

FHA Refinance Net Tangible Benefit Worksheet

The following worksheet is used to determine if the borrower's net tangible benefit meets LenderLive's and/or FHA's requirements. For additional information, refer to the "Net Tangible Benefit" section of the HUD Handbook 4000.1, FHA Single Family Housing Policy Handbook

FHA NET TANGIBLE BENEFIT REQUIREMENTS

FHA's net tangible benefit requirement for Streamline Refinance transactions is based on the existing loan and the new loan types. All Streamline refinance transactions must provide the net tangible benefit required by FHA, and exceptions cannot be granted.

LENDERLIVE MONTHS TO RE-CAPTURE LOAN COSTS REQUIREMENT

The number of months to re-capture the borrower-paid closing costs for rate and term, Simple and Streamline refinances may not exceed 48 months. Calculate the number of months to recapture in [Section Three](#) below. Exceptions to LenderLive's re-capture requirements are listed on the final page of this document.

Borrower Name: _____ Loan Number: _____
 Address: _____
 City, State, Zip: _____, _____, _____

SECTION ONE – MORTGAGE TERM IS NOT REDUCED – APPLIES TO STREAMLINE REFIS

Loan Information	New Loan	Prior Loan
Loan Type		
Interest Rate		
Monthly MIP Rate		
Total Combined Rate (Interest Rate plus Monthly MIP Factor)		

Combined Rate Comparison

Prior Loan Total Combined Rate _____ - New Loan Total Combined Rate _____ = _____

Note: The combined rate comparison must meet the applicable requirement in the table below:

Prior Loan	New Loan		
	Fixed Rate	One-Year ARM	Hybrid ARM
Fixed Rate	New combined rate must be at least 0.5 percentage points below the prior combined rate.	New combined rate must be at least 2 percentage points below the prior combined rate	New combined rate must be at least 2 percentage points below the prior combined rate
Any ARM With Less Than 15 Months to Next Payment Change Date	The new combined rate must be no more than 2 percentage points above the prior combined rate	The new combined rate must be at least 1 percentage point below the prior combined rate	The new combined rate must be at least 1 percentage point below the prior combined rate
Any ARM With Greater Than 15 Months to Next Payment Change Date	The new combined rate must be no more than 2 percentage points above the prior combined rate	New combined rate must be at least 2 percentage points below the prior combined rate	The new combined rate must be at least 1 percentage point below the prior combined rate

To calculate months to re-capture, proceed to [Section Three](#).

SECTION TWO – MORTGAGE TERM IS REDUCED – APPLIES TO STREAMLINE REFIS

Loan Information	New Loan	Prior Loan
Mortgage Term		
Interest Rate		
Principal and Interest		
Monthly MIP Payment		
Total PIMI (Principal and Interest plus Monthly MIP Payment)		

Note: ALL of the following three requirements must be met:

- **The remaining amortization period of the existing mortgage must be reduced** and
- The new interest rate must not exceed the current interest rate and
- The new PIMI must not exceed the current PIMI by more than \$50

Section Three is not required

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SECTION THREE – APPLIES TO STREAMLINE, RATE AND TERM AND SIMPLE REFIS

Re-capture Calculation

(Previous PIMI Total) _____ - (New PIMI Total) _____ = _____

\$ _____	Total Closing Costs: <ul style="list-style-type: none"> • Borrower items paid outside of closing • All borrower paid costs in sections 800, 1100 and 1200 of the HUD-I Settlement Statement and/or the sum of the amounts in sections 1-4, 6, 7 and 8 on the Good Faith Estimate
÷ _____	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) Must be ≤ 48 months

Section Three Re-capture calculation is not required if the new transaction:

- Reduces the amortization of the existing mortgage
- Converts existing one-year ARM or hybrid ARM to a fixed rate loan
- Rate and term refinance converts interest only financing to fully amortized financing
- Rate and Term refinance is the result of a court-ordered divorce buyout – court documents, such as divorce decree required
- Rate and term refinance converts balloon loan to a fixed rate loan
- Rate and Term refinance consolidates a first mortgage with a purchase money second or seasoned second (Loan will be evaluated on a case-by-case basis. If payment is increasing but the note on the second is not due in the near future, exception will not be granted)

LenderLive will not purchase or fund a loan that violates the U.S. Department of Housing and Urban Development Mortgagee Letter 2009-32, Section I, item C. If any loan purchased or funded by LenderLive is subsequently determined to violate this FHA requirement, LenderLive will require the loan to be repurchased. The information contained in this form is for informational purposes only and is not intended to constitute legal advice.