

SOUTH CAROLINA NET TANGIBLE BENEFIT DISCLOSURE AND ACKNOWLEDGMENT

The State of South Carolina enacted the South Carolina High Cost and Consumer Loan Act that, among other things, prohibits a lender from "flipping" a home loan. Under the statute, flipping occurs when a lender refinances an existing home loan that was closed within the prior 42 months:

- That does not provide the borrower with a "reasonable tangible net benefit," or
- Where that loan is subsidized or guaranteed by a state, tribal, local government or a non-profit organization and bears either a below-market interest rate when made or some other borrower benefit that will be lost when the loan is refinanced.

The purpose of this worksheet is to help you determine if the refinance of your current loan will result in a reasonable tangible net benefit to you, considering all of your circumstances including the comparison of the terms of your existing loan and the new loan.

BORROWER(S) NAME: _____

PROPERTY ADDRESS: _____

Loan No.: _____

NOTICE : DO NOT ACCEPT THIS LOAN IF YOU DO NOT BELIEVE THAT THE LOAN WILL BE TO YOUR BENEFIT. To help you decide whether the new loan is beneficial to you, we recommend that you consider the following factors:

- ____ Yes ____ No **1. Is the interest rate for the new loan lower than your existing loan?**
Approximately how much? _____ % lower _____ % higher
If the interest rate is higher for your new loan, it could mean more cost to you over time.
- ____ Yes ____ No **2. Will monthly payments be lower under the new loan than your existing loan?**
Approximately how much? \$ _____ lower \$ _____ higher
Higher payments can be appropriate if the principal balance of your new loan is higher than the balance of your existing loan because you are consolidating other debts or because you received cash from the loan proceeds at closing. Higher payments attributable only to higher interest rates might not be to your benefit.
- ____ Yes ____ No **3. Is the prepayment penalty on your existing loan relatively low or waived?**
Approx. how much? \$ _____ which is _____ % of the existing loan amount.
- ____ Yes ____ No **4. Are the closing & settlement costs on your new loan relatively low?**
Approx. how much? \$ _____ which is _____ % of the new loan amount.
Keep in mind that any closing costs, even if they are financed as part of your new loan, can reduce your available cash or cause a short-term reduction in your equity in your home (the amount of your home that you own).
- ____ Yes ____ No **5. Do you expect to stay in your home for several more years?**
If not, it may not be advisable to obtain a new loan and incur closing costs.
- ____ Yes ____ No **6. Can you afford the new loan payments?**
Consider whether the new loan has a variable interest rate, which could mean that your payments may increase over time, and do not assume that your income will increase in the future.

Yes No **7. Are you reasonably confident that your employment and/or other income will be stable in the future?**

Yes No **8. Will the new loan provide you with additional cash that you need for home improvements, medical emergencies, or other essential needs?**

Approximately how much? \$ _____

If you will receive cash from the loan proceeds at the loan closing, but you would use that cash for non-essential items, the new loan might not be beneficial to you.

Yes No **9. If your existing loan or the new loan has a variable interest rate, is the maximum rate on your existing loan higher than the maximum rate on your new loan?**

Existing Loan Maximum _____ % New Loan Maximum _____ %

If the interest rate is higher for your new loan, it could mean more cost to you over time.

Yes No **10. Will the new loan improve your overall debt-to-income (D/I) ratio?**

Existing D/I Ratio _____ % New D/I Ratio _____ %

If the debt ratio is higher with your new loan, it means that you will be spending a larger portion of your income to make your monthly debt payments.

Yes No **11. Did you obtain loan terms and fee estimates from other lenders?**

If yes, approximately how many? _____

Yes No **12. Do you believe that our loan is giving you a "reasonable net tangible benefit" and is the best loan for you?**

Yes No **13. Is your existing loan subsidized or guaranteed by a state, tribal, local government, or non-profit organization?**

Acknowledgement: I (We) have considered each of the above questions and believe that the new loan will provide a tangible net benefit to me as compared to my existing loan in light of all of my circumstances.

Borrower

Date

Borrower

Date

I have reviewed and discussed the above questions with the Borrower.

Loan Officer (printed)

Date

Signature of Loan Officer