TANGIBLE NET BENEFIT WORKSHEET

No creditor may engage in the unfair act or practice of flipping a home loan. Flipping may occur when a creditor refinances an existing home loan when the new loan does not provide a benefit to the borrower.

This worksheet must be completed with respect to all residential mortgage loans secured by property located in Massachusetts, New Mexico, North Carolina, Ohio, Rhode Island, South Carolina, Texas, Virginia or West Virginia.

Note that West Virginia requires that a specific separate worksheet to be filled out and signed by the borrower. This worksheet is available at http://www.wvdob.org/professionals/docs/Tangible_Net_Benefit_Worksheet_2002.pdf

The following worksheet will be used in determining the borrower's tangible net benefit(s) as the benefit relates directly to the new loan extended.

SECTION 1: LOAN INFORMATION

If the property is located in MA, NM, NC, OH, RI, SC, VA or WV, fill out the loan information and proceed to Section 2. If the property is in TX, proceed directly to Section 5.

Location of property securing the loan: MA___ NM_____ NC____ SC____ WV____ TX ____
RI _____ OH____ AR____

Originating Company ____________________

Originator/Processor Name ____________________

Borrower(s) Name(s) ____________________

Property Address ____________________

	New Loan	Previous Loan	Difference + or -
Application date	________	________	
Loan Date	________	________	________
Loan Amount	________	________	$________
Loan Term	________	________	________
Prepayment Penalty Provision	$________		
Type of Loan (circle one)	Fixed Rate Arm Balloon	Fixed Rate Arm Balloon	
Type of Loan (circle one)	FHA VA CONV	FHA VA CONV	
Cash Required at Closing	$________	$________	
Interest Rate	________	________	________
* Principal & Interest	________	________	$________
Taxes & Insurance	________	________	
Mortgage Insurance	________	________	
Points & fees paid on loan	________	________	
YSP	________	________	
Prepayment Penalty Assessed on Previous Loan		$________	
Cash to borrower (includes third party payoffs	$________		
Pts. / fees as a % to cash out to customer	%	If exceeds more than 25% of cash out amount, box 5 in Section 3 may not be checked.	
Broker / Lender	________	________	
Servicer	________	________	

Is the previous loan a "special mortgage"? A special mortgage is defined as a loan originated, subsidized, or guaranteed by or through a state, tribal, or local government or a nonprofit organization, which either bears a below market interest rate at the time the loan was originated or has nonstandard payment terms beneficial to the borrower, such as payments that vary with income, are limited to a percentage of income, or are not required at all under specified conditions.

Yes ________

No ________

SECTION 2: EXEMPTIONS

If any one of the following exemptions are met with respect to a particular jurisdiction, there is no need to make a benefit determination. If no exemptions apply, proceed to Section 3.

A. Massachusetts

- ☐ Previous loan made more than 60 months prior to new loan
- ☐ New loan is reverse mortgage or bridge loan
- ☐ Property contains more than four residential units
- ☐ Property is not owner-occupied
- ☐ New loan is guaranteed by FHA/VA or another state or federal housing finance agency
- ☐ Loan is closed-end first lien with APR that does not exceed 2.5% over the comparable-maturity Treasury yield as of the 15th of the month preceding the month the application was received.
- ☐ Loan is closed-end junior lien with APR that does not exceed 3.5% over the comparable-maturity Treasury yield as of the 15th of the month preceding the month the application was received
- ☐ Loan is open-end and the APR will not exceed at any point over the life of the loan the prime rate as reported in the Wall Street Journal plus 1%

B. New Mexico

- ☐ Principal amount of new loan exceeds the Fannie Mae conforming loan size limit
- ☐ Property contains more than four residential units
- ☐ Property not occupied as borrower's principal residence
- ☐ New loan is reverse mortgage or bridge loan.

C. North Carolina

- ☐ Borrower is not a natural person
- ☐ Property not occupied as borrower's principal dwelling
- ☐ Property contains more than four residential units

D. South Carolina

- ☐ Previous loan made more than 42 months prior to new loan
- ☐ Property not occupied as borrower's principal dwelling
- ☐ Property contains more than four residential units

E. Virginia

- ☐ Previous loan made more than 12 months prior to new loan
- ☐ Borrower is not a natural person

- [ ] Property contains more than four residential units
- [ ] Lender is seller of mortgaged property

F. West Virginia

- [ ] Previous loan made more than 24 months prior to new loan
- [ ] No origination fees, investigation fees, or points are charged on the new loan
- [ ] Borrower is not a natural person
- [ ] Property is not owner-occupied
- [ ] Property contains more than four residential units

G. Rhode Island

- [ ] Property contains more than four residential units
- [ ] Loan is reverse mortgage
- [ ] Property not owner-occupied as principal residence
- [ ] Previous loan made more than 60 months prior to new loan

H. Ohio

- [ ] Property contains more than two residential units

SECTION 3: BORROWER BENEFITS

Check all that apply, then proceed to Section 4.

