

# MINNESOTA VARIABLE RATE HELOC DISCLOSURE

## IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

Lender: **Bank Forward**

Lender NMLS ID: **446402**

This disclosure contains important information about our **Variable Rate Home Equity Line of Credit (MN)**. You should read it carefully and keep a copy for your records.

**Availability of Terms:** All of the terms described below are subject to change. If these terms change (other than the annual percentage rate), and you decide, as a result, not to enter into an agreement with us, you are entitled to a refund of any fees you paid to us or anyone else in connection with your application.

**Security Interest:** We will take a mortgage on your home. You could lose your home if you do not meet the obligations in your agreement with us.

**Possible Actions:** We can terminate your line of credit, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- You engage in fraud or material misrepresentation in connection with the line of credit.
- You do not meet the repayment terms.
- Your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- The value of the dwelling securing the line of credit declines significantly below its appraised value for purposes of the line of credit.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- Government action prevents us from imposing the annual percentage rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit limit on the line of credit.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The maximum annual percentage rate is reached.

**Minimum Payment Requirements:** You can obtain advances of credit for 5 years (the “draw period”). During the draw period, your payments will be due monthly. Your minimum monthly payment will equal the amount of accrued finance charges on the last day of the billing cycle. The minimum payment amount will be rounded to the nearest \$.01. The minimum monthly payments will not reduce the principal that is outstanding on your line of credit by the end of 5 years. You will then be required to pay the entire balance in a single payment.

**Minimum Payment Example:** If you made only the minimum monthly payment and took no other credit advances, it would take 5 years to pay off a credit advance of \$10,000.00 at an **ANNUAL PERCENTAGE RATE** of 4.5000%. During that period, you would make 59 payments of \$37.50 with a final payment of \$10,037.50.

**Fees and Charges:** To open and maintain a line of credit, you must pay us the following fees:

- Processing Fee: \$100 (due when account is opened)
- Late Charge: Your payment will be late if it is not received by us within 10 days after the "Payment Due Date" shown on your periodic statement. If your payment is late we may charge you 5.000% of the unpaid amount of the payment or \$8.84, whichever is greater.

Note that some fees may only apply upon the occurrence of an event and have been provided for informational purposes only.

You must also pay certain fees to third parties, such as appraisers, credit reporting firms, and government agencies. These fees generally total \$124.85 to \$924.85. The following are an estimate of third party fees:

- Appraisal: \$450.00
- Credit Report: \$61.35
- Title Search: \$100.00
- Filing Fees: \$46.00
- E-file Fee: \$5.00
- Mortgage Registration Tax: \$2.30/\$1,000.00
- Flood Determination: \$12.75
- Title Company – Settlement or Closing Fee: \$250.00

You must carry insurance on the property that secures the line of credit.

**Transaction Requirements:** The following transaction limitations will apply:

- **In Person Request, Telephone Request, Online Banking and Overdraft Limitations.** There are no transaction limitations for requesting an advance in person, requesting an advance by telephone, accessing by other methods or overdrawing a designated deposit account.

**Tax Deductibility:** You should consult a tax advisor regarding the deductibility of interest and charges for the line of credit.

**Prepayment.** You may prepay all or any amount owing under the Plan at any time without penalty.

**Variable-Rate Features:** The line of credit has a variable-rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result.

The annual percentage rate includes only interest and not other costs.

The annual percentage rate is based on the value of an index. The index is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks known as the Wall Street Journal U.S. Prime Rate and is published daily in the Wall Street Journal. To determine the annual percentage rate that will apply to your line of credit, we add a margin to the value of the index and then round to the nearest

.001 percent. Ask us for the current index value, margin, and annual percentage rate. After you open a line of credit, rate information will be provided on periodic statements that we send you.

**Rate Changes:** The annual percentage rate can change monthly. There is no limit on the amount by which the rate can change in any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 13.250%. The minimum **ANNUAL PERCENTAGE RATE** that can apply is 3.250%.

**Maximum Rate and Payment Examples:** If you had an outstanding balance of \$10,000.00 the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 13.250% would be \$110.42. The maximum annual percentage rate could be reached during the first month of the draw period.

**Historical Example:** The following table shows how the annual percentage rate and the monthly payments for a single \$10,000.00 credit advance would have changed based on changes in the index over the last 15 years. The index values are from the first business day of January. While only one payment amount per year is shown, payments would have varied during each year. The table assumes that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments will change in the future.

