

Report on Testing of Townstone Podcasts and Radio Broadcast with African American Residents of Chicago's South Side

July 29, 2019

Provided to

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This form is a statement of the information provided in this document with your Loan Estimate.

Closing Disclosure

Closing Information		Transaction Information	
Date Issued	3/20/2012	Borrower	James White and Jane Johnson
Closing Date	3/23/2012		123 Anywhere Street, Apt 100
Disbursement Date	3/23/2012	Seller	John Wilson
Agent	ABC Settlement		123 Somewhere Drive
File #	01234	Lender	XYZ Bank
Property	456 Anywhere St Anytown, MD 12345		
Sale Price	\$240,000		

Loan Terms		Projected Payments				
		Payment Calculation	Years 1-5	Years 6-8	Years 9-11	Year 12
Loan Amount	\$216,500	Can I get Principal & Interest	\$789.32	\$1,266 min \$1,582 max	\$1,266 min \$1,664 max	\$1,266 min \$1,664 max
Interest Rate	4.375%	NO Mortgage Insurance	+ 164.18	+ 164.18	+ 164.18	+ 164.18
Monthly Principal & Interest	\$789.32	YES Estimated Escrow Amount Can Increase Over Time	+ 699.50	+ 699.50	+ 699.50	+ 699.50
See Projected Payments Below for your Total Monthly Payment		YES Estimated Total Monthly Payment	\$1,653.00	\$2,130 - \$2,446	\$2,130 - \$2,528	\$1,960 - \$2,276
Estimated Taxes, Insurance & Assessments Amount Can Increase Over Time See Details on Page 4	\$842.09 a month	This estimate includes				
		<input checked="" type="checkbox"/> Property Taxes				
		<input checked="" type="checkbox"/> Homeowner's Insurance				
		<input checked="" type="checkbox"/> Other: Windstorm Insurance, HOA				
		See page 4 for escrowed property costs. You must pay for other costs separately.				

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About Kleimann Communication Group

Since 1997, Kleimann Communication Group, a woman-owned small business, has been a national leader in the development of award-winning plain language forms, disclosures, consumer tools, and education materials to help consumers understand complex topics and make informed decisions. We specialize in projects involving both design and testing and in solving unusually complex or challenging communication problems with multiple stakeholders and complex legal/regulatory requirements and constraints. Our iterative design/test process uses a human-centered methodology and results in products that address consumer, industry, and statutory needs in sophisticated and innovative ways.

Kleimann's principals are frequent speakers on issues of financial literacy and the use of plain language and serve as expert witnesses. In 2018, Dr. Susan Kleimann spoke at the Securities and Exchange Commission, Investor Advisory Committee on the topic of "Effective Disclosure and Design." She has also served as an expert witness of the Federal Trade Commission, among others, in its case against Jesse Willms. In 2017, Dr. Barbra Kingsley was a plenary speaker at the National Reverse Mortgage Loan Association Annual Conference on "Communicating with Older Adults" as well as a key speaker for the HOPE Now Alliance on "Understanding Reverse Mortgage Users." She has served as an expert witness for the Oregon Department of Justice, as well as other agencies.

We have completed multiple major design and consumer and industry testing projects for federal and state government agencies, including the following projects:

- **Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Federal Trade Commission, National Credit Union Administration, Office of the Comptroller of the Currency, Securities and Exchange Commission** for the model Financial Privacy Disclosure
- **Consumer Financial Protection Bureau** for the Loan Estimate (English and Spanish) to replace the Good Faith Estimate and Truth in Lending disclosure
- **Consumer Financial Protection Bureau** for the Closing Disclosure (English and Spanish) to replace the HUD-1 and Truth in Lending disclosure
- **Department of Agriculture, Food and Nutrition Services** for state-guided revision of the Supplemental Nutrition Assistance Program (SNAP) forms
- **Department of Health and Human Services, Office of the National Coordinator for Health Information Technology and Civil Rights Division** for the Health Insurance Portability and Accountability Act (HIPAA) notice to adapt it to the Affordable Care Act requirements
- **Department of Housing and Urban Development** for revision of the Good Faith Estimate and the HUD-1

- **Federal Housing Finance Agency**, through Fannie Mae and Freddie Mac, for exploration of mortgage language preference needs in Chinese, Korean, Spanish, Tagalog, and Vietnamese
- **Federal Housing Finance Agency**, through Fannie Mae and Freddie Mac, for Language Preference section on the Uniform Residential Loan Application (English and Spanish)
- **Federal Trade Commission, Northwest Regional Office, Seattle** as expert witness in Jesse Willms case
- **Federal Trade Commission** as expert witness in Adept Marketing case
- **Internal Revenue Service** for multi-year training, revision, and testing of its notices
- **State of Oregon, Department of Justice** as expert witness on deceptive mailings
- **Veterans Benefits Administration** for multi-year training, revision, and testing of its notices

