

RHODE ISLAND HOME LOAN PROTECTION ACT DISCLOSURE

TANGIBLE NET BENEFIT

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 an existing home 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 lender and/or loan broker is required by law to meet certain guidelines. In order for your loan broker or lender 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 loan broker and/or lender 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 current note rate of interest is reduced, or in the event more than one loan is being refinanced, the weighted average note rate of the current loans is reduced;
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 LOAN BROKER'S/LENDER'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:

- LOWER MONTHLY PAYMENT WHICH IS: _____
- BENEFICIAL CHANGE IN THE AMORTIZATION PERIOD OF THE NEW LOAN WHICH IS: _____
- RECEIPT OF CASH IN EXCESS OF THE COSTS AND FEES: _____
- REDUCTION IN CURRENT NOTE RATE OR WEIGHTED AVERAGE: _____
- CHANGE FROM AN ADJUSTED RATE LOAN TO A FIXED RATE LOAN: _____
- "BONA FIDE PERSONAL NEED" ON BEHALF OF ONE OR MORE OF THE BORROWER(S). THE "BONA FIDE PERSONAL NEED" IS: _____

The undersigned Lender and Loan Broker hereby certify that the "Tangible Net Benefit" analysis has been performed by the Lender and Loan Broker and that they have conveyed confirmation of this analysis to the Borrower. The Lender and Loan Broker have diligently verified all information in support of this analysis.

The Borrower hereby acknowledges and certifies that this refinancing is necessary for a tangible net benefit as specifically identified in this disclosure.

Loan Broker: _____

Date: _____

Lender: _____

Date: _____

Borrower(s): _____

Date: _____