

Introducing a brand new way to save money on your mortgage loan! It's called Rate Saver and it means your interest rate can be a quarter to a half-a percent lower. It can translate into thousands saved on your mortgage payments over the life of the loan; and better still it can be combined with other great FCS loan features to give you the lowest possible interest rate.

1-800-444-3276
www.e-farmcredit.com



RATESAVER



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If you're shopping for a loan, or considering refinancing today, here's what Rate Saver can do and why it fits today's environment:

- By agreeing not to make early principal payments during the first 3 or 5-years of your loan contract (depending on the product you choose), your interest rate will be reduced. Here's an example of what that can mean to the payment and the total cost of the loan.*
- A Standard 15-year fixed rate loan priced at 6.85% **becomes** a 6.55% rate with the Rate Saver option.
- Using a \$150,000 loan amount, the difference in payments is \$25/month; \$300 less per year; and \$4,484 less over the life of the loan.

In return for the savings, customers forego the opportunity to make prepayments. But after the initial lock-out period, any special principal payments are allowed, during any interest rate environment, without a penalty.

Considering your risk

Think about it? How often do you make early principal payments in the very first few years of the loan? The truth is most of the time when people take out a new mortgage, the normal payments are usually enough draw on the budget during the first years. Years later, things usually open up a bit and customers may want to prepay. Well, that's exactly the situation a RateSaver product accounts for, and in return you save on the loan rate over the life of the loan.



Let's look at the same \$150,000 mortgage at the 6.50% Rate Saver option:

- At the end of year 2, the customer desires to make a special principal payment of \$10,000.
- Additionally, interest rates are now lower than at the time the loan was made.
- In this case, the customer would owe an extra penalty on the \$10,000 applied, and it would be calculated as follows:
 - 60 days interest X 3 years remaining on the lock-out period. 60 days interest = $\$108.33 \times 3 \text{ yrs} = \324.99 .
- If rates are higher at the time of prepayment, there is no penalty at all.

When the market goes down

A bigger question for many homeowners might be; "What happens if interest rates go down in the future? Do I have an opportunity to take advantage of them? Or, am I locked into a contract that can't be changed?"

The answers are twofold:

1. Once you've cleared the original 5-year lock-out period on early payments, you are free to prepay, or even convert your loan to a new lower rate without any penalty.
2. Even if you're in the 5-year lock out period, you can still convert to achieve a rate savings. Here's how: Remember, your penalty is always a fixed formula; 60-days interest Xs years remaining in the lock-out period. Let's say general interest rates are about 2% lower than the current rate on your loan, so you would desire to refinance.

Suppose a 4.55% rate would be available. Could you get that rate without having to pay a real burdensome exit penalty? The answer is to let the money tell you.

If you had \$135,000 balance on the loan, and you have 3-years remaining on your lock out period, the penalty would be \$4,421.

However, by converting to the new 4.25% rate, your future savings would be almost \$22,000 compared to continuing in the existing loan at 6.55%. You can see that the exit penalty is far less than the savings that could be achieved.

How can I better assess the Rate saver loan option?

At Farm Credit Services of Mid-America we pride ourselves on the fact that our loans work for customers through all environments. Our focus is to make new customers and keep them. We don't sell loans to a secondary market. We service your loan through its entire life. You can always call us about any need you have.

That difference is why we've developed options like "Loan Conversion", "RateSaver" and our other new money saving feature, the "Biweekly Payment Plan". If you are truly interested in saving the most money on your next home mortgage, let us show you how these programs can do just that. They are different. They are not the same 'ol same 'ol you find at other institutions. Many customers have told us many times, "you're not like others". And we take in pride in that. We've always been a country lender with a different perspective toward helping our customers. We've said it many times,

*Examples based on rates in effect on 8-01-06. Exact savings are based on daily rates that are subject to change.

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