We have also completed major projects with national impact for non-government organizations and government-sponsored enterprises, including the following projects:

- **AARP, Consumer Federation of America, and Financial Planning Coalition** on Securities and Exchange Commission, Customer Relationship Summary Disclosures
- **AARP and Certified Financial Planner Board of Standards** on Securities and Exchange Commission, Model Client Relationship Summary
- **Consumers Union** for actuarial value and various projects on consumer understanding of health care
- **Fannie Mae and Freddie Mac** for update to the Uniform Residential Loan Application (English and Spanish)
- **Fannie Mae and Freddie Mac** for update to the Appraisal Output Report
- **Fannie Mae** for revision of the Multi-Family Lender Guide
- **National Association of Insurance Commissioners through Georgians for a Healthy Future** on Short-Term Health Insurance Plans
- **National Association of Insurance Commissioners through Consumers Union** on Coverage Facts Label



Overview

The Consumer Financial Protection Bureau (CFPB) has issued a civil investigative demand (CID) to Townstone Financial, Inc. (Townstone), a mortgage lender, to investigate whether Townstone committed violations of the Equal Credit Opportunity Act. The attorneys representing Townstone¹ in the investigation decided to research whether specific comments on one AM radio show and four podcasts hosted by Townstone discouraged African American residents of Chicago from applying to Townstone for mortgages (Specific Comments). These Specific Comments were tested because of their potential use in an enforcement action against Townstone.

In June 2019, Richard Horn of Garris Horn PLLC, lead counsel in the investigation, contacted Kleimann Communication Group to conduct an initial study to explore the legitimacy of such a claim about these Specific Comments. The five shows were broadcast from 2015 to 2017 out of hundreds of radio shows, podcasts, and other radio appearances by Townstone in total. The Counsel identified five specific segments within the five shows that contained the Specific Comments they wanted to research. The Counsel wanted to test these segments with African American participants from the South Side of Chicago.² The five shows varied in length from about 32 minutes to about 54 minutes.

Table 1. Five Shows: Dates, Segment Title, Duration of Show, and Type

Date of Broadcast	Segment Title	Duration of Show	Type
12/21/2015	Fannie Mae Study	37:03 minutes	Podcast
06/24/2016	Hoodlum	52:24 minutes	Podcast
01/20/2017	Jewel Grocery Store	44:29 minutes	Podcast
05/14/2017	Fenway Park	32:16 minutes	Podcast
11/11/2017	Sky Diving	53:42 minutes	AM Radio

Our Approach

The study offered several specific challenges and parameters. First, each of the podcasts was too long for participants to listen to in its entirety. On the other hand, the Specific Comments identified were relatively brief and when played in isolation took the comments

¹ Richard Horn, Garris Horn PLLC; Sean Burke, Mattingly Burke Cohen & Beiderman LLP; and Marx Sterbcow, The Sterbcow Law Group LLC (collectively, the “Counsel”)

² We’ve identified the five shows in this report using titles that identify the Specific Comments that were the focus of the exploratory study. We have not attached transcripts of the five shows or the segments of the five shows used in the study. Garris Horn PLLC provided the recordings of the original five shows. We understand that Garris Horn PLLC can provide the recordings of the original shows as well as the segments used in the study upon request.

out of context. Second, we needed a reason that we were interviewing participants. It was too leading to say we were trying to determine if the comments discouraged participants from considering a mortgage loan from the hosts. Finally, we wanted to talk to participants face-to-face, rather than use a formal, written survey. And, we needed to control the influence of participants on one another. Our final methodology decisions sought to solve these issues.

Methodology

For this exploratory study, we chose a qualitative study of one-hour, one-on-one interviews with a small number of African American participants. One-on-one interviews allowed us to ask follow-up questions and obtain more in-depth responses and explanations of the reasons behind participant responses and reactions. We did not use focus groups in order to avoid the influence of participants on one another and to increase the interaction between the moderator and participant.

Research Questions

This exploratory study sought to explore the legitimacy of a claim that these segments discouraged African American residents of Chicago, or more specifically the South Side of Chicago, from applying to Townstone for a mortgage loan. Our primary research questions were simple:

- Did participants react in any way to the Specific Comments in the segments?
- If they reacted, was it a negative or positive reaction?
- Did they express any overt disagreement or discomfort with the Specific Comment made by the hosts in the segments?
- Did they express any type of negative judgment about the hosts based on those segments?

For our secondary research questions, we looked for instances of the following:

- Did the participants agree or disagree with any statements that the hosts made during the segment that we played for them?
- Did they give a reason for their agreement or disagreement?
- Were the reasons they gave based on a perception of racial bias on the part of the hosts?

