

Net Tangible 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 that was consummated within the **prior five years** when the new loan does not provide a reasonable, tangible net benefit to the borrower. This tangible benefit must consider all of the circumstances, including the terms of both the new and refinanced loans, the cost of the new loan, and the borrower’s circumstances. In addition, the home loan financing transaction could be presumed to be flipping where a home loan refinances an existing home loan that was consummated **within the previous five years** that is a special mortgage originated, subsidized, or guaranteed by or through a state, tribal, nonprofit organization or local government which either bears a below-market interest rate at the time the loan was originated or has nonstandard payment terms beneficial to the borrower. These nonstandard payment terms may include the following: payments that vary with income, or are limited to a percentage of income or where no payments are required under specified conditions and where, as a result of the refinancing, the borrower will lose one or more of the benefits of the special mortgage.

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.

Originating Company _____

Originating Company License #: _____

Originator/ Processor Name _____

Borrower(s) Name(s) _____

Property Address: _____

Loan Information

	New Loan	Previous Loan
Loan Date	_____	_____
Loan Amount	\$ _____	\$ _____
Loan Term	_____	_____
Type of Loan	<input type="checkbox"/> Fixed <input type="checkbox"/> ARM <input type="checkbox"/> Balloon	<input type="checkbox"/> Fixed <input type="checkbox"/> ARM <input type="checkbox"/> Balloon
Interest Rate	_____ %	_____ %
Principal and Interest	\$ _____	\$ _____
Taxes and Insurance	\$ _____	\$ _____
Mortgage Insurance	\$ _____	\$ _____
Prepayment Penalty	<input type="checkbox"/> yes <input type="checkbox"/> no	<input type="checkbox"/> yes <input type="checkbox"/> no
Broker/Lender	_____	_____
Servicer	_____	_____

The above represents a comparison of the existing loan and the proposed loan. **Manhattan Financial Group, Inc. requires the new principal and interest payment to be at least 4% lower than the existing loan’s principal and interest payment** *:

Proposed P & I \$ _____ ÷ Existing P & I \$ _____ = _____ - Proposed P & I ÷ existing P & I must be < 96% or .96

The following calculates the total number of months to recoup all closing costs paid inside and outside of closing:
 A. \$ _____ Monthly decrease in principal & interest payment (Existing P & I - Proposed Loan P & I)
 B. \$ _____ Total closing costs, including discount points
 C. = _____ Number of months to recoup closing costs (Divide total closing costs by monthly decrease in principal and interest payment above)

Manhattan Financial Group , Inc. will not approve, or fund a loan requiring more than 48 months to recoup the closing costs.

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*Not required if the new transaction:

- Reduces the amortization of the existing transaction
- Converts ARM financing to Fixed
- Converts interest only financing to fully amortized financing
- Special Circumstances- Divorce buyout, etc.
- Non-Standard Terms that benefit borrower ____ Yes (if yes please attach explanation)
- Below Market Interest Rate ____ Yes ____ No

I (we), the borrower(s) acknowledge that we will receive the following tangible benefit(s) from the execution of this proposed new loan.

- ___ Lower interest rate to _____% from _____%
- ___ Reduce monthly principal & interest payment to \$ _____ from \$ _____.
- ___ Shorten loan term from _____ years to _____ years
- ___ Convert current adjustable rate mortgage to a fixed rate loan.
- ___ Convert current balloon loan to a Fixed Rate Loan.
- ___ Remove mortgage insurance by lowering my loan-to-value (LTV)
- ___ Consolidate my first and second mortgages
- ___ Debt consolidation—Explain benefit: _____
- ___ Home improvement—Explain benefit: _____
- ___ Cash-out—Explain benefit: _____
- ___ Other- Explain: _____

Borrower Certification:

I (we) understand that my (our) loan broker/lender is verifying that I (we) are receiving a reasonable, tangible net benefit by refinancing this loan. I (we) affirm that I (we) entered into this transaction of our own free will and that tangible net benefit of the new loan has been explained. Finally, I (we) understand and confirm the benefits.

Borrower: _____ Date: _____
(Signature)

Co-Borrower: _____ Date: _____
(Signature)

The undersigned Loan Officer certifies the information provided herein is true and complete, and understands that Manhattan Financial Group, Inc. shall rely on the information provided in making its decision regarding the application.

Loan Officer: _____
(Print)

Loan Officer: _____ Date: _____
(Signature)