

Consumer Testing of HUD's Good Faith Estimate Form

Peer Review Report

Project Author:

Kleimann Communication Group, Inc.

Prepared For:

The US Department of Housing
and Urban Development

Peer Reviewer:

Adrian B. Popa Ph.D., M.P.A.

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 an evaluation research report completed by Kleimann Communication Group (KCG). HUD has several immediate goals in reviewing and revising Good Faith Estimate (GFE) and developing new Guaranteed Mortgage Package Agreement (GMPA) forms, with an overarching goal of helping borrowers become more informed consumers as a result of forms clarifying and simplifying estimates of closing costs when buying a home. HUD subcontracted with KCG who implemented a mixed-methods approach to (1) design efficacious GFE and GMPA forms and (2) validate the performance of consumers as they utilize the given forms. Bill Reid requested a peer review of study design and delivery of content provided by KCG. This peer review will explain strengths and limitation of methodology, describe general impressions of content/materials, and conclude with general recommendations.

Methodological Strengths and Limitations

Tripodi (1974) developed a constructive index for evaluating dimensions of social scientific research that serves to evaluate whether knowledge objectives have been achieved. The various dimensions applied in this review focus on:

- (1) Concept translatability,
- (2) Hypothesis researchability,
- (3) Measurement accuracy,
- (4) Empirical generality, and
- (5) Internal control.

Concept translatability is the degree to which concepts are specified enough to represent measurable variables. Changes in GFE and GMPA forms that led to impact of context were conceptually clear, noncircular, and unambiguous, as nominal definitions were provided at varying rounds of modifications. Variables of yield spread premium (YSP), discount points, and changes in forms also represented variable transformation and empirical referents used to operationalize concepts as variables. These variables clearly represented measurable referents.

Hypothesis researchability is the degree to which a hypothesis lends itself to empirical verification found in research strategies and observational techniques. HUD hypothesized that more linguistic context to simplify GFE and GMPA would contribute to consumer's understanding of yield spread premium that informs loan decisions. The cause-effect hypothesis is clear since both independent and dependent variables are delineated. Variables are defined differently, which also contributes to variable independence and to the researchability of the hypothesis. The hypothesis is also specific enough given the reference to population, time, and place within a pertinent context. A subcriterion of feasibility also contributes to researchability particularly since the hypothesized phenomenon occurs frequently enough to be measured.

Tripodi, T. (1974). *Knowledge from social research*. In *Uses and Abuses of Social Research in Social Work*. New York: Columbia University Press.

Measurement accuracy is typically framed by measurement classification, reliability, validity, and data processing. On face value, data appears to have been categorized appropriately on GFE and GMPA forms using exclusive and exhaustive categories for a nominal scale that contribute to accurate measurement classification. Reliability and dependability of measurement scales and interviews are high given the iterative process found in the grounded theory approach and the ongoing refinement of measures between testing rounds. In a different respect, it is difficult to ascertain the accuracy of measurement and validity of the data given the limited content provided in the report. It is difficult to determine the degree of a causal relationship between independent variable and dependent variable without interference from other confounding variables. Some of these limitations were buffered through the implementation of comparison groups and data triangulation that implemented multiple points in time. Internal validity was further strengthened by the triangulated research design and iterative process that partially captures emerging covariates. On the other hand, the report is fairly thorough in offering perspectives on data-processing and the accuracy of measurement that lead to systematic procedures for checking internal consistency and accuracy of tabulation.

Empirical generality is the degree to which there is existing evidence for generalizing results. Although various samples represented respectable numbers, the report was unclear as to the sampling approach implemented to gather participants, rationale for the sampling approach, and methods used to gain accessibility. Given that limitation, assumptions cannot be drawn as to whether the research samples have general characteristics similar to the population to which the results would be generalized. The upside and possible buffer to this limitation is that participants were recruited from a wide spectrum of geographically dispersed locations representing diverse settings and populations.