For our third set of research questions, we explored how the Specific Comments in the segments affected the participants' willingness to use the hosts or to suggest the hosts to family and friends for mortgage loans by asking the following questions:

- Would the hosts' podcasts (or radio show) encourage, discourage, or not have any effect on whether you would apply to the hosts for a mortgage loan?
- Would you suggest family and friends consider the hosts the next time they need a mortgage loan?

Who We Tested

We tested 9 participants from the following areas of the South Side of Chicago: Bronzeville, South Shore, Lawndale, and South Side. All participants identified as African American. Participants reflected the general demographics of the area with 5 having an income between \$49k and \$99k. See *Appendix A. Demographics* for specific demographics.

We chose a convenience sample of 9 participants based on a combination of budget and time constraints. As an exploratory study, our convenience sample of 9 was adequate to explore the research questions of this study. Qualitative research is never statistically significant. Although research exists suggesting an appropriate sample size for qualitative usability testing³, virtually no research agrees on an exact number for what is an appropriate size for interview-based qualitative research.⁴ One common theme, however, is that an adequate sample size can be determined by saturation of results—that is, when results are consistent, then the sample size is sufficient.⁵ Thus, an initial round of testing has results, and additional rounds continue until results are consistent. However, because this was an exploratory study, we chose a convenience sample size, not a sample size based on an estimated number of participants that would achieve a saturation of results.⁶

What We Tested

As indicated above, the original five shows were too long to use in their entirety and the identified Specific Comments were too short to play in isolation, as they were between 30 seconds and four and a half minutes in length. For the segments used in the study, we pulled from the original five shows some neutral information about mortgages, the Specific Comments in question, and some additional neutral mortgage information, thus embedding the Specific Comments in some context. Providing a context of neutral mortgage information seemed critical to avoid biasing the testing. Even so, the resulting segments had a much higher ratio of the Specific Comments to neutral mortgage information than the original broadcast versions of the five shows.

In addition, we created one additional audio clip based on a section of a call-in radio show in which the Townstone hosts took questions and comments from callers. We considered

³ Virzi, R. "Refining the test phase of usability evaluation: How many subjects is enough?" *Human Factors*. 1992. 34,457-486.

⁴ Marshall, B., Cardon, P., Poddar, A., and Fontenot, R. "Does sample size matter in qualitative research? A review of qualitative interviews in IS research," *Journal of Computer Information Systems*, Fall 2013, 11-22.

⁵ Miles, M.B., and Huberman, A.M. *Qualitative Data Analysis (2nd ed.)*, Sage, Thousand Oaks, CA, 1994.

⁶ See Section 2, page 6, for a discussion of the saturation of results that did occur.

this a neutral audio clip that showed the hosts giving mortgage information to a variety of callers. For all but one interview, we played one of the segments and the neutral clip to each participant. See *Appendix B. Segment and Order as Heard by Participants*.

Table 2. Length of the Segments Compared to Original Five Shows

Date of Broadcast	Title	Duration of Original	Duration of Segment
12/21/2015	Fannie Mae Study	37:03 minutes	8:53 minutes
06/24/2016	Hoodlum	52:24 minutes	4:49 minutes
01/20/2017	Jewel Grocery Store	44:29 minutes	9:45 minutes
05/14/2017	Fenway Park	32:16 minutes	9:26 minutes
11/11/2017	Sky Diving	53:42 minutes	8:28 minutes
03/11/2017	Neutral Clip	53:37 minutes	9:47 minutes

Structure of Interview

Providing a neutral frame for the purpose of the study was critical to avoid biasing the participants about the Specific Comments in the segments. Thus, to frame the discussion, we told participants that the study was about the effectiveness of podcasts as a communication tool by mortgage lenders for providing mortgage information.⁷ Eight participants heard one of the segments and the neutral clip. One participant heard two segments and did not hear the neutral clip.⁸ We alternated whether participants heard the segment or the neutral clip first. See *Appendix B. Segment and Order as Heard by Participants*.

The interview itself consisted of four parts:

- **Part 1.** The participant answered background questions about their mortgage experience and about podcasts.
- **Part 2.** The participant listened to one of the segments, gave an overall reaction, and answered six questions about the segment.
- **Part 3.** The participant listened to a second segment, gave an overall reaction, and answered six questions about the segment.
- **Part 4.** The participant answered six questions about an overall reaction to both segments.

⁷ Although the Sky Diving segment was taken from a radio show, participants heard no interactions with callers for that segment. As a result, we referred to all the identified segments as podcasts throughout the testing. This gave a uniform description of the segments to reduce participant confusion. The Neutral Clip did include callers, and we referred to that segment as a radio show to the participants.

⁸ A participant cancelled near the end of the second day. To ensure that each segment was heard by two participants, one participant listened to two of the segments.

The Analysis

We transcribed the audio recording of each interview. From the transcriptions, we entered key questions and responses for each participant into a database for ease of comparison. We compared responses by question to identify consistency and inconsistency of responses. Using these comparisons, we identified themes within and across questions to answer our research questions.

