

# LOAN GUIDELINES

## Loan Pricing Guide for Direct Lending

April 2023 Loan Types	Maximum LTVs	+300bp Prepay Speed	+300bp Effective Durations	+300 Duration Matched CMT Point	+300 Duration Matched CMT Rate	Net ROA Spread	Servicing Spreads	"A" Paper Credit Spreads	Total Spread Over CMT	Guideline Avg. Rates 4/1/23	Impact of 1% Discount Point on 1st-Lien RE Loan APY (360 mo. @7% CPR)
4 Year New/Used Autos 5 Year New/Used Autos 6 Year New/Used Autos	Not exceeding 110% LTV over NADA Retail for FICOs >700	1% ABS 1% ABS 1% ABS	1.47 1.69 1.88	1.5 yr 2.0 yr 2.5 yr	4.33% 4.09% 3.93%	0.64% 0.99% 1.36%	0.75% 0.75% 0.75%	0.25% 0.25% 0.25%	1.64% 1.99% 2.36%	5.97% 6.08% 6.29%	
1 Year 1st RE ARMs 3/1 1st RE ARMs/Balloons 5/1 1st RE ARMs/Balloons 7/1 1st RE ARMs/Balloons * 15-yr. Fixed 1st Mortgages * 30-yr. Fixed 1st Mortgages *	Not exceeding 80% LTV without PMI on 1st-Lien RE Loans	7% CPR 7% CPR 7% CPR 7% CPR 7% CPR 7% CPR	0.95 2.47 3.56 4.33 4.52 5.80	1.0 yr 3.0 yr 4.0 yr 5.0 yr 6.0 yr 10.0 yr	4.62% 3.81% 3.69% 3.63% 3.60% 3.48%	0.25% 1.06% 1.30% 1.46% 1.66% 2.40%	0.50% 0.50% 0.50% 0.50% 0.38% 0.38%	0.25% 0.25% 0.25% 0.25% 0.25% 0.25%	1.00% 1.81% 2.05% 2.21% 2.28% 3.03%	5.62% 5.62% 5.74% 5.84% 5.88% 6.51%	+15 bp +15 bp +15 bp +15 bp +20 bp +15 bp
5-10 Yr Fixed 2nd-Lien HELS 15 Yr Fixed 2nd-Lien HELS Variable-Rate HELOCs	Not exceeding 80% LTV on 2nd-Lien RE Loans	7% CPR 7% CPR 7% CPR	2.15 3.52 0.25	2.5 yr 4.0 yr 25 yr	3.93% 3.69% 4.75%	1.14% 2.80% 0.25%	1.00% 1.00% 1.25%	1.25% 1.25% 1.25%	3.39% 5.05% 2.75%	7.32% 8.74% 7.50%	

Loan Loss and Credit Spreads Estimates Specific FICO Ranges				
Credit Ratings	Maximum LTVs	Lifetime Default Rates	Estimated Loss Factors	Estimated Loan Losses
A+ (FICO 720+)	110%	1.5%	10%	0.15%
A (FICO 700-719)	110%	2.5%	15%	0.38%
B+ (FICO 680-699)	100%	5.0%	20%	1.00%
B (FICO 660-679)	100%	7.0%	20%	1.40%
C+ (FICO 640-659)	95%	10.0%	25%	2.50%
C (FICO 620-639)	95%	15.0%	25%	3.75%
D+ (FICO 600-619)	90%	18.0%	30%	5.40%
D (FICO 580-599)	90%	21.0%	30%	6.30%
E+ (FICO 560-579)	85%	25.0%	35%	8.75%
E (FICO 540-559)	85%	30.0%	35%	10.50%
Subprime	75%	45.0%	40%	18.00%

