That's it.	Partly correct: lower costs
2	2	It says that the lender has paid \$3,100. That's it.	Partly correct: lower costs
2	3	They are giving me a rebate.	Partly correct: lower costs
2	1	It means that the lender pays the borrower. That's it.	Partly correct: lower costs
2	1	They are refunding some of the origination charges.	Partly correct: lower costs
2	1	They are giving back part of the origination charges.	Partly correct: lower costs
2	2	The lender will pay some of the origination fee.	Partly correct: lower costs
2	2	You are getting a credit from the lender.	Partly correct: lower costs
2	1	They are taking out that much money from the cost.	Partly correct: lower costs
2	2	You reduce origination charges.	Partly correct: lower costs

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
2	3	The initial cost would cost less if this was applicable.	Partly correct: lower costs
2	1	The lender gives me \$3,100.	Partly correct: lower costs
2	1	Some sort of rebate thing.	Partly correct: lower costs
2	2	I'll pay \$4,300 upfront and I get a \$3,100 rebate.	Partly correct: lower costs
1	3	It means that you will get the \$3,100 back upfront.	Partly correct: lower costs
1	2	It reduces upfront charges, but not the whole charge.	Partly correct: lower costs
1	2	It brings down the upfront charges you pay.	Partly correct: lower costs
1	2	It means they are giving me a credit on their service charge. It's tied in with the interest rate.	Partly correct: lower costs
1	1	More money for the borrower.	Partly correct: lower costs
1	1	That's called a rebate. That is preferable to me.	Partly correct: lower costs
1	2	Looks like a quick rebate to me.	Partly correct: lower costs
1	1	That's what it would cost me but they are paying it for us. That's all.	Partly correct: lower costs
1	2	It's saying that there going to pay me and help me out by charging me less.	Partly correct: lower costs
1	3	It just means that they'll give you a rebate.	Partly correct: lower costs
1	2	Your upfront charges will be less.	Partly correct: lower costs
1	2	The bank on their behalf for my business, wants me to choose them for my lender and therefore they're willing to put some money upfront to keep the total settlement charges down for my business.	Partly correct: lower costs
1	3	They would reduce the cost upfront at the beginning.	Partly correct: lower costs
1	3	They will give you a rebate for closing costs.	Partly correct: lower costs
1	2	It's an adjustment of the origination depending on the interest rate.	Partly correct: lower costs
1	3	I don't have to pay a lot of upfront money.	Partly correct: lower costs

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
1	1	To me, they will give money back after the loan is completed.	Partly correct: lower costs
1	1	The mortgage company was going to credit me.	Partly correct: lower costs
1	2	The person lending me the money pays upfront those charges.	Partly correct: lower costs
1	2	Whoever 's loaning me the money, they pay the \$2,500, which will lessen the upfront charge.	Partly correct: lower costs
0	3	You don't have to have as much money upfront for your origination, but you get a rebate and some people don't care for that.	Partly correct: lower costs
0	1	The money is returned to the borrower. When do you receive your money?	Partly correct: lower costs
0	2	This reduces the amount that I would have to pay upfront in the beginning. That's it.	Partly correct: lower costs
0	3	It will be cheaper in the beginning and better if you decide to sell your house.	Partly correct: lower costs
0	3	Less out of pocket.	Partly correct: lower costs
0	2	The services charges are a lot less, and the settlement costs are the same.	Partly correct: lower costs
2	3	Counting on the higher rate.	Partly correct: higher rate
2	2	You opted for high interest.	Partly correct: higher rate
2	3	A higher interest rate to the borrower.	Partly correct: higher rate
2	3	Maybe my rate would go up. I don't know why.	Partly correct: higher rate
2	1	If you borrow money you get a higher interest rate.	Partly correct: higher rate
1	1	The interest rate is going to be higher for me because I'm the borrower.	Partly correct: higher rate
1	3	It's not good. You pay a higher interest rate.	Partly correct: higher rate
1	1	The person who I ask for money charges me more for interest.	Partly correct: higher rate
0	1	That you are going to be paying a higher interest.	Partly correct: higher rate
0	1	Higher interest.	Partly correct: higher rate

