

LOAN GUIDELINES

Loan Pricing Guide for *Direct* Lending

December 2022 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 12/1/22	Impact of 1% Discount Point on 1st-Lien RE Loan APY (360 mo. @7% CPR)
4 Year New/Used Autos	Not exceeding 110% LTV over NADA Retail for FICOs >700	1% ABS	1.47	1.5 yr	4.55%	0.25%	0.75%	0.25%	1.25%	5.80%	
5 Year New/Used Autos		1% ABS	1.69	2.0 yr	4.43%	0.25%	0.75%	0.25%	1.25%	5.68%	
6 Year New/Used Autos		1% ABS	1.88	2.5 yr	4.26%	0.25%	0.75%	0.25%	1.25%	5.51%	
1 Year 1st RE ARMs	Not exceeding 80% LTV without PMI on 1st-Lien RE Loans	7% CPR	0.95	1.0 yr	4.67%	0.25%	0.50%	0.25%	1.00%	5.67%	+15 bp
3/1 1st RE ARMs/Balloons		7% CPR	2.47	3.0 yr	4.09%	0.25%	0.50%	0.25%	1.00%	5.09%	+15 bp
5/1 1st RE ARMs/Balloons		7% CPR	3.56	4.0 yr	3.90%	0.25%	0.50%	0.25%	1.00%	4.90%	+15 bp
7/1 1st RE ARMs/Balloons *		7% CPR	4.33	5.0 yr	3.85%	0.25%	0.50%	0.25%	1.00%	4.85%	+15 bp
15-yr. Fixed 1st Mortgages *		7% CPR	4.52	6.0 yr	3.82%	0.25%	0.38%	0.25%	0.88%	4.69%	+20 bp
30-yr. Fixed 1st Mortgages *	7% CPR	5.80	5.80	10.0 yr	3.64%	0.50%	0.38%	0.25%	1.13%	4.77%	+15 bp
5-10 Yr Fixed 2nd-Lien HELs	Not exceeding 80% LTV on 2nd-Lien RE Loans	7% CPR	2.15	2.5 yr	4.26%	0.25%	1.00%	1.25%	2.50%	6.76%	
15 Yr Fixed 2nd-Lien HELs		7% CPR	3.52	4.0 yr	3.90%	0.25%	1.00%	1.25%	2.50%	6.40%	
Variable-Rate HELOCs		7% CPR	0.25	.25 yr	4.35%	0.25%	1.25%	1.25%	2.75%	7.10%	

