

## 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?**

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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