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
0	1	That I could qualify for a lower interest rate.	Partly correct: higher rate
2	1	It means they start out with higher origination charges then give you a partial refund of the money depending on what the interest rate is.	Partly correct: other
2	3	That means that it applies to the specific interest rate.	Partly correct: other
2	2	It means settlement costs are going to be different. That's it.	Partly correct: other
2	1	The higher the interest rate the higher the payment.	Partly correct: other
2	3	It's a less overall cost.	Partly correct: other
0	2	To me it means that the amount will be less according to what interest rate you choose.	Partly correct: other
0	1	It means the payment varies with the interest rate.	Partly correct: other
2	2	It means it gets rolled into the total.	Wrong
2	3	They are going to work it into the payment somehow.	Wrong
2	3	That it's re-mortgaging the settlement charges.	Wrong
2	2	Putting the \$2,500 in the loan.	Wrong
2	3	I would receive \$2,500 if I paid a higher interest for a shorter time.	Wrong
2	1	You pay higher interest and in the long run you pay it off quicker.	Wrong
2	3	If I don't fit in with the rate I would end up paying the difference.	Wrong
2	2	They have reduced the service charge. It would be paid off sooner.	Wrong
2	2	Less for a lower interest rate.	Wrong
2	3	Pay a higher cost to pay in future.	Wrong
2	3	That looks like paying points on a long-term loan.	Wrong
2	2	Closing cost.	Wrong
2	3	The lender borrows me money, pays me back later.	Wrong

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
2	2	They're waiving the upfront costs.	Wrong
2	3	It means that the charges for the loan origination stays at \$4,300 and is expensive on "G".	Wrong
2	1	That's what the payment is going to be.	Wrong
2	2	The lender scales the interest rate and sells these out. The lender had a higher adjustment rate so you pay what's on the form. It takes a lawyer to work it out.	Wrong
2	3	It means it takes a longer time to pay it. The loan itself.	Wrong
2	2	After the loan is processed they would give you the credit, an application fee I would think.	Wrong
2	2	It means I'm paying a greater interest rate because of my financial situation, but the lender is able to reduce upfront costs as enticement to take the loan.	Wrong
2	1	It has to do with interest rate whether or not they pay or I pay.	Wrong
2	1	They 're saying that their origination fees are high and they are willing to lower it. They will lower the interest rate.	Wrong
2	1	The interest rate on this loan would be cheaper than originally. They would give you a break on the interest rate	Wrong
2	2	Those are points. You want a lower interest rate.	Wrong
2	2	The lender will pay more to make the payment less. This isn't bad because the lower the rate the better.	Wrong
2	2	That the lender paid on behalf of us for a lower rate.	Wrong
2	1	If I borrow from the people who are giving me the loan I pay nothing but the lender gives me a high interest rate at the end.	Wrong
2	1	Extra points.	Wrong
1	1	They are going to pay me if my rate is more than 6%.	Wrong
1	2	To me it means if they are going to charge you a higher rate in the long run it will cost you less.	Wrong
1	2	You need less money for a down payment.	Wrong

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
1	2	No upfront charges.	Wrong
1	1	It's prepaid interest.	Wrong
1	2	It's part of there service charge or they are knocking a part of their service charge off to get you in the door.	Wrong
1	2	That you would have to pay upfront.	Wrong
1	3	I pay higher than 6% for the chance to get money upfront.	Wrong
1	2	That means that they are buying down the interest rate on the loan, or they pay the points.	Wrong
1	1	The number of points you have.	Wrong
1	1	Possibly my interest rate will be higher than the 6% quoted here. Nothing else. I don't know.	Wrong
1	2	For a single rate you're not incurring the interest. If you pay upfront now you are free and clear.	Wrong
1	2	It seems they want to invest my money for their purposes. That's it.	Wrong
1	2	Agent and lender split 6% of the loan amount. Lender is reducing buyer's cost by giving some of his points, which makes loan "V" better than "M".	Wrong
1	2	That if I go to a higher interest rate they reduce the first payment I have to pay. It's a service charge.	Wrong
1	1	Child is dependent or anyone else living with you.	Wrong
1	2	That means that they are going to deduct \$2,500 from the loan.	Wrong
1	2	They are basically prorating the interest rate for us to make it more affordable. They're reducing the price to make it competitive.	Wrong
1	1	The down payment.	Wrong
1	1	Less interest. Low interest. That's it.	Wrong
1	1	That you pay more and get more.	Wrong
1	2	You have to pay points upfront for your interest rate. Sometimes a higher interest rate will be better in the long run.	Wrong

