

FB Bank Underwriting Bulletin: 16-4



To: Farm Bureau Agents

Subject: Farm Bureau Bank Loan Policy Changes

Effective: August 15, 2016

Dear Agent,

Effective August 15, 2016, the following loan policy changes will be implemented. These changes will allow Farm Bureau Bank to better serve you and your members in an accurate and timely manner.

Included in this bulletin are the following changes:

1. Rate increments consolidated into 4 tiers
2. Rates based on year model
3. Collateral mileage over 125,000
4. Non-member rates and application fee
5. **Extended terms--UPDATED**
6. Lawn mower classification
7. New Commission Payout Process—effective September 1, 2016
8. Existing Policy Reminder
9. Rate & Loan Matrix

We appreciate your attention to these important changes and value your continued support.

Your Farm Bureau Bank Team

1. Rates previously differentiated in 12 month increments will now be consolidated into 4 tiers.
 - 12 – 36 months
 - 37 – 60 months
 - 61 – 72 months
 - 73 – 120 months
2. Rates will be based upon the year model.
 - 2011 to current
 - 2010 to 2006
3. Collateral over 125,000 miles add 1% to the eligible loan rate.
4. Non-members add 4% to the eligible loan rate and a \$250 application fee.
5. Vehicles and Recreational vehicles with extended terms of 73 months and greater will have a minimum finance amount of ~~\$35,000~~. **\$20,000. Maximum term varies by collateral type. See Rate & Loan Matrix for details**
 - Recreational vehicle minimum will increase from \$20,000 ~~to \$35,000~~. **The minimum will remain at \$20,000. There will be no increase.**
 - Vehicle minimum will decrease from \$50,000 to ~~\$35,000~~. **The new minimum will be \$20,000.**
6. Lawn mowers will be classified as “Equipment”.
7. **New Commission Payout Process—effective September 1, 2016**
 - a. A new process for agent loan commission payout will go into effect due to incorrect payoff amounts provided in the loan application and subsequent short payoffs to the financial institution currently holding the title. The new commission payout will be similar to Dealer Purchases and Private Party with a Clear Title (P2P Clear Title).

The new process includes:

- Refinances and Private Party with Lien (Person to Person purchase) will book and commission paid only when the loan check clears
- Farm Bureau Bank will only issue additional payments to appropriate parties when the loan check clears (i.e. additional funds to seller, tax title and license)
- Agents will receive commissions only after the loan check clears and the loan is booked (this is changed from the loan being booked immediately after being approved).

Best Practice:

When a payoff amount is requested, contact the current financial institution and obtain *all* the information below:

- 20-day payoff
- Payoff address
- Loan number
- Interest per diem - This can be added to the notes section at the end of the application.
- On refinances, advise the applicant to continue to make their loan payment until the prior financial institution loan is paid off in full. Any credit balance with the prior institution will be refunded directly to the applicant once the original loan is paid off.

NOTE: If the payoff amount does not satisfy the loan in full, the customer will be responsible for any remaining balance and forwarding the title to Farm Bureau Bank.

8. **Existing Policy Reminder:** Vehicles under \$10,000 add 2% to the eligible loan rate.

9. **Rate & Loan Matrix**
Please note this document now replaces both the Loan Matrix and Agent Rate Sheet found on the Referral Support Site. These documents were combined to make it more user friendly by having the vehicles broken down by type, finance amount, term and year model. The Rate & Loan Matrix will be located on the Referral Support Site on the Home Page under “*Quick Links*” and on the APC tab under “*Links*”.

Vehicles and Motorcycles			
Automobiles (Cars, SUVs, Minivans), Trucks (350/450, 3500/4500) < 16,001 lbs.			
Terms	NEW-2011 Up to 110%	2010-2006 Up to 100%	Minimum to Finance
	APR as low as*		
12-36 months	2.99%	3.24%	**\$5,000
37-60 months	3.17%	3.42%	\$10,000
61-72 months	3.40%	3.65%	\$15,000
Auto Extended Term on NEW-2011 Up to 110%			
73-84 months	4.40%		\$20,000
Motorcycles: Add 1.00% to applicable rate			**< \$10K: Add 2.00% to applicable rate
Mileage > 125k: Add 1.00% to applicable rate			

