109:4-3-26 **Reasonable, tangible net benefit.**

(A) Division (B)(12) of section 1345.031 of the Revised Code states that a supplier shall not knowingly or intentionally engage in the act or practice of "flipping" a residential mortgage loan by making a residential mortgage loan that refinances an existing residential mortgage loan when the new loan does not have a reasonable, tangible net benefit to the consumer considering all of the circumstances, including the terms of both the new and refinanced loans, the cost of the new loan, and the consumer's circumstances. "Reasonable tangible net benefit" is determined by a weighing of the relative costs and benefits to the consumer of replacing the consumer's existing loan with the new loan under the totality of the circumstances.

(B) The phrase "terms of both the new and refinanced loan" includes, but shall not be limited to, the monthly payment, the interest rate, the interest rate type (i.e., adjustable or fixed), the loan duration, the mortgage product type, the loan amount, any prepayment penalty, and any required insurance.

(C) The phrase "cost of the new loan" includes, but shall not be limited to, all paid or financed points and fees, all broker compensation paid, directly or indirectly, in connection with the new loan, any prepayment penalty paid on the consumer's existing loan in connection with the refinancing, and any other closing costs disclosed on the HUD-1 settlement statement for the new loan that were paid or financed by the consumer.

(D) The phrase "all of the circumstances" may include, but shall not be limited to, the amount of cash received by the consumer in excess of and in relation to the fees and costs of the refinancing, the loan-to-value ratio of the new loan compared to the pre-existing loan, the necessity of the consumer to comply with a court order, and the amount of time that has lapsed between the new loan and the origination of the pre-existing loan.

(E) All records, worksheets, and supporting documentation used by the supplier in determining the "reasonable, tangible net benefit" of a new loan that is a refinancing of the consumer's existing loan shall be maintained by that supplier in the consumer's loan file for each residential mortgage loan transaction for a period of at least two years from the date of closing, or as required by other applicable state or federal law, whichever time period is greater. Records required to be maintained by this rule may be retained in an electronic format.

Five Year Review (FYR) Dates: 4/28/2022 and 04/28/2027

CERTIFIED ELECTRONICALLY

Certification

04/28/2022

Date

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