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
1	2	It is an attempt to get your interest rate lowered.	Wrong
1	3	The services and title insurance money.	Wrong
1	2	The price someone pays for the privilege of choosing my interest rate. A higher interest rate loan would mean that your mortgage broker charges would be higher. So in order to get the business the broker gives you credit to reduce out of pocket expenses.	Wrong
1	1	No charges for the borrower and they are taking away from a highest interest rate.	Wrong
1	2	You use charge or credit for a specific rate. If you have higher interest rate, you pay higher upfront charges.	Wrong
1	3	You're buying the rate down.	Wrong
1	1	How much you are borrowing.	Wrong
1	2	Sounds like the lender pays cost in your behalf, so that the interest rate will be lower.	Wrong
0	3	It means that maybe I don't have good credit so I would have an extra point or they would build the closing costs into the mortgage.	Wrong
0	2	They're paying a piece to get a lower interest rate so they can possibly have a higher interest rate.	Wrong
0	2	They are paying the upfront charge so you don't have to.	Wrong
0	1	It means that the interest rate goes up even though you get a rebate. You the borrower lose money in the end.	Wrong
0	3	Basically they are charging me \$3,200 for origination and try to raise my interest rate in order to correct that fee to \$700. The other one is \$700 anyway	Wrong
0	1	The borrower pays a higher interest rate versus me paying one.	Wrong
0	1	I think that's what they would charge for a higher interest rate if that's what you want.	Wrong
0	1	I don't have to pay anything to borrow.	Wrong
0	1	Not much, it just appears on the long run. They want more money from you.	Wrong

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
0	3	Basically is that person came in with a higher interest rate and they were getting a lower one, that's when that would apply.	Wrong
0	1	The bank is lending me this.	Wrong
0	3	The service charges.	Wrong
0	3	It means that you are taking money out of the loan.	Wrong
0	1	When you borrow, the beginning payment is zero.	Wrong
0	1	The lender gets a lower rate of interest and I get a lower payment.	Wrong
0	3	That it's like buying points to get a lower interest rate.	Wrong
0	1	That I would pay \$3,100 to the lender for a higher interest.	Wrong
0	1	The borrower gets money back for a lower interest rate.	Wrong
0	1	Paying for a lower rate.	Wrong
0	3	It means you agree to pay a higher APR in order to pay less points upfront.	Wrong
2	3	It doesn't make any sense to me.	Did not know
2	1	Not a clue.	Did not know
2	2	Absolutely nothing. I don't like the way that's worded.	Did not know
2	1	I don't know.	Did not know
2	1	I really could not tell you.	Did not know
2	1	I'm not sure.	Did not know
2	1	I haven't a clue. It just says they are giving it back to you in the end.	Did not know
2	2	It does not mean anything. I'm confused by it.	Did not know
2	3	It says it's been adjusted and I don't know if it went up to a higher rate. Is this specifically being given?	Did not know

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
2	1	That's what I'm not sure of. All the numbers are the same but it says for a higher interest rate. Seems to me the interest rate should be higher.	Did not know
2	2	I don't know. When we did it last time I didn't understand it at all and I'm really not sure I understand it now. I trusted the real estate lady and the loan people to treat me right.	Did not know
2	1	I don't know. I hope whomever I get it from will explain in words I can understand what it means.	Did not know
2	3	I don't know. I would hope the people doing the loan would explain it to me.	Did not know
2	2	I don't know. I have to find out about that, they need to be more specific.	Did not know
2	3	A whole bunch of gobble. I don't know. That's it.	Did not know
2	1	I don't understand it. That's what I don't understand.	Did not know
2	3	Nothing.	Did not know
2	2	I don't know what that means. It doesn't make any sense.	Did not know
2	2	I'm not sure.	Did not know
2	1	The point is not clear.	Did not know
2	2	I am really not sure.	Did not know
1	3	I don't know.	Did not know
1	3	Nothing.	Did not know
1	1	I don't know.	Did not know
1	3	This worries me because it's not in black and white.	Did not know
1	2	I have no idea.	Did not know
1	3	I'm not really clear about it.	Did not know
1	1	It's more confusing than anything else.	Did not know
1	2	I don't understand it. I don't know why they have it. If they are going to pay it, why put it on there.	Did not know

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
1	2	I'm a little confused	Did not know
1	3	You get money back for higher interest but on these loans the interest rate is the same. So I'm really not sure what it means.	Did not know
1	3	No idea.	Did not know
1	1	I don't know. It's just the rate dependent on a payment.	Did not know
1	2	I have no idea. It's very unclear.	Did not know
1	1	No idea.	Did not know
1	1	I am not sure.	Did not know
0	3	I don't know.	Did not know
0	2	I don't know.	Did not know
0	1	I have no idea.	Did not know
0	2	I have no idea. We've never seen that before.	Did not know
0	2	OK, so this is paid by the lender, which reduces my payment. But I'm still not clear if it's paid by the lender. They're going to get it back. So the interest rate is going to be higher, so you're going to be paying more.	Did not know
0	3	I don't know.	Did not know
0	2	I'm not really sure.	Did not know
0	3	I don't know.	Did not know
0	3	I don't know.	Did not know
0	2	No idea.	Did not know
0	2	It's confusing and not clearly understood.	Did not know
0	2	I'm not really sure.	Did not know
0	1	I don't know the answer for this question.	Did not know
2	3	If I choose to have a higher interest rate then what they would offer in order not to pay or reduce costs.	Ambiguous

