

**DON'T BORROW TROUBLE MINNESOTA
SCREENING PROCEDURE FOR IDENTIFYING LOANS
FOR REFERRAL TO ATTORNEY NETWORK**

AUTOMATIC REFERRALS

1. Closing/settlement charges exceed 7% of the principal amount of the loan.
2. The “annual percentage rate” (based on TILA disclosure) exceeds the yield on comparable treasury securities by more than 8%.

FOR ALL OTHER LOANS, REFER IF:

3. The loan was disadvantageous measured by the presence of three or more of the following features:
 - A. The debt-to-income ratio (including PITI of new loan) exceeded 60% of borrower’s actual income;
 - B. The borrower received a discounted variable rate loan (ARM loan with an initial teaser rate) under circumstances where there was no clear likelihood that borrower’s income would increase after discounted rate expired
 - C. Taxes and/or insurance were not escrowed;
 - D. Lender/Brokers fees (including Yield Spread Premiums) exceeded 5% of the principal;
 - E. Annual Percentage Rate exceeded comparable treasury securities by more than 6 points;
 - F. Credit insurance (i.e. credit life, credit disability, etc.) was included in the principal amount;
 - G. Private mortgage insurance was required in a subprime loan;
 - H. Repeated refinancing of mortgage (i.e., more than once every three years) where no clear advantage to borrower is evident;
 - I. Prepayment penalty;
 1. Balloon payment;
 - K. Negative amortization;
 - L. No interest or low interest loan was paid off with proceeds of loan.