Internal control is a dimension that contributes to increase confidence when alternative hypotheses are eliminated as possible explanations of changes observed in the ability of the consumer to shop, obtain loans at lower cost and assume more control over the decision making process. Though researchers may have addressed this dimension throughout the study, the report needs to clearly indicate procedures used to address alternative explanations. Eliminating alternative hypotheses as possible explanations for changes in the dependent variable would increase the degree of internal control. The integration of control groups, stratified sampling, triangulation of methods, and measurement at multiple points in time partially contribute to eliminating alternative hypotheses.

In lieu that absolute standards are not available for making confidence judgments, rating scales contribute to a language and articulation of confidence levels perceived by producers or users of knowledge. The study design and implementation completed by the Kleimann Communication Group provides robust evidence that the criterion for knowledge levels has been satisfied on varying dimensions of social scientific research.

Report Omission and Stylistic Recommendations

First Impression

The report appeared aesthetically, structurally, and professionally sound. Chapters are clearly developed and transition with precision. The report provides ample description of study goals and objectives, explanation of design and methodology and execution, discussion of results, and well developed recommendations.

Lasting Impressions

Although the report is easy to read and understand given its detailed and descriptive nature, it needs to use more explanatory language to substantiate rationale for the methodological approach of the study. Reviewers should clearly understand the link between the problem, study objectives, hypotheses, study design and methodology. A visual or symbolic link between these processes contributes to “goodness of fit” and the rigor of the study.

Recommendations

The KCG report would be strengthened or complemented by a simple one page logic model that contributes to both stylistic and clarity of content. A logic model is a visual schema/map of the logic behind a process that explicitly communicates and clarifies the underlying “theory” or a set of assumptions behind a process, program, project or policy (Frechtling, 2007). Frechtling describes the components as

Inputs represent the resources that are brought to a project.

Typically resources are defined in terms of funding sources or in-kind contribution. Inputs describe the material and intellectual goods available to support the theory of change. It may also include a research base or other tangibles such as facilities, equipment, and other necessary tools

Activities represent the actions or strategies that are undertaken by the project to bring about desired ends.

Outputs represent the simplest and most immediate results/indicators of the progress of theory. Outputs are tied directly to activities, and each activity must have one or more outputs.

Outcomes represent the changes desired if a theory of change is accurate. They are changes that document the success of a project. Outcomes also have time dimensions that be expressed as short, medium, or long term outcomes.

Frechtling, J. A. (2007). *Logic modeling methods in program evaluation*. San Francisco, CA: John Wiley & Sons.

By identifying process assumptions, goals, objectives, resources, activities and outcomes a logic model will convey fundamental purpose of an initiative, show why the initiative is important, what will result from the initiative, and identify gaps in the logic of a process (Figure 1).

Both espoused and embedded theories contribute to program activities and how a process moves from assumptions to outcomes. Espoused theories typically represent documents, paperwork, and other rules and procedures formalized for a process. On the other hand, embedded theories represent how the work is informally or formally completed to achieve the same outcomes. It is unclear from the KCG reports why HUD hypothesized that simplification of GFE and GMPA would lead to immediate outcomes of consumers obtaining loans at lower costs, increased control over decisions, and increased positive attitude towards purchase of a house. This espoused theory was however appropriately researched by KCG using various methodological approaches that explored consumer critical thinking and understanding. KCG established the embedded theory with great efficacy and methodological rigor.

Overall, the evaluation has been rigorously developed and applied, and the research report has a robust and highly credible presentation. I am available for any additional comments or impressions upon your request.

Adrian B. Popa Ph.D., M.P.A.
Gonzaga University
Department of Organizational Leadership
502 E. Boone Ave., MSC 2616
Spokane, WA 99258-2616
Office: 509.323.3585
popa@gonzaga.edu

Figure 1 - Logic Mode Example for Planning – Execution – Evaluation (Popa, 2007)