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
2	2	I think it doesn't make a difference.	Ambiguous
2	1	You pay points to pay down the interest rate.	Ambiguous
2	3	If you are paying a higher interest rate you are getting an overall reduction. The interest rates are the same and the terms are the same for both.	Ambiguous
2	3	It means that the loan is saving me money by taking a higher interest rate.	Ambiguous
2	2	You are choosing to take a higher interest rate for the loan to reduce what you pay upfront. In the long run this costs more.	Ambiguous
2	1	Depending on the interest rate we agree on, it would be cheaper.	Ambiguous
2	3	If you were paying a high interest rate then you would get the rebate. If you're not, you wouldn't.	Ambiguous
2	3	If you take a high enough interest, they'll give you a \$2,500 rebate.	Ambiguous
2	3	The cost is higher because of the interest rate.	Ambiguous
2	3	I don't care about a rebate. I just want to pay less in upfront charges.	Ambiguous
2	3	They're trying to make it appear as the same to save dollars.	Ambiguous
2	3	It's like points you pay upfront to get a lower interest rate.	Ambiguous
2	2	They are making it seem that I'm getting something extra. The charges are being shifted.	Ambiguous
1	3	The note is higher, rebate given if you meet certain criteria.	Ambiguous
1	1	The interest rate is the same.	Ambiguous
1	1	Why would I as a borrower want to pay a higher interest rate?	Ambiguous
1	3	You don't have to put down as much.	Ambiguous
1	1	You pay more on the loan.	Ambiguous
1	1	That I had to pay money to lower my interest rate.	Ambiguous

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
1	1	What the lender's going to be paying to the borrower. They were requesting it at a higher interest rate, the borrower was requesting a higher interest rate.	Ambiguous
1	2	It seems if you took a higher mortgage, the lender would pay and reduce the upfront charges.	Ambiguous
1	2	If I accepted a higher loan, I'll pay less out of my pocket but more in the long run. That's it.	Ambiguous
1	3	If the borrower is paying a higher interest, then the rebate makes the rates good.	Ambiguous
1	1	One is less than the other one.	Ambiguous
1	2	Anyhow I am not agreeing as practically it is not so.	Ambiguous
1	2	The lenders will get their money either way.	Ambiguous
1	2	It is just like paying points.	Ambiguous
1	3	An adjustment can be made on the loan and cost you more money. You will get a rebate if you pay higher costs.	Ambiguous
1	3	I have to pay for it in the long run.	Ambiguous
1	3	I'm going to be putting more down in the beginning but paying less.	Ambiguous
1	3	It's worth it to pay more and reduce the costs and get a lower rate.	Ambiguous
0	3	You're paying more but only say they're giving more back.	Ambiguous
0	3	You only get a rebate if you are paying a higher interest rate. If you pay a higher interest rate you have to do it if you reduce amount paying.	Ambiguous
0	3	The rebate is not definite to me. It makes me feel uneasy.	Ambiguous
0	2	In my own experience, it hasn't meant much.	Ambiguous
0	1	That means they give you money to help with the settlement cost but somehow they will get you for it.	Ambiguous
0	2	That means that it's more money than I would want to pay. I don't think you should pay that.	Ambiguous

Number of cost questions correct	YSP disclosure version	Verbatim response to the question asking the meaning of the YSP disclosure	Response categorization
0	3	Although I'll save a couple hundred at the beginning, over 30 years I will spend more money because of the higher interest rate.	Ambiguous
2	2	To me they are trying to confuse the consumer.	Felt cheated
1	3	That's how much they knock off of the loan to help reduce up front costs. I don't like the way they word things, they're messing with my brain.	Felt cheated
1	3	It means they are going to rake me over the coals, cheat me.	Felt cheated
1	1	It means I'm getting screwed. Somehow I'm going to end up paying more money.	Felt cheated
1	2	It seems like it is unfortunately double-talk. It is very unclear. It is deliberately done to confuse.	Felt cheated
0	1	It means I got screwed if I go with that one on loan "G". They are charging me too much.	Felt cheated