

## Redemption Rules – Installment Loans

Reward Points can be used to decrease the amount of interest that will be paid on a Farm Bureau Bank Installment Loan. Any term or type of Installment Loan is eligible. (12 months to 72 months, Regular, Simple Solutions, or Driving Advantage)

The additional interest savings to the cardholder will be equal to the smaller of 2% of the Reward Points or a 0.5% decrease in the Installment Loan's interest rate.

- The amount of the 2% value is defined in the *Farm Bureau Product Credit* grid as part of the *Reward Program Rules*.
- The amount of the 0.5% decrease is calculated by
  - Determining the total of the monthly payments on the principle amount at the bank's stated rate,
  - Then subtracting the principle on the note and any fees, to establish the total finance charge for the term of the note at the stated rate.
  - The total of the monthly payments are then recalculated at the bank's stated rate less 0.5%,
  - Then subtracting the principle and any fees to establish the finance charge for the term of the note.
  - The total interest decrease is determined by subtracting the discounted rate finance charge from the stated rate finance charge to establish the dollar value of the discount for the term of the loan.

The resulting Annual Percentage Rate for the Installment Loan will be calculated based on the adjusted interest rate and standard payment formula.