Structure of the Report

We've organized our report into these additional sections:

- Section 2. Findings
- Section 3. Conclusion
- Appendix A. Demographics
- Appendix B. Segment and Order as Heard by Participants

Within *Section 2. Findings*, each quote is identified by the participant number and by the segment with the Specific Comments that the participant listened to. If the participant was referring to both segments in the quote, we listed the titles of both segments.



2. Findings

Overview

Participants listened to a very concentrated segment that included the Specific Comments that were the focus of the study as compared to the original shows. The original recordings of the five shows were between 32 minutes and 54 minutes long, with the Specific Comments lasting from about 30 seconds to four and a half minutes in length. For these interviews, as noted above, we embedded the Specific Comments into a shortened segment of the original show lasting about 5 to 10 minutes. As a result, the Specific Comments of the original show were proportionately much more prominent than in the original show.

Although our sample of 9 African American participants was small, the results were remarkably consistent with all participants failing to react to the Specific Comments, and, in fact, most even failing to mention the comments at all.⁹ Moreover, the results were remarkably consistent in two other ways:

- Nearly all participants were willing to use the hosts for their own future mortgage needs, with two wanting to use them immediately; and
- Nearly all participants were willing to have family and friends consider the hosts for their future mortgage needs.

More specifically, our findings showed the following:

- ▶ **No participant objected to the Specific Comments.** Most participants made no comment and had no reaction to this material. In fact, only 2 of the 9 participants even mentioned one of the comments.
 - One participant agreed with the hosts and spoke at length about the issue of people in public places using negative or racist language in reaction to the Fenway Park segment.
 - Another participant, in apparent agreement with the hosts, used the term “jungle” in the Jewel Grocery Store segment, and also described the area as a food desert and the store as “packed.”
- ▶ **All participants primarily wanted information about mortgages.** As a result, they often found the side conversations taking away time from the important information they wanted. For that reason, the side conversations, for some, reduced the credibility of the information the hosts provided. Others thought the banter among the hosts was amusing and entertaining.
 - One male participant found it somewhat interesting to hear about mortgage programs for firemen and veterans, but he dismissed them as irrelevant since

⁹ See page 3 for a discussion of saturation of results.

he was not a fireman or veteran. So he judged their information as irrelevant at a later point.

- Another participant found the information about e-mortgages interesting, but she wanted more information than was provided during the short clip played at testing.
- One participant complained about the banter, and another stated it was confusing to follow changes of topic.

► **Participants understood that podcasts and radio shows are filled with opinion.** Although most participants were interested in the information that they were hearing, they were also aware that they were hearing the opinions of the hosts. For a few, these opinions raised questions about whether the hosts were experts or merely salesmen. The skepticism led some to assert that they would research both the hosts and the facts they laid out during the segments.

► **Participants found some of the hosts' opinions grounded in social commentary that they agreed and disagreed with.** Participants were actively engaged during the segments, especially when it came to the social commentary that the hosts offered. In some instances, participants agreed strongly with the hosts, such as when discussing the banning of a Fenway Park fan or admiring how a host talked about his experience of living in the South Loop or naming Englewood a jungle. Participants did not always agree with the social commentary that the hosts made, but their disagreement was not over one of the Specific Comments, but on another topic.

- One female participant ignored the "Psych" comment about the Fannie Mae Study, but argued that home ownership is low among millennials, Hispanics, and African Americans because of economic factors, not merely because they go to the wrong sources for mortgage information.

► **Of the 9 African American participants, nearly all were willing to consider the hosts as a source of a mortgage and would consider applying to them.** Two participants wanted to contact the hosts immediately about a mortgage. Others were more measured in saying that they needed to do more research on the hosts or that they simply were not now in the market for a mortgage. Only one participant said he would not consider them because he thought that the hosts gave information early in the segment that was contradicted by information given later in the segment.

► **Of the 9 African American participants, nearly all said they would suggest that their family and friends consider the hosts when they are looking for a mortgage.** If they would not actually recommend the hosts, they, at the least, would suggest family and friends listen to the hosts' radio shows or podcasts for information to educate themselves. Some wanted to do more research or wanted to assess their own experience with the host, but only one participant would not suggest family and friends consider the hosts for a mortgage. Participants told us

early in the interview that they relied on family and friends to find their own previous mortgage lender. Their willingness to refer family and friends suggests that the participants had some level of confidence in the hosts and their information.

As we stated, all participants were primarily interested in getting information about mortgages. Their comments and their judgments reflected this fact. If they had negative judgments about the hosts, it was almost entirely linked to the fact that they saw the podcasts or radio shows as giving them too little mortgage information. This judgment may have been because we had framed the interview as a study about whether podcasts were an effective way for mortgage lenders to communicate mortgage information.

