



REFINANCE NET TANGIBLE BENEFIT WORKSHEET

The following worksheet is used to determine if the borrower's net tangible benefit meets RiteWaymortgages.com's requirements.

Requirements:

Rate/term refinance transactions having one of the transaction scenarios listed below in Section One must reduce the borrower's principal and interest plus monthly mortgage insurance payment by at least 4%. To calculate the payment reduction, Section One must be completed. Section Two calculates the number of months it takes the borrower(s) to recapture the closing costs and must be completed for most streamline and rate/term refinance loans.

RiteWaymortgages.com will not approve or fund a loan requiring more than 48 months to recoup the closing costs.

Borrower Name: _____ Loan Number: _____

Address: _____

City, State, Zip: _____

Section One:

Complete this section for the rate/term refinance transactions:

Existing fixed-rate to new fixed-rate

Existing fixed-rate to new hybrid ARM (3/1 or 5/1 ARM)

Existing one-year ARM to new one-year ARM

Existing hybrid ARM that is currently in its initial fixed-rate period to new fixed-rate

Existing hybrid ARM that is currently in its initial fixed-rate period to new hybrid ARM (3/1 or 5/1 ARM)

Existing hybrid ARM that is currently in its adjustable-rate period to new one-year ARM (3/1 or 5/1 ARM)

Existing fixed-rate to new one year ARM (rate/term refinance loans only; Proceed to Section Two for Streamline refinance loans)

Loan Information

	New Loan	Previous Loan
Type of Loan	_____	_____
Principal and Interest	\$ _____	\$ _____
Monthly MIP Payment	\$ _____	\$ _____
Total	\$ _____	\$ _____

$$\begin{array}{r}
 \$ \underline{\hspace{2cm}} \div \$ \underline{\hspace{2cm}} = \$ \underline{\hspace{2cm}} \\
 \text{New Total} \qquad \qquad \text{Previous Total}
 \end{array}$$

The new payment divided by the previous payment **must be** ≤ 96% or 0.96 on rate/term refinance loans.



Section Two:

Recapture Calculation

\$ _____ **Total Closing Costs**

- Borrower items paid outside of closing
- All borrower paid costs in sections 800, 1100 and 1200 of the HUD-1 Settlement Statement and/or the sum of the amounts in sections 1-4, 6, 7 and 8 on the GFE

÷ \$ _____ **Monthly decrease in total mortgage payment**

Current principal and interest plus monthly mortgage insurance minus new principal and interest plus monthly mortgage insurance from Section One

= \$ _____ **Number of months to recapture closing costs**

Divide total closing costs by monthly decrease in total mortgage payment. Number of months **must be** ≤ 48 months

This worksheet is not required if the new transaction:

Converts existing one-year ARM or hybrid ARM financing to a fixed-rate loan

Converts interest-only financing to fully-amortized financing (rate/term refinance loans only)

Reduces the amortization of the existing loan

Rate/term refinance is the result of a court-ordered divorce buyout. Court documents, such as divorce decree, are required

Converts balloon-loan to a fixed-rate loan (rate/term refinance loans only)

Consolidates a first mortgage with a purchase-money second or seasoned second (rate/term refinance loans only). Loans will be evaluated on a case-by-case basis. If the payment is increasing but the note on the second is not due in the near future an exception **will not** be granted.

Documentation must be provided to evidence the above scenarios exist.

Ritewaymortgages.com will not fund a Section 32, or a “high cost loan” or “predatory loan”, as defined by the Home Ownership and Equity Protection Act of 1994, specifically Section 32 of Regulation Z, or any other state law or municipal ordinance.

The information contained in this form is for informational purposes only and is not intended to constitute legal advice. We strongly recommend that you contact an attorney if you have any questions regarding these laws.

Originator Signature

Date