Refer: NCUA Risk Alert # 05-RISK-01 and LTCU # 04-CU-13

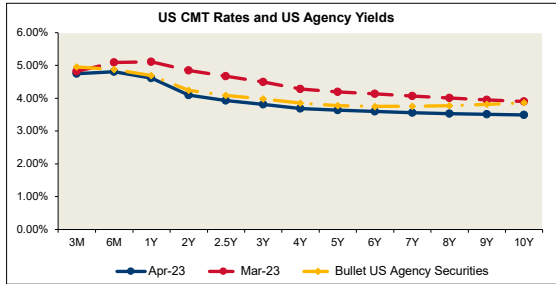
Risk-Based Pricing Guidelines for 60 mo. Direct Auto Loans Specific FICO Ranges					
Pricing Spreads			Total Spreads	2Y CMT Rate	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.15%	0.75%	0.99%	1.89%	4.10%	5.98%
0.38%	0.75%	0.99%	2.12%	4.10%	6.21%
1.00%	1.00%	0.99%	2.99%	4.10%	7.08%
1.50%	1.00%	0.99%	3.49%	4.10%	7.58%
2.50%	1.25%	0.99%	4.74%	4.10%	8.83%
3.75%	1.25%	0.99%	5.99%	4.10%	10.08%
5.50%	1.50%	0.99%	7.99%	4.10%	12.08%
6.25%	1.50%	0.99%	8.74%	4.10%	12.83%
8.75%	1.75%	0.99%	11.49%	4.10%	15.58%
10.50%	1.75%	0.99%	13.24%	4.10%	17.33%
18.00%	2.00%	0.99%	20.99%	4.10%	>18%

Note: Indirect loan spreads may be 25bp to 75bp less than direct loans

General FICO Ranges				
Credit Ratings	Maximum LTVs	Lifetime Default Rates	Estimated Loss Factors	Estimated Loan Losses
A (FICO 700+)	110%	2.0%	12.5%	0.25%
B (FICO 660-699)	100%	6.0%	20.0%	1.20%
C (FICO 620-659)	95%	12.5%	25.0%	3.13%
D (FICO 580-619)	90%	19.5%	30.0%	5.85%
E (FICO 540-579)	80%	27.5%	35.0%	9.63%

General FICO Ranges					
Pricing Spreads			Total Spreads	2.0 Year CMT on 4/1/23	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.25%	0.75%	0.99%	1.99%	4.10%	6.08%
1.25%	1.00%	0.99%	3.24%	4.10%	7.33%
3.25%	1.25%	0.99%	5.49%	4.10%	9.58%
6.00%	1.50%	0.99%	8.49%	4.10%	12.58%
9.75%	1.75%	0.99%	12.49%	4.10%	16.58%

Note: Higher loan servicing costs on lower grades of paper.



Source: www.treasury.gov

Constant Maturity Treasury (CMT) Rates				Bullet US Agency Securities		
Maturity	Effective Duration	Month Beginning		Maturity	Yield	Agency Bullet Spreads to CMT
		Apr-23	Mar-23			
3M	0.25	4.75%	4.81%	3M	4.95%	0.20%
6M	0.49	4.81%	5.09%	6M	4.87%	0.06%
1Y	0.98	4.61%	5.11%	1Y	4.69%	0.08%
2Y	1.92	4.10%	4.85%	2Y	4.24%	0.15%
2.5Y	2.37	3.93%	4.67%	2.5Y	4.09%	0.16%
3Y	2.83	3.81%	4.49%	3Y	3.98%	0.17%
4Y	3.70	3.69%	4.28%	4Y	3.85%	0.16%
5Y	4.57	3.63%	4.20%	5Y	3.78%	0.14%
6Y	5.34	3.60%	4.13%	6Y	3.75%	0.15%
7Y	6.12	3.56%	4.07%	7Y	3.75%	0.19%
8Y	6.89	3.53%	4.01%	8Y	3.77%	0.24%
9Y	7.67	3.51%	3.95%	9Y	3.81%	0.31%
10Y	8.45	3.49%	3.90%	10Y	3.86%	0.38%

Notes:

1. Loan pricing is based on beginning of the month US Treasury Rates
2. Loan Rate = Matched Duration CMT Rate + ROA Spread + Servicing Spread + Credit Spread
3. Approximate credit spreads: A (FICO 700+) 25 bp; B (FICO 660-699) 125 bp; C (FICO 620-659) 325 bp; D (FICO 580-619) 600 bp; E (FICO 540-579) 975 bp
4. ARMs/balloons based on 360-month amortization and all 1st-mortgages assume either LTVs no greater than 80% or PMI
5. Increase credit spreads 50 bp on all 1st mortgages that have LTVs over 80% without PMI
6. Credit spreads were increased from 25 bp to 125 bp on "A" paper 2nd-lien HELS and VR HELOCs
7. Increase credit spreads an additional 100 bp on all fixed 2nd-lien HELS and VR HELOCs that have aggregate LTVs over 80%

Source: Regional and National Average Rates for CUs obtained from S&P Capital  
For more information regarding asset liability management, please email us at:

[aim@catalystcorp.org](mailto:aim@catalystcorp.org)