Primary Findings

► No participant objected to the Specific Comments.

No participant on their own mentioned the Specific Comments with few exceptions. Of those who did, during the Fenway Park segment, one spent time agreeing with one of the hosts regarding whether it was right to ban a fan from Fenway Park for using a racial slur and went on to agree with the hosts regarding the inappropriateness of such language in public places. Two others talked about the Jewel Grocery Store segment. Both rather matter-of-factly described the neighborhood of the Jewel store, one even referring to it as a “jungle” and the nature of the store being “packed.” One of those participants later brought up the topic of living in the South Loop and talked about how the host’s commentary would be seen as reliable and helpful. But, for the most part, participants had no reaction to these Specific Comments.

“ **I thought it was very interesting.** I kind of agree with the guy that said he doesn’t believe that guy should be thrown out for life. I don’t think he should be thrown out for life, but I think he should be escorted out when he is belligerent, disrespectful and has no regards for the person that is sitting next to him with his foul mouth. I don’t think he should be banned for life but somebody should talk to him, and they should keep a record of it. If he continues to keep this behavior and you have different people complaining about it, not just for instance me, but other people sitting in that area. If you get so many complaints then you should be ejected for life because he’s causing people to react in a certain way where you’re going to get involved in violence... If you have your children with you, you really don’t want them to see that type of anger, especially if you’re trying to raise them to be decent people. **Participant 4, Fenway Park**

But, yes, I thought the guys were kind of funny, brought some humor to the podcast, and they seem like they know what they’re talking about... Oh, yes, the Jewel... It’s just crazy – it is really crazy – well, it was. For one, there’s bars down the street from there, goal post bars. So you’ve got that crowd. And then you had the projects from Cabrini Green down the street from there. So you had high class,

projects, [and] Jewel dead in the middle. It was really like, you know, this different group of people that migrated from both sides to Jewel.

Participant 5, Jewel Grocery Store

I think they brought up some good points about when you purchase.

I think they brought up some good points about location... which is great to live in because you get so much access, but it was hard... and a food desert. Stuff get closed, like I said, Dominic's got closed, and so like a food desert... Everybody went to [Jewel]. It was packed. It was a jungle.

Participant 8, Jewel Grocery Store

► **Participants' primary complaint about the segments was that the hosts provided too little mortgage information.**

Participants were interested in getting mortgage information. When we asked them what they thought about the purpose of a podcast, nearly all answered with a variation of this response: "podcasts go into more detail" (**Participant 9**). When the hosts engaged in banter or talked about other topics, most participants found it annoying because it distracted from their getting more information. For some, however, the changing of topics was confusing and hard to follow.



Because they started off talking about mortgage and probably had I listened to it a little bit more maybe they would have probably gotten back on a topic and probably said something that interest me. **Participant 1, Hoodlum**

The middle of it was different subjects. So, I – I mean tax thing, the corporate tax thing came up. I can't even remember some of the other stuff they were talking about... it was confusing... That's what I'm concerned about because it went from one thing to the other... **Participant 6, Sky Diving**

Because I'm not getting... I'm not getting the information and the information changes. It goes from one thing to another, and I'm not really sure what the answers are. **Participant 6, Neutral Clip**

... they really didn't talk about the issues of why he was not approved for a loan, what were the steps in getting approved for a loan and the reasons. I think the reasons were missing. I think a little bit more information needed to be displayed. I think it was very general. They didn't give enough information out and the fact that he [the host] didn't stay on the course of talking about mortgage loans and talked about something that happened on his weekend [was annoying]... **Participant 4, Neutral Clip**

The banter back and forth... Anyway, going back and forth, that probably would put me to sleep in a little while. It seemed like they were missing some things about the economy, the financial issues. It didn't make any sense talking about one thing and going on to that and talking about something else. It was a little hard to follow at times. **Participant 3, Fenway Park**

Well, basically, it started off as whoever needed anyone [for mortgage information] or one that was looking [for a mortgage] or things like that, then it just went into Chicago police for like five minutes. I don't really know what I'm listening to at that point. What was the whole point so that kind of threw me for a loop when they started talking about the police for five minutes.... I would have stopped listening because at that point it's not beneficial to me. I'm not a cop. I'm not a fireman or none of that... **Participant 1, Hoodlum**

On the other hand, some people found the conversation to their liking. They saw it as keeping listeners entertained while giving them information.

