

One Choice Mortgage, LLC
 7700 W. Bluemound Road
 Wauwatosa, WI 53213

SECTION 32 WORKSHEET

The HOEPA/Section 32 rules affect refinancing and home equity installment loans that meet the definition of a high-rate or high-fee mortgage. These rules do not apply to loans intended to purchase or build your home, or home equity lines of credit.

What Loans Are Covered?

A loan is covered by the law if it meets the following tests:

- ❑ For a first-lien loan in which the annual percentage rate (APR) exceeds by more than 8% of the rates on Treasury securities of comparable maturity;
- ❑ For a second-lien loan (2nd mortgage) in which the APR exceeds by more than 10% of the rates on the Treasury securities of comparable maturity;
- ❑ The total fees and points payable by the consumer at or before closing exceed the larger of \$538 or 5% of the total loan amount. (The \$538 figure is for 2009. This is adjusted annually by the Federal Reserve Board, base on changes to the Consumer Price Index.)

Consumers have the right to sue a lender for violations of these new requirements that became effective October 2002. In addition, a violation of the high-rate, high-fee requirements can allow the customer to rescind (or cancel) the loan for up to three years.

Therefore, we will perform the following tests to determine if a loan is High Cost:

POINTS & FEES TEST: (This is programmed in Closer 5.3 on page 2 of the escrow instructions)

ITEMS NOT INCLUDED:

- | | |
|--|------------------------------------|
| _____ Appraisal fee (if paid to 3 rd party) | _____ Review Appraisal fee (ditto) |
| _____ Credit Report (if paid to 3 rd party) | _____ Title Insurance/endorsements |
| _____ Doc Prep/Redraw fees (to Lender) | _____ Recording fees |
| | _____ Survey fee |

ITEMS INCLUDED:

- | | |
|---------------------------------|-------------------------------------|
| \$ _____ Broker/Origination fee | \$ _____ Commitment fee |
| _____ Loan Discount fee | _____ Warehouse/Funding fee |
| _____ Underwriting fee | _____ Administrative fee |
| _____ Application fee | _____ Document Review fee |
| _____ Escrow Waiver fee | _____ Email fee |
| _____ Flood Cert fee | _____ Wire fee |
| _____ Processing fee | _____ Other |
| _____ Tax Service fee | _____ Other |
| _____ Closing fee | _____ Prepaid Interest |
| _____ Courier fees | \$ _____ Total Included Fees |

HOW TO CALCULATE:

\$ _____ Loan Amount – Minus - \$ _____ Included Fees = **A**

\$ _____ Included Fees – Minus - \$ _____ Prepaid Interest = **B**

B/A= _____ % (If greater than 5.00% this is a Section 32 loan)

If less than Section 32 limits, proceed to next section.

SECTION 32 WORKSHEET CONT'D

If the APR exceeds the Composite Treasury Yield Rate for a comparable term published on the 15th of the previous month from the date of the Initial 1003 Loan Application by more than 8% on a first-lien or 10% on a second-lien it would be subject to Section 32. For example: 30 year Treasury Rate 6.00% + 10.00% = 16.00% APR. The rate difference exceeds 8.00% and the APR fees MUST BE REDUCED.

APR TEST: (Must be performed manually until programming can be formatted)

1. Enter loan term (in years) _____ Years
2. Enter APR _____ %
3. Enter closest matching US Treasury term (in years) _____ Years
{if loan term is in the middle use Treasury term with lower % yield}
4. Enter Yield on the treasury listed on Line 3 as of the _____ %
month prior to the initial application date
5. Enter 8 percentage points for first-lien, 10 if second-lien _____ %
6. Enter total of Line 4 + Line 5 _____ %

If Line 2 is greater than Line 6, this is a Section 32 Mortgage and APR fees MUST BE REDUCED.

If Line 2 is less than Line 6 AND if fee test was below 8.00%*, then this loan is NOT a Section 32 Mortgage.

Note 1: Recalculate if loan amount changes from originally approved.

Note 2: We DO NOT FUND SECTION 32 LOANS.

Closer verifies testing both areas of Section 32 concern:

Closer Signature