We should use the formula of effective annual rate:

$$r = (1 + i/n)^n - 1$$

r is the effective annual rate, *i* the nominal rate, and *n* the number of compounding periods per year

In the first case r = (1+0.065/12)^12 - 1 = 0.06697 = 6.7%

In the second case r = (1+0.07/1)^1 - 1 = 0.07 = 7%

So, the effective annual rate charged by Midwest is 0.3% higher versus the rate charged by Riverside.