“ **I mean because they're entertaining.** They tell jokes and they're funny. You know when you're like entertaining, you throw jokes in sometimes and it brings people in as well. **Participant 2, Hoodlum**

My overall reaction, I liked it. It was very informal and entertaining at the same time. **Participant 2, Neutral Clip**

I thought it was informative—just the little parts that I did hear. I wanted to learn more about the e-mortgage, electronic mortgage, yes. Like I'm not really familiar, you know, with how it works. But I thought the guys were kind of funny, brought some humor to the podcast and they seem like they know what they're talking about. **Participant 5, Jewel Grocery Store**

I like this one. Very informative. I did get... it's focused more on the Chicago area, and it seemed like the guys on the radio... seemed like they care about actually helping people out. **Participant 9, Sky Diving**

Well, like I said, they do make... like I said, they do make a lot of sense when it comes to buying houses and knowing your value. Not being taken advantage of. If you really want something, like the guy say, "I really want to buy the house," even though maybe it was probably a little over-priced, but... well, at least I can take the cab ride, it costs five dollars, go to the beach or whatever. **Participant 8, Jewel Grocery Store**

► **Although many found the information interesting, participants also realized that the program offered opinions, not necessarily facts.**

Many participants delighted in the new information that they heard during the segments, especially when they listened to the Neutral Clip segment which was a call-in radio show. At the same time, some of them understood that “opinions” do not equal facts and were skeptical about the information and the line between information and selling. Another simply stated that he would do his own research on this.

“ **A lot of times you listen to some of these programs and they clarify in the beginning that it’s just the opinions of these people** and doesn’t represent any variable facts are true, that it is not the opinion of the radio station, so and so, so you are taking stuff and bringing stuff. Financial disclosure. Do they [the hosts] have an inside relationship with people they are talking about, the products? Do they get paid from the product sponsor or something – incentives for them?

Participant 3, Neutral Clip

Well, there’s no way to really say how accurate it is or isn’t. They weren’t really saying what they would do or could do. They were saying you can talk about the things that we can do. **Participant 7, Neutral Clip**

I don’t know. I mean I’d have to do research in order to see, you know, if the stuff they said throughout the radio show was factual or just, you know, how well did this company do, this lender. I need to know numbers... I mean you just said they’re successful – doesn’t mean anything. Yes, I’d have to do research on it.

Participant 5, Neutral Clip

► **Participants found some of the hosts’ opinions grounded in social commentary and they both agreed and disagreed with these opinions.**

Participants were actively engaged during the segments, especially when it came to the social commentary that the hosts offered. They had their own opinions about the hosts, as well as the information they presented and opinions they expressed. In some instances, participants agreed strongly with the hosts. This was true with the participant who discussed banning a fan from Fenway Park. In another instance, the participant commented positively about how one of the hosts described his experience of living in the South Loop and even thought it gave the host credibility. Another participant talked about the Englewood area as a jungle, based on his personal experience with his mother’s house.

However, the participants did not always agree with the social commentary that the hosts made. In one instance, a participant strongly disagreed with a point the host made during a segment about a Fannie Mae Study. It related to the host talking about who gives the best advice about mortgages. Her point was that low home ownership rates are more related to

broader economic issues than the source of mortgage information. What's critical here is that the disagreement did not involve any objection to the Specific Comments in the segment.

“ **I think he should be escorted out of the game.** I agree with that. Because when you are belligerent and you get to say whatever you think that you can say, it escalates something into something that will become violent and in order to do that now you are causing the police to be involved because you are not being respectful of the person that is sitting next to you. **Participant 4, Fenway Park**

It just seemed like... the guy even mentioned that he purchased, he stayed in the South Loop, so he'd been through... he took a chance. And it didn't seem like he made a bad decision, there were some pros and cons. It didn't sound like he was complaining, "Oh, I made a terrible decision, it's the end of the world." It does take risk. Life takes risk. So to me, other people will see that as reliable and helpful. **Participant 8, Fannie Mae Study**

I was thinking about Englewood, jewel of the jungle... I know it's a specific area where they are trying to increase the value. Actually, you see, my mother owned a building in Englewood... **Participant 5, Neutral Clip**

They were kind of losing me there in the middle, and there was some of the information he was sharing that I absolutely didn't agree with. I was like, Oh, that doesn't sound right at all. Where one of the speakers was making a comment about diverse groups in terms of the lowest rate of ownership and sort of to me the right way to phrase that—I'll start there—would've been out of people who are interested in home ownership. And what I mean by that is he made the assumption that people aren't buying because they're getting, he said, the wrong information from the wrong people. But there's a lot of reasons why people aren't buying, and right information or wrong information isn't it. So, you're sort of missing a little part of it if you're saying OK, I'm going to offer mortgages or offer things to a certain people, but if you make a wrong assumption about why they're not doing it already, whatever you say or market or how you approach them is not going to be effective. **Participant 7, Fannie Mae Study**

► **Despite these criticisms, participants said they would consider using the hosts the next time they apply for a mortgage loan.**

The Specific Comments did not seem to discourage these African American participants from considering the hosts as a source of a mortgage loan. After listening to both segments, the participants rarely discounted the hosts as possible sources of mortgages for themselves. They were clear that they would consider the hosts as mortgage lenders. Four participants were encouraged, and two participants were ready to contact the hosts immediately. Others were more measured.



