



File Name: _____

Loan Number: _____

MONTHS TO RECOUP

This portion of the Worksheet must be completed for all VA IRRRLs where there is a decrease evidenced in the monthly P&I for the new City Lending Inc. loan. The following calculates the total number of months to recoup all fees and charges financed as part of the loan or paid at closing.

A. \$ _____ Monthly decrease in Principal & Interest payment.
(Existing P&I minus Proposed Loan P&I)

B. \$ _____ Total of all fees and charges financed as part of the loan or paid at closing.

- This includes:
 - All origination charges, and
 - Fees for services the Borrower did shop for and did not shop for, and
 - Other fees which include tax fees and other government fees such as recording fees and city/county tax/stamps and any other miscellaneous fees.
- Then subtract any lender credits, if applicable, and enter total on line B.
- Do not include any pre-pays or initial escrow payments in this calculation.

C. = _____ Number of months to recoup total cost.
(Line B divided by Line A)

NOTE: If the resulting calculation on line C exceeds 36 months, the VA IRRRL loan must be a fully credit qualified loan in order to meet QM Safe Harbor requirements.

LENDER CERTIFICATION

If the monthly P&I increases for the VA IRRRL as a result of a reduction in the loan term or the Borrower's current loan is an ARM and will be converted to a fixed rate mortgage with City Lending Inc's loan, the Months To Recoup calculation above is not required and the VA IRRRL must be a fully credit qualified loan only if the proposed PITI is 20% or more higher than the Borrower's current loan's PITI.

If the Borrower's monthly payment (PITI) increases by 20% or more, City Lending Inc. hereby certifies that the Veteran Borrower(s) _____ qualify for the new monthly payment (PITI) \$ _____ which exceeds the Veteran Borrower's previous monthly payment (PITI) of \$ _____ by more 20% or more.

Signed by: _____ Date: _____
City Lending Inc. Underwriter's Signature