Year	Index %	Margin* %	ANNUAL PERCENTAGE RATE %	Monthly Interest- Only Payments (\$)
2005	5.250	1.000	6.250	52.08
2006	7.250	1.000	8.250	68.75
2007	8.250	1.000	9.250	77.08
2008	7.250	1.000	8.250	68.75
2009	3.250	1.000	4.250	35.42
2010	3.250	1.000	4.250	35.42 (P)
2011	3.250	1.000	4.250	N/A
2012	3.250	1.000	4.250	N/A
2013	3.250	1.000	4.250	N/A
2014	3.250	1.000	4.250	N/A
2015	3.250	1.000	4.250	N/A
2016	3.500	1.000	4.500	N/A
2017	3.750	1.000	4.750	N/A
2018	4.500	1.000	5.500	N/A
2019	5.500	0.250	5.750	N/A
2020	4.750	1.250	6.000	N/A

\* This is a margin we have used recently; your margin may be different.

(P) At the end of this year a balloon payment of \$10,035.42 would occur. You would be required to pay the entire balance in one payment.

**This statement is not an offer to enter into an interest rate or discount point agreement. Such an offer may only be made pursuant to Minnesota Statutes 47.206, subd. 3 and 4.**

# MINNESOTA FIXED RATE HELOC DISCLOSURE

## IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

Lender: **Bank Forward**

Lender NMLSR ID: **446402**

This disclosure contains important information about our **Fixed Rate Home Equity Line of Credit (MN)**. You should read it carefully and keep a copy for your records.

**Availability of Terms:** All of the terms described below are subject to change. If these terms change and you decide, as a result, not to enter into an agreement with us, you are entitled to a refund of any fees you paid to us or anyone else in connection with your application.

**Security Interest:** We will take a mortgage on your home. You could lose your home if you do not meet the obligations in your agreement with us.

**Possible Actions:** We can terminate your line of credit, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- You engage in fraud or material misrepresentation in connection with the line of credit.
- You do not meet the repayment terms.
- Your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- The value of the dwelling securing the line of credit declines significantly below its appraised value for purposes of the line of credit.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- Government action prevents us from imposing the annual percentage rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit limit on the line of credit.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.

**Minimum Payment Requirements:** You can obtain advances of credit for 5 years (the “draw period”). During the draw period, your payments will be due monthly. Your minimum monthly payment will equal the amount of accrued finance charges on the last day of the billing cycle. The minimum payment amount will be rounded to the nearest \$.01. The minimum monthly payments will not reduce the principal that is outstanding on your line of credit by the end of 5 years. You will then be required to pay the entire balance in a single payment.

**Minimum Payment Example:** If you made only the minimum monthly payment and took no other credit advances, it would take 5 years to pay off a credit advance of \$10,000.00 at an **ANNUAL**

**PERCENTAGE RATE** of 5.800%. During that period, you would make 59 payments of \$48.33 with a final payment of \$10,048.33.

**ANNUAL PERCENTAGE RATE INFORMATION.** The ANNUAL PERCENTAGE RATE under the Plan is not based on an index. It is based upon a fixed rate, which will be specified either at the time you receive a loan commitment or at the loan closing, and will be based upon the market conditions at that time. An ANNUAL PERCENTAGE RATE OF 5.800% percentage points is representative of a fixed rate recently offered by us under the Plan. The ANNUAL PERCENTAGE RATE does not include costs other than interest. Please ask us for the current annual percentage rate under the Plan.

**Fees and Charges:** To open and maintain a line of credit, you must pay us the following fees:

- Processing Fee: \$100 (due when account is opened)
- Late Charge: Your payment will be late if it is not received by us within 10 days after the "Payment Due Date" shown on your periodic statement. If your payment is late we may charge you 5.000% of the unpaid amount of the payment or \$8.84, whichever is greater.

Note that some fees may only apply upon the occurrence of an event and have been provided for informational purposes only.

You must also pay certain fees to third parties, such as appraisers, credit reporting firms, and government agencies. These fees generally total \$124.85 to \$924.85. The following are an estimate of third party fees:

- Appraisal: \$450.00
- Credit Report: \$61.35
- Title Search: \$100.00
- Filing Fees: \$46.00
- E-file Fee: \$5.00
- Mortgage Registration Tax: \$2.30/\$1,000.00
- Flood Determination: \$12.75
- Title Company – Settlement or Closing Fee: \$250.00

You must carry insurance on the property that secures the line of credit.

**Transaction Requirements:** The following transaction limitations will apply:

- **In Person Request, Telephone Request, Online Banking and Overdraft Limitations.** There are no transaction limitations for requesting an advance in person, requesting an advance by telephone, accessing by other methods or overdrawing a designated deposit account.

**Tax Deductibility:** You should consult a tax advisor regarding the deductibility of interest and charges for the line of credit.

**Prepayment.** You may prepay all or any amount owing under the Plan at any time without penalty.

**This statement is not an offer to enter into an interest rate or discount point agreement. Such an offer may only be made pursuant to Minnesota Statutes 47.206, subd. 3 and 4.**