

**TIME FEDERAL SAVINGS BANK  
PRE-APPLICATION DISCLOSURE**

Loan Types and Terms

1. The Bank and applicant become bound by the terms of the loan contract upon signing it. Either party may subsequently request modification of the contract, however neither party is bound to agree to such a request. The loan contract and mortgage establish the rights of the borrower and lender. Borrower should become familiar with and understand the provisions of the documents.
2. Loans are made with varying amortization periods of up to 30 years depending on type of loan, age, use and condition of the property.
3. The interest rate will be quoted at the time of loan application and set at the time of loan commitment based on market conditions at the time. Committed rates are good for varying lengths of time depending on the volatility of the market rates.
4. The initial payment amount of amortization schedule for the loan will be established at the time of loan application and may be modified at the time of loan commitment, subject to applicant acceptance. The Bank can determine the initial payment if it knows the initial interest rate, term and amount of the loan. If the loan amount were for \$80,000.00 and a term of 25 years with an initial rate of 5.75%, the payment would be \$504.00. Using the above example, the portion of each payment applied to the principal and interest is determined by dividing the interest rate of 5.75% by 12 and multiplying it by the loan amount. This will provide the first month's interest on the loan. Subtracting this amount from the payment amount of \$504.00 indicates how much money will be deducted from the principal the first month. Each succeeding month, the interest is figured a 1/12 the annual rate and calculated on the unpaid balance as of the last day of the previous month. Monthly payments are applied first to interest and the remainder toward the reduction of principal.
5. The Bank offers the following types of loans:
  - A. Adjustable Rate Mortgage (ARM). The interest rate may be adjusted annually on the anniversary date of the first monthly payment, to a rate not greater than 3% above the renewal index rate. The index is the Wisconsin Average Quarterly Cost of Funds as released by the Federal Home Loan Bank of Chicago, 111 East Wacker Dr., Chicago, IL 60601. All adjustments of the interest rate are rounded to the nearest one-quarter of one percent with monthly payments adjusted to amortize the loan in the remaining term. Interest rate increases from the previous loan term will be limited to a maximum of 1% per year and 6% over the life of the loan. This loan may also be offered with an initial three year interest rate lock; subject to annual adjustments thereafter.
  - B. Fixed Rate Mortgage Loan. The interest rate is fixed for a maximum term of 15 years. The term may vary from 15 years or less based on the type and condition of the property, market conditions and by concurrence of the Bank and the borrower.
  - C. Balloon Note. The interest rate is fixed for three, five or fifteen years. At maturity the Bank will either offer to renew the contract or will require that the loan be paid in full.
  - D. Non-Owner Occupied Mortgages. The interest rate is fixed for a certain period of time, usually one year, after which the interest rate and monthly payments are subject to adjustment upon a minimum 30 days notice with no caps or margins.

6. ARM loans require that the lender send the borrower, by first class mail, a renewal notice at least 30, but no more than 60 days before the end of the initial loan term, and all renewal loan terms, which will state among other things, the renewal interest rate, the monthly payment based on that rate, and the beginning date the new payment is due.

Balloon note loans require that the Bank send the borrower by first class mail a maturity notice at least 90 days but no more than 120 days prior to the maturity date.

7. Applicants applying for an ARM mortgage receive an Adjustable Rate Mortgage Disclosure form at the time of application explaining in detail the variable features of the loan. They also receive a brochure entitled "Consumer Handbook on Adjustable Rate Mortgages".
8. The loan may become due and payable in full at the option of the Bank if, at any time during the loan the borrower shall sell, convey or transfer the mortgaged premises or if either legal or equitable title shall vest in any other person than the borrower in any manner, and for any reason whatsoever, unless the consent in writing of the Bank, or its successors or assigns, is first obtained. In the event of the approval by the Bank of any such transfer of title, the Bank may make a service charge of 1% of the original amount of the loan, which if not paid, will be added to the unpaid balance of the loan. In the event the borrowers no longer occupy the mortgaged property as their primary place of residence, the Bank may, at its option, declare that the note shall become immediately due and payable; or the Bank may at its option, adjust the interest rate and required monthly payments and discontinue the use of the stated index in making future adjustments to the contract rate and monthly payments.
9. All residential loans provide that the borrower has the right to prepay the unpaid principal balance at any time.
10. You have the right to a copy of the appraisal report used in connection with your application for credit. If you wish a copy, please write to us at the mailing address we have provided. Your request must be received no later than 90 days after we notify you about the action taken on your credit application or your withdraw your application.
11. Escrow accounts may be required on any loan where the borrower has less than a 20% down payment. These borrowers are then required to pay one-twelfth of the annual real estate taxes, special assessments, hazard insurance and private mortgage insurance premiums monthly with the principal and interest payment. Borrowers will be notified in writing of any deficiency and will be required to pay the amount of the deficiency in a lump sum payment upon demand. Borrowers may be permitted to correct the deficiency through pro-rated monthly installments on a schedule that is acceptable to the lender. Failure to make the escrow payments entitles the lender to advance the funds necessary to pay the escrow bills and add the amount to the principal balance. If requested by the borrower, any surplus in the account will be returned to them after the real estate taxes have been paid.
12. All loans are serviced by the Bank and are not sold in the secondary market.