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

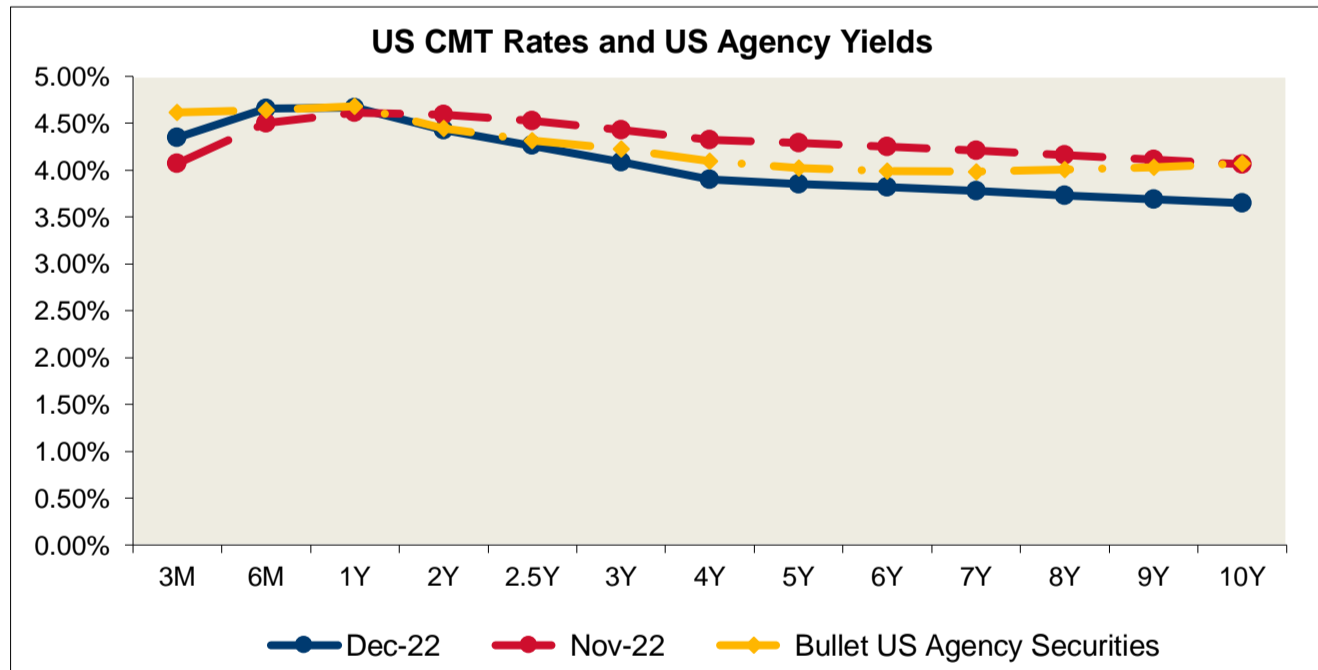
Risk-Based Pricing Guidelines for 60 mo. <i>Direct</i> Auto Loans Specific FICO Ranges					
Credit	Pricing Spreads		Total Spreads	2Y CMT Rate	60 mo. Auto Loan Rates
	Servicing	Net ROA			
0.15%	0.75%	0.25%	1.15%	4.43%	5.58%
0.38%	0.75%	0.25%	1.38%	4.43%	5.81%
1.00%	1.00%	0.25%	2.25%	4.43%	6.68%
1.50%	1.00%	0.25%	2.75%	4.43%	7.18%
2.50%	1.25%	0.25%	4.00%	4.43%	8.43%
3.75%	1.25%	0.25%	5.25%	4.43%	9.68%
5.50%	1.50%	0.25%	7.25%	4.43%	11.68%
6.25%	1.50%	0.25%	8.00%	4.43%	12.43%
8.75%	1.75%	0.25%	10.75%	4.43%	15.18%
10.50%	1.75%	0.25%	12.50%	4.43%	16.93%
18.00%	2.00%	0.25%	20.25%	4.43%	>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					
Credit	Pricing Spreads		Total Spreads	2.0 Year CMT on 12/1/22	60 mo. Auto Loan Rates
	Servicing	Net ROA			
0.25%	0.75%	0.25%	1.25%	4.43%	5.68%
1.25%	1.00%	0.25%	2.50%	4.43%	6.93%
3.25%	1.25%	0.25%	4.75%	4.43%	9.18%
6.00%	1.50%	0.25%	7.75%	4.43%	12.18%
9.75%	1.75%	0.25%	11.75%	4.43%	16.18%

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
		Dec-22	Nov-22			
3M	0.25	4.35%	4.07%	3M	4.61%	0.26%
6M	0.49	4.66%	4.50%	6M	4.64%	-0.02%
1Y	0.98	4.67%	4.61%	1Y	4.68%	0.01%
2Y	1.91	4.43%	4.59%	2Y	4.44%	0.01%
2.5Y	2.37	4.26%	4.53%	2.5Y	4.32%	0.06%
3Y	2.82	4.09%	4.43%	3Y	4.23%	0.14%
4Y	3.68	3.90%	4.32%	4Y	4.10%	0.20%
5Y	4.54	3.85%	4.29%	5Y	4.02%	0.17%
6Y	5.31	3.82%	4.25%	6Y	3.99%	0.17%
7Y	6.08	3.78%	4.21%	7Y	3.98%	0.21%
8Y	6.85	3.73%	4.16%	8Y	4.00%	0.27%
9Y	7.61	3.69%	4.11%	9Y	4.03%	0.35%
10Y	8.38	3.65%	4.06%	10Y	4.07%	0.43%

Notes:

- Loan pricing is based on beginning of the month US Treasury Rates
- Loan Rate = Matched Duration CMT Rate + ROA Spread + Servicing Spread + Credit Spread
- 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
- ARMs/balloons based on 360-month amortization and all 1st-mortgages assume either LTVs no greater than 80% or PMI
- Increase credit spreads 50 bp on all 1st mortgages that have LTVs over 80% without PMI
- Credit spreads were increased from 25 bp to 125 bp on "A" paper 2nd-lien HELs and VR HELOCs
- 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 RateWatch

For more information regarding asset liability management, please email us at:

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