- [ ] 1. Borrower's total monthly debts, including amounts due under the new loan, do not exceed 50% of verified monthly income
- [ ] 2. New monthly payment is lower than all monthly obligations being financed and borrower is not charged excessive costs and fees
- [ ] 3. New monthly payment is at least 20% lower than all monthly obligations financed and borrower is not charged excessive costs and fees
- [ ] 4. There is a beneficial change in the loan term
- [ ] 5. The borrower receives cash-out in excess of the costs and fees of refinancing
- [ ] 6. The note rate is reduced
- [ ] 7. The note rate is reduced by at least 2%
- [ ] 8. There is a change from an adjustable rate to a fixed rate and the borrower is not charged excessive costs and fees
- [ ] 9. There is a change from an adjustable rate to a fixed rate and the borrower can recoup the costs and fees within two years
- [ ] 10. The borrower can recoup the costs and fees within two years and either the note rate is lowered by at least two points or the loan term is shortened by at least five years
- [ ] 11. The borrower can recoup the costs and fees (including YSPs and any PPP assessed on the previous loan) within two years and the interest rate is reduced without increasing the loan term
- [ ] 12. There is a beneficial change in the loan-to-value ratio or the borrower's debt-to-income ratio
- [ ] 13. The refinance is necessary to respond to a bona fide personal need or a court order
- [ ] 14. There is a beneficial change in the amortization period.
- [ ] 15. The weighted average note rate of all loans being refinanced is reduced.

SECTION 4: DETERMINATION OF BENEFIT

If the specified boxes have been checked in Section 3, a benefit to the borrower exists and the loan passes the benefit determination.

Proceed to Section 5 only if the property is located in South Carolina and the loan is a "special mortgage" as defined in Section 1.

- [ ] MA: A benefit exists if boxes 2, 4, 5, 6 (except if change from fixed rate to ARM), 8, 11, or 13 is checked. It is preferable for at least two distinct benefits to be checked.
- [ ] NC: A benefit exists if any box in Section 3 is checked. It is preferable for at least two distinct benefits to be checked.
- [ ] SC: A benefit exists if boxes 1, 3, 4, 5, 7, 9, or 10 are checked. It is preferable for at least two distinct benefits to be checked. A benefit does not exist if only box 80 is checked.
- [ ] NM: A benefit exists if any box in Section 3 is checked. It is preferable for at least two distinct benefits to be checked.
- [ ] WV: A benefit exists if any box in Section 3 is checked. It is preferable for at least two distinct benefits to be checked.
- [ ] VA: A benefit exists if boxes 2, 4, 5, 6, 8, or 13 are checked. It is preferable for at least two distinct benefits to be checked.
- [ ] RI: A benefit exists if boxes 2, 5, 6, 8, 13, 14, or 15 are checked.
- [ ] OH: A benefit exists if any box in Section 3 is checked. It is preferable for at least two distinct benefits to be checked.

SECTION 5: SPECIAL AND LOW-RATE MORTGAGES

If either box is checked, the loan **fails** the benefit test.

- [ ] SC: The previous loan is a "special mortgage" (as defined in Section 1) and, as a result of the refinancing, the borrower loses one of the benefits of the special mortgage.
- [ ] TX: The previous loan was made less than seven years previously by a gov't or non-profit lender and has an interest rate 2% or more below comparable U.S. Department of the Treasury securities. (Note - do not check box if: (i) new loan has lower interest rate and lower points and fees or (ii) the refinance part of a restructure to avoid foreclosure)
- [ ] OH: The previous loan is a zero or other low-rate loan made by a gov't or non-profit lender and either: (i) current holder has not consented in writing; or (ii) consumer has not provided written evidence of counseling from HUD-approved counselor. A low-rate loan has a rate 2% or more below the current yield on United States Treasury securities with a comparable maturity, without regard to discounted rates.

Prepared By:_______________________________________
Date:____