Sports Vehicles			
Jet Skis, Golf Carts, ATVs, UTVs, Other: Snowmobiles			
Terms	NEW-2011 Up to 110%	2010-2006 Up to 100%	Minimum to Finance
	APR as low as*		
12-36 months	3.99%	4.24%	**\$5,000
37-60 months	4.17%	NA	\$10,000
			**< \$10K: Add 2.00% to applicable rate

Recreational Vehicles			
Motorhomes, Travel Trailers, Horse Trailers w/Living Qtrs and Boats			
Terms	NEW-2011 Up to 100%	2010-2006 Up to 95%	Minimum to Finance
	APR as low as*		
12-36 months	3.99%	4.35%	**\$5,000
37-60 months	4.87%	5.12%	\$10,000
61-72 months	5.10%	5.35%	\$15,000
Recreational Vehicles Extended Term on NEW-2011 Up to 100%			
73-84	5.97%		\$20,000
85-120	6.75%		
Farm Bureau Bank does not finance Commercial Boats, Yachts or Ships			**< \$10K: Add 2.00% to applicable rate

Internal Refinance: Add 1.00% to applicable rate

GAP & MMP Discount: .10% discount for 1st collateral product, .05% discount for 2nd collateral product, Maximum discount: .15% (Excludes Heavy Duty Vehicles, Equipment)

*Rates disclosed as Annual Percentage Rate (APR) and are based on acquiring one of the following collateral protection products: Guaranteed Asset Protection (GAP) or Major Mechanical Protection (MMP). GAP coverage not to exceed 84 months. Additional discounts do apply for purchasing more than one collateral protection product. MMP applies to vehicles only. Rates are subject to change without notice. For a \$16,050.00 vehicle loan with a term of 36 months, a 45 day first payment date and a 2.99% APR, the monthly payment will be \$476.01. For a \$50,050 recreational vehicle loan with a term of 72 months, a 45 day first payment date and a 5.03% APR, the monthly payment will be \$807.76. Rate may vary based on the amount financed, term and first payment date. Final APR may differ from the loan interest rate due to additional fees (such as a loan documentation fee) which may be applicable. Based upon credit qualification and value of the collateral, a down payment may be required. Non-member rates may be 4% higher than posted rates. Farm Bureau Bank does not finance totaled, reconditioned, refurbished or salvaged collateral. Existing Farm Bureau Bank loans are excluded from this offer. The minimum loan amount is \$5000. If loan is paid off early, a penalty may be assessed. Additional documents may be required for consideration. Payment options may vary based on amount to finance and/or collateral.

v8.12.16

Light Weight Commercial Vehicles			
Trucks (550/5500) 16,001 to 19,500 lbs			
Terms	NEW-2011 Up to 110%	2010-2006 Up to 100%	Minimum to Finance
	APR as low as*		
12-36 months	3.99%	4.24%	**\$5,000
37-60 months	4.17%	4.42%	\$10,000
61-72 months	4.40%	4.65%	\$15,000
73-84 months	5.12%		\$20,000
Mileage > 125k: Add 1.00% to applicable rate			**< \$10K: Add 2.00% to applicable rate

Heavy Duty Vehicles			
Trucks (Semi-Trucks, 18-wheelers) 19,500 lbs or greater			
Terms	NEW-2011 Up to 90%	2010-2006 Up to 85%	Minimum to Finance
	APR as low as*		
12-36 months	4.39%	4.99%	**\$5,000
37-60 months	4.62%	5.27%	\$15,000
61-84 months	4.74%		\$35,000
Additional requirements for 26,001 lbs or greater. Max mileage 500k; Proof of current hazard insurance; First payment due date within 45 days; Location information where vehicle will be stored when not in use.			**< \$10K: Add 2.00% to applicable rate

Equipment			
Self Propelled: Farm Equipment, Implements, Lawn Equipment, Forklifts, Skid Steers, Dozers, Non-Self Propelled: Trailers, Machinery			
Terms	NEW-2011 Up to 90%	2010-2006 Up to 85%	Minimum to Finance
	APR as low as*		
12-36 months	4.39%	4.99%	**\$5,000
37-60 months	4.62%	5.27%	\$15,000
61-84 months	4.74%		\$35,000
			**< \$10K: Add 2.00% to applicable rate