

RHODE ISLAND HOME LOAN PROTECTION ACT DISCLOSURE

TANGIBLE NET BENEFIT

Pursuant to R.I. Banking Regulation 3, §§ 5(A)(v); Appendix 5(FORM 3 HHPA).

This disclosure is being provided to you in order to afford you the protections intended by R.I. Gen. Laws § 34-25.2-1 *et seq.*, **The Rhode Island Home Loan Protection Act**, which protects consumers from certain loan brokering and lending practices. One of these practices is "Flipping a Home Loan."

WHAT IS FLIPPING A HOME LOAN? Flipping a Home Loan is the making of a Home Loan to a borrower that refinances a Previous Loan that was consummated within the prior sixty (60) months or five (5) years when the new loan does not have a reasonable "tangible net benefit."

Therefore, since you are refinancing your Home Loan within five (5) years of the prior loan, the Creditor* is required by law to meet certain guidelines. In order for your creditor to recommend or make this loan, this loan **MUST** meet at least one of the following criteria:

- 1. Your new monthly payment must be lower** than the total of all monthly obligations being financed. The Creditor must take into account the costs and fees, as disclosed on the HUD-1 Settlement Statement, as part of the refinancing.
- 2. There must be a beneficial change** in the amortization period of the new loan(s).
- 3. You receive cash in excess of the costs and fees**, as disclosed on the **HUD.1** settlement statement, as part of the refinancing;
- 4. Your Previous Note Rate of interest is reduced**, or in the event more than one loan is being refinanced, the weighted average note rate of the Previous Loans is reduced;

* "Creditor" means any person who Regularly Makes Available a Home Loan and shall include a loan broker

- 5. There is a **change from an adjusted rate loan(s) to a fixed rate loan(s)**;
or
- 6. The refinancing is necessary to respond to a **bona fide personal need** or
an order of a court of competent jurisdiction.

BASED UPON THE CREDITOR'S REVIEW OF ALL OF THE CIRCUMSTANCES CONCERNING THIS LOAN AND ANY DEBTS TO BE PAID FROM THE PROCEEDS FROM THIS PROPOSED LOAN(S), THERE IS A ("g" ALL THAT APPLY):

LOWER MONTHLY PAYMENT.

YOUR MONTHLY PAYMENT WILL DECREASE FROM \$ _____ TO \$ _____

BENEFICIAL CHANGE IN THE AMORTIZATION PERIOD OF THE NEW LOAN.

THE TERM OF YOUR NEW HOME LOAN WILL CHANGE AS FOLLOWS:

FROM:

_____ (insert # of months remaining on Previous Loan)

TO: _____

(insert # of months to maturity on New Home Loan)

RECEIPT OF CASH IN EXCESS OF THE COSTS AND FEES.

FUNDS ARE BEING PROVIDED TO YOU OR ON YOUR BEHALF IN THE AMOUNT OF \$ REPRESENTING FUNDS IN EXCESS OF COSTS AND FEES WHEN THE BORROWER RECEIVES FUNDS BEYOND THE AMOUNT REQUIRED TO PAYOFF EXISTING PREVIOUS LOAN(S) PLUS ALL FEES AND COSTS ASSOCIATED WITH THE HOME LOAN.

REDUCTION IN CURRENT NOTE RATE OR WEIGHTED AVERAGE NOTE RATE.

THE INTEREST RATE ON YOUR HOME LOAN IS _____%, WHICH IS LOWER THAN THE CURRENT RATE OR WEIGHTED AVERAGE RATE, WHICHEVER IS APPLICABLE, ON YOUR PREVIOUS LOAN(S) OF _____%.

CHANGE FROM AN ADJUSTED RATE LOAN TO A FIXED RATE LOAN.

THE INTEREST RATE ON YOUR HOME LOAN WILL CHANGE FROM THE PREVIOUS LOAN'S ADJUSTABLE RATE OF _____% TO THE HOME LOAN'S FIXED RATE OF _____%.

"BONA FIDE PERSONAL NEED" ON BEHALF OF ONE OR MORE OF THE BORROWER(S). THE "BONA FIDE PERSONAL NEED" IS: _____

After reviewing all relevant information, the Creditor confirms that it has performed the analysis of the applicable tangible net benefit as identified in the checked box(es) above and that the Creditor has explained the analysis to the Borrower. The Borrower(s) acknowledges that the Creditor has explained the identified tangible net benefit(s).

Creditor: _____ Date: _____

Borrower(s): _____ Date: _____

Borrower(s): _____ Date: _____

THIS FORM MUST BE PROVIDED PRIOR TO OR UPON CONSUMMATION OF THE HOME LOAN.

This disclosure must be provided prior to or upon consummation of a home loan that refinances a previous loan that was consummated within the prior 60 months.