TANGIBLE NET BENEFIT WORKSHEET

No Creditor may engage in the unfair 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 properties located in Arkansas, New Mexico, North Carolina, South Carolina, Texas, Virginia or West Virginia.

Note that West Virginia requires that a separate worksheet to be filled out and signed by the borrower. This worksheet is available at [home.michiganmutual.com/forms/State%20Specific/WV%20-%20Tangible%20Net%20Benefit%20Worksheet.pdf](http://home.michiganmutual.com/forms/State%20Specific/WV%20-%20Tangible%20Net%20Benefit%20Worksheet.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.

**SECTION 1: LOAN INFORMATION**

If the property is located in AR, NM, NC, SC, VA, or WV, fill out Section 1 and proceed to Section 2. If the property is located in TX, proceed to Section 5 after completion of Section 1.

If no boxes are checked proceed to Section 3

If any boxes are checked in the required property state, then this form is not required to be completed.

<table>
<thead>
<tr>
<th>Location of Property: AR NM NC SC VA WV TX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Originating Company</td>
</tr>
<tr>
<td>Originator/processor Name</td>
</tr>
<tr>
<td>Borrower(s) Name</td>
</tr>
<tr>
<td>Property Address</td>
</tr>
<tr>
<td>Property City, State Zip</td>
</tr>
<tr>
<td>New Loan</td>
</tr>
<tr>
<td>Application Date</td>
</tr>
<tr>
<td>Loan Date</td>
</tr>
<tr>
<td>Loan Amount $</td>
</tr>
<tr>
<td>Loan Term</td>
</tr>
<tr>
<td>Loan Program (Fixed, ARM, Balloon)</td>
</tr>
<tr>
<td>Loan Type (CONV, VA, CONV, RD)</td>
</tr>
<tr>
<td>Cash Required at Close $</td>
</tr>
<tr>
<td>Interest Rate %</td>
</tr>
<tr>
<td>Principal &amp; Interest $</td>
</tr>
<tr>
<td>Taxes &amp; Insurance $</td>
</tr>
<tr>
<td>Mortgage Insurance $</td>
</tr>
<tr>
<td>Points &amp; Fees Paid on Loan $</td>
</tr>
<tr>
<td>Broker/ Lender Compensation $</td>
</tr>
<tr>
<td>Prepayment Penalty assessed on Previous Loan $</td>
</tr>
<tr>
<td>Cash to Borrower (include 3rd party payouts) $</td>
</tr>
</tbody>
</table>

**SECTION 2: EXEMPTIONS**

Arkansas
- Previous loan made more than 12 months prior to new loan.

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

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

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

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 mortgage property
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

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 2 years.
10. The borrower can recoup the costs and fees within 2 years and either lower note rate at least 2 points or the loan term is shortened by 5 years.
11. The borrower can recoup the costs and fees (including compensation and any PPP assessed on previous loan) within 2 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 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.

AR: A benefit exists if any box is Section 3 is checked. It is preferable for at least 2 distinct benefits to be checked.
NM: A benefit exists if any box is Section 3 is checked. It is preferable for at least 2 distinct benefits to be checked.
NC: A benefit exists if any box is Section 3 is checked. It is preferable for at least 2 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 2 distinct benefits to be checked. A benefit does not exist if only box 8 is checked.
VA: A benefit exists if boxes 2, 4, 5, 6, 8 or 13 are checked. If is preferable for at least 2 distinct benefits to be checked.
WV: A benefit exists if any box is Section 3 is checked. It is preferable for at least 2 distinct benefits to be checked.

SECTION 5: SPECIAL AND LOW-RATE MORTGAGES

If any boxes are checked, the loan fails the benefit test.

SC: The previous loan is a “special mortgage” 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 government 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.

Loan Officer/ Processor: ____________________________
Date: ____________________________

1 “Special Mortgage” is defined as a loan originated, subsidized, or guaranteed by or through a state, tribal, or local government or a non-profit 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.