I'd say encourage if I was just strictly going off the podcast... If I wanted to ask the guys because they seem like they're pretty knowledgeable about real estate and I had a question I wanted to ask them, you know, how could I get in contact? Would I go online and type something up for them? Or send them an email? **Participant 5, Jewel Grocery Store & Neutral Clip**

I would apply to the host for a mortgage loan. I would because... the podcast [talked about a loan] mainly with the rate, 3.75, and it kept saying that if you get a cosigner, that pretty much then they can help anyone. With knowing that, I would like to apply to see if they can help me. **Participant 2, Hoodlum**

It would encourage. It would encourage because... Well, when I was stationed in San Diego and I had a bank calling [and] they said... I got disappointed because of my credit. So it was hard, so I had to clear my credit. And I think they [the hosts] mentioned that, that you got bad credit... So to me they do make a lot of sense, about that, and opinions they gave on the topic. So it does make — to me, the situation I'd be in — it does make a lot of sense, when it comes to buying a house. **Participant 8, Fannie Mae Study & Jewel Grocery Store**

It would encourage me. Because they did say if you have any further information that they give you a number to call and they try to help out. Because it seemed like this is their show, so they would want to give out good information and seem like they're reliable and credible to keep their audience. **Participant 9, Neutral Clip**

Three participants were neutral in their opinion on using them or not. The one participant who most strongly disagreed with the hosts with respect to the reason for low rates of home ownership (during the Fannie Mae Study segment) was more measured in saying that the podcasts had no effect on her decision because she wanted more information. The other two participants were not looking for a mortgage loan or would want to have more information.



I guess I'd say for that particular snippet, not have any effect. I think I'd have to listen more often, more frequently you sort of get a sense of how they handle lots of different issues or concerns to know, oh, OK, I think this seems like a good company to go with. **Participant 7, Neutral Clip**

No, it wouldn't [affect me] and like I said, it depends on where I'm at. If I was looking for a loan or a mortgage loan or something like that and they know what they're talking about, then it doesn't sway me either way by listening to the talk shows. **Participant 1, Neutral Clip & Hoodlum**

No effect. Like I said before, if they are pushing their product and stuff, that's their product they are pushing. They can go a lot of different ways. If these guys are veterans too, have experience and what their background is, what they've done I

could go a lot of different ways where I trust them or not. If they give the best deal or not. There is a lot of different versions. **Participant 3, Neutral Clip**

Two participants said they were discouraged for reasons other than the Specific Comments. One felt he simply didn't get consistent information. The other wanted to do more research.

From what I heard they would not encourage me to apply for a mortgage with them. No, it would not. First of all, I would have to do some research about him in order to apply (for) a loan. This would be my first time hearing about them, and I just didn't feel I would apply for a loan at this time.

Participant 4, Neutral Clip & Fenway Park

I was discouraged to apply to the host... Because I didn't think they were giving out information and [some of it was] inconsistent information.

Participant 6, Sky Diving & Neutral Clip

► **Nearly all participants said they would encourage family and friends to consider the hosts the next time they apply for a mortgage loan.**

The Specific Comments did not seem to discourage these African American participants from deciding to have family and friends consider these hosts when they next needed a mortgage loan. Participants told us at the start of the interview that they used a personal referral from a family, friend, or realtor to find their last mortgage lender.

After listening to both segments, nearly all were willing to encourage their own family and friends to consider these hosts when they needed a mortgage loan, or, at the least, to listen to their podcasts to get more information. For most participants, this encouragement was not the same as a recommendation, but rather a statement that the hosts offered good information.

“ **Yes, I feel like they seemed like they knew what they were talking about,** they were interested in trying to help people. So yes [I would suggest they consider the hosts]. **Participant 1, Neutral Clip**

I would. I would. I'd recommend people that, you know, are in the market to buy a house and aren't in the market to buy a house. At least to understand what's happening... [the hosts are] relatable and I mean the information stuck. I don't know if it just hit home, but just what they said it just stuck with me. And it seemed knowledgeable. **Participant 5, Jewel Grocery Store & Neutral Clip**

I would consider [sic] them to listen to it and see if they can benefit from it, yeah. **Participant 9, Sky Diving**

I'd be like, "Yeah!" So, once I get the specifics about the mortgage companies by me listening to it. So, if I called them and, you know, weigh my options with them, then I would tell them [family and friends] about it. Like, "Oh, you have to listen to this podcast. They have great options." **Participant 2, Hoodlum**

If I knew somebody was interested in those people, I would say so and so was on the radio or a podcast talking about the mortgage, if that's somebody they listen to also. I wouldn't recommend them; I would reference them. I would say I heard them talk about mortgage and they represent a mortgage company. If you are looking for a mortgage company, you can listen to what they are talking about before. **Participant 3, Fenway Park & Neutral Clip**

Maybe, yes. Again, just because I didn't – even in the one instance I didn't care for everything one of the hosts was saying, I still overall got a sense that they had an understanding of the rules and the things that were going on, because they were talking about how many were there, how long they've been studying. So it's one of those things where I feel like they would know more information.

