

**MASSACHUSETTS  
Tangible Net Benefit Worksheet for Refinanced Loans**

Borrower(s): \_\_\_\_\_ Application Date \_\_\_\_\_  
 Property Address: \_\_\_\_\_  
 \_\_\_\_\_

**Part 1. EXEMPTION TEST.** If the answer to any of the following questions is “yes”, the loan is not subject to the requirement and you **do not** have to complete the remainder of this worksheet. If the answer to all of the following questions is “no”, complete the remainder of this worksheet.

1. The loan is a reverse mortgage transaction.  Yes  No
2. The loan is a bridge loan (loan connected with the acquisition of a Dwelling intended to become the Borrower’s principal dwelling, with A maturity of less than one year)  Yes  No
3. The debt is incurred primarily for business or investment purposes.  Yes  No
4. The property is designed for occupancy of more than four families  Yes  No
5. The property will **not** be occupied, in whole or in part, by the Borrower as his or her principal residence or as a second home.  Yes  No
6. The proceeds of the new loan pays off all or part of an existing loan that was consummated more than 60 months prior to the new loan’s Application Date.  Yes  No

**Part II. SAFE HARBOR TEST.** Check all that apply.

- Loan is guaranteed, originated or funded by the Federal Housing Administration, the Department of Veteran Affairs, Mass. Housing or another State or federal housing finance agency,
- The annual percentage rate of the loan at consummation does **not** exceed by more than two and one half (2.50) percentage points for closed-end first lien home loans, or by more than three and one half (3.50) percentage points for closed-end second lien home loan, the applicable reference rate.

- a. APR of Closed-End Home Loan at Consummation: \_\_\_\_\_
- b. Month Lender Received Application: \_\_\_\_\_
- c. Immediately Preceding Month: \_\_\_\_\_
- d. Yield on U.S. treasuries with Comparable Maturity on 15<sup>th</sup> of month in c., above: \_\_\_\_\_
- e. For first lien loans, add 2.50 to amount in d., above: \_\_\_\_\_
- f. For subordinate-lien loans, add 3.50 to amount in d., above: \_\_\_\_\_

Borrower’s will be able to recoup the costs of refinancing Borrower(s) prior loan within two years, taking into account the costs and fees, and the interest rate on the new loan is reduced without increasing the amortization period of the new loan compared to the original amortization term of the loan being refinanced.

- | EXISTING LOAN   | NEW LOAN                      |
|---|-------------------------------|
| a. Interest Rate _____  | d. Interest Rate _____        |
| b. Amortization Period _____                                      | e. Amortization Period _____  |
| c. Monthly Prin. & Int. _____                                     | f. Monthly Prin. & Int. _____ |
| g. Difference in Monthly Principal and Interest (f minus c) _____ |                               |
| h. Total costs and fees to refinance _____                        |                               |
| i. h divided by g _____ (must be less than 24)                    |                               |

If any of the boxes are checked, the home mortgage loan is deemed in compliance with the Borrower’s interest determination pursuant to 209 CMR 53.04 and **you do not have to complete the remainder of this form.**

**Part III. LOAN INFORMATION.** Provide the following information for both the prior loan and the new loan before proceeding to Part IV.

	OLD LOAN	NEW LOAN
<b>LOAN DATE</b>		
<b>LOAN AMOUNT</b>		
<b>LOAN TERM</b>		
<b>TYPE OF LOAN(Circle One)</b>	<b>Fixed    ARM    Balloon</b>	<b>Fixed    ARM    Balloon</b>
<b>BLENDED LOAN RATE</b>		
<b>PAYMENT AMOUNT</b>		
<b>Prepayment Penalty Provision</b>		
<b>LOAN TO VALUE</b>		
<b>DEBT TO INCOME LEVEL</b>		
<b>LOAN PURPOSE (Rate/Term, Cash Out, Debt Consolidation)</b>		

**Part IV. TANGIBLE NET BENEFIT QUESTIONS.** Complete all questions.

**1. Loan Term Reduction:** The term for the loan you are originating must be at least 60 months shorter than the **original** term of the old loan AND the borrower must recoup all closing costs in the first 36 months.

	OLD LOAN	NEW LOAN
<b>LOAN TERM</b>		

Months to recover Costs: \_\_\_\_\_.  
 Costs and prepay = Y.  
 Old payment minus new payment = X.  
 Y divided by X = number of months to recover costs.

**2. Loan Program Change – ARM to Fixed:** The old loan must have been an ARM, the loan you are originating must be a Fixed Rate (fully amortizing) loan AND the interest rate for the Fixed Rate loan must be lower than the maximum possible interest rate for the ARM loan.

Old loan is an ARM? YES NO                      New loan is a fixed rate? YES NO

Old Max Rate: \_\_\_\_\_                      New Fixed Rate: \_\_\_\_\_

**3. Loan Program Change – Balloon to Fixed:** The old loan must have been a Balloon and the loan you are originating must be a Fixed Rate (fully amortizing) loan.

Old loan is a balloon? YES NO                      New loan is a fixed rate? YES NO

**4. Refinance – Cash out to Borrower:** The cash out (cash in hand) to the borrower must be twice as much as the closing costs. Also, if the DTI is between 45% and 50%, and the borrower’s FICO score is less than 660, the new monthly payment amount must not increase by more than 50%.

DTI: \_\_\_\_\_                      FICO: \_\_\_\_\_

Cash to Borrower: \_\_\_\_\_                      Closing Costs: \_\_\_\_\_

Cash to Borrower/Closing Cost Ratio: \_\_\_\_\_

New Payment minus Old Payment: \_\_\_\_\_

Divide the Difference by the Old Payment Amount (must be less than 50%) \_\_\_\_\_

**5. Debt Consolidation.** The total monthly consumer debt (principal, interest, taxes, insurance and other consumer debt (PITICD) must be reduced AND the borrower must recoup all closing costs in the first 36 months

Old PITICD: \_\_\_\_\_                      New PITICD: \_\_\_\_\_

Amount of Reduction: \_\_\_\_\_

Months to Recover Costs: \_\_\_\_\_  
 Costs and Prepay = Y.  
 Old payment minus New Payment = X.  
 Y divided by X = number of months to recover costs)

**6. Refinancing a Contract for Deed or Buying out Co-Owners (excluding Spouse):** The settlement charges to the borrower, excluding prepaid interest, insurance, taxes and escrows, must not exceed 6% of the loan amount.

Settlement Charges = \_\_\_\_\_ % of the loan amount.

**7. Bona Fide Personal Need:** The loan is necessary to pay a tax lien or respond to an Order of a Court of competent jurisdiction.

Describe the need arising because of tax lien or Court Order: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Signed: \_\_\_\_\_  
 Underwriter

Date: \_\_\_\_\_