Participant 7, Neutral Clip & Fannie Mae Study

... like I said, I think that the knowledge that, especially I learned a few things today that I didn't know... To me, in my opinion, they gave some helpful hints. **Participant 8, Fannie Mae Study & Jewel Grocery Store**



3. Conclusion

In sum, across the three sets of research questions, we found no evidence that the African American participants were discouraged from using the hosts as mortgage lenders based on the Specific Comments.

1 Our Primary Research Questions

- Did participants react in any way to the Specific Comments?
- If they reacted, was it a negative or positive reaction?
- Did they express any overt disagreement or discomfort with the Specific Comments made by the hosts in the segments?
- Did they express any type of negative judgment about the hosts based on those segments?

Conclusion

This exploratory study found no evidence from the interviewed African American participants from the South Side of Chicago that they reacted negatively to the Specific Comments.

In terms of these research questions, all findings were negative. In fact, these African American participants ignored the Specific Comments, except for three participants who agreed with the opinions of the hosts, sometimes even using the same language.

Our Secondary Research Questions

- Did the participants agree or disagree with any statements that the hosts made during the segment that we played for them?
- Did they give a reason for their agreement or disagreement?
- Were the reasons they gave based on a perception of racial bias on the part of the hosts?

Conclusion 1

No participant expressed their disagreement with the hosts as based in a perception of racial bias on the part of the hosts.

All participants were primarily interested in getting information about mortgage loans. Their comments and their judgments reflected this fact. If they had negative judgments about the hosts, it was almost entirely linked to the fact that they saw the podcasts or radio shows as giving them too little mortgage information. This judgement may have been because, in order to not bias the study, we framed the interview as a study about whether podcasts were an effective way for mortgage lenders to communicate mortgage information.

Conclusion 2

Participants found some of the hosts' opinions grounded in social commentary and they both agreed and disagreed with these opinions.

Participants reacted to the social commentary that infused the discussions in the podcasts. In many cases, the participants actively agreed with the hosts, supporting their opinions or even citing discussions of living in the South Loop as a way that the host built credibility with participants. However, as is expected, participants disagreed with the opinions of the hosts as well. For example, one participant strongly disagreed with the host's explanation that millennials, Hispanics, and African Americans had low home ownership rates because they did not receive loan information from lenders. What's critical here is that her disagreement was not an objection to the Specific Comment in that segment.

Our Third Set of Research Questions

- Would the hosts' podcast encourage, discourage, or not have any effect on whether you would apply to the hosts for a mortgage loan?
- Would you suggest family and friends consider the hosts the next time they need a mortgage loan?

3

Conclusion 1

Many participants would consider using the hosts for their own mortgage loan.

Of the 9 African American participants, two wanted to immediately contact the hosts. Others were more measured and wanted to do more research. Only one was clear he would not use the hosts, because he thought that the hosts gave information early in the segment that was contradicted by information given later in the segment.

Conclusion 2

Nearly all participants said they were willing to encourage family and friends to consider the hosts the next time they apply for a mortgage loan.

Of the 9 African American participants, nearly all had themselves relied on the recommendation of family, friends, or realtors when they identified their previous mortgage lender. Some enthusiastically suggested that family and friends consider these hosts. Others were more measured and wanted to do more research, or if they would not recommend them, they, at least, would refer family and friends to the hosts.

4. Appendices

Appendix A. Demographics

Participants reflect demographics of the South Side of Chicago.

Race	
African American	9
Other	0
Location of Residence	
Bronzeville	4
South Shore	3
Lawndale	1
South Side	1
Mortgage Status	
Own home with mortgage	7
Do not own home	2
Education	
High School	1
Some College	1
College Graduate	6
Advanced Degree	1
Income	
< \$49K	2
\$50K - \$99K	5
\$100K - \$150K	2
Gender	
Male	4
Female	5
Age	
20-29	0
30-39	3
40-49	2
50-64	2
65+	2

Appendix B. Segment and Order as Heard by Participants

Participant	Segment 1	Segment 2
1	Neutral Clip	Hoodlum
2	Hoodlum	Neutral Clip
3	Fenway Park	Neutral Clip
4	Neutral Clip	Fenway Park
5	Jewel Grocery Store	Neutral Clip
6	Sky Diving	Neutral Clip
7	Neutral Clip	Fannie Mae Study
8	Fannie Mae Study	Jewel Grocery Store
9	Sky Diving	Neutral Clip



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