

# LOAN GUIDELINES

## Loan Pricing Guide for Direct Lending

February 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 2/1/22	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	0.99% 1.22% 1.35%	1.49% 1.36% 1.42%	0.75% 0.75% 0.75%	0.25% 0.25% 0.25%	2.49% 2.36% 2.42%	3.48% 3.58% 3.77%	
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	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	0.75% 1.41% 1.52% 1.62% 1.70% 1.79%	1.30% 1.02% 0.84% 0.73% 0.38% 1.01%	0.50% 0.50% 0.50% 0.50% 0.38% 0.38%	0.25% 0.25% 0.25% 0.25% 0.25% 0.25%	2.05% 1.77% 1.59% 1.48% 1.00% 1.64%	2.80% 3.18% 3.11% 3.10% 2.70% 3.43%	+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	1.35% 1.52% 0.19%	1.43% 0.72% 2.10%	1.00% 1.00% 1.25%	1.25% 1.25% 1.25%	3.68% 2.97% 4.60%	5.03% 4.49% 4.79%	

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

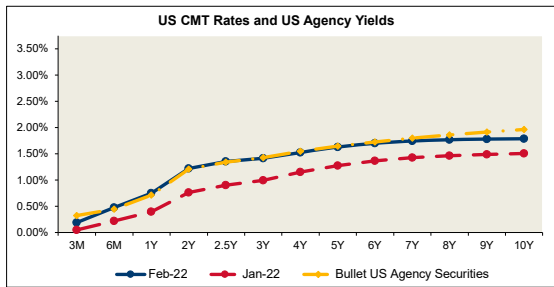
Risk-Based Pricing Guidelines for 60 mo. Direct Auto Loans Specific FICO Ranges					
Pricing Spreads			Total Spreads	2Y CMT Rate	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.15%	0.75%	1.36%	2.26%	1.22%	3.48%
0.38%	0.75%	1.36%	2.49%	1.22%	3.71%
1.00%	1.00%	1.36%	3.36%	1.22%	4.58%
1.50%	1.00%	1.36%	3.86%	1.22%	5.08%
2.50%	1.25%	1.36%	5.11%	1.22%	6.33%
3.75%	1.25%	1.36%	6.36%	1.22%	7.58%
5.50%	1.50%	1.36%	8.36%	1.22%	9.58%
6.25%	1.50%	1.36%	9.11%	1.22%	10.33%
8.75%	1.75%	1.36%	11.86%	1.22%	13.08%
10.50%	1.75%	1.36%	13.61%	1.22%	14.83%
18.00%	2.00%	1.36%	21.36%	1.22%	>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 2/1/22	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.25%	0.75%	1.36%	2.36%	1.22%	3.58%
1.25%	1.00%	1.36%	3.61%	1.22%	4.83%
3.25%	1.25%	1.36%	5.86%	1.22%	7.08%
6.00%	1.50%	1.36%	8.86%	1.22%	10.08%
9.75%	1.75%	1.36%	12.86%	1.22%	14.08%

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 Feb-22	Month Beginning Jan-22	Maturity	Yield	Agency Bullet Spreads to CMT
3M	0.25	0.19%	0.04%	3M	0.32%	0.13%
6M	0.50	0.47%	0.22%	6M	0.44%	-0.03%
1Y	1.00	0.75%	0.39%	1Y	0.71%	-0.04%
2Y	1.97	1.22%	0.76%	2Y	1.20%	-0.02%
2.5Y	2.46	1.35%	0.90%	2.5Y	1.34%	-0.01%
3Y	2.94	1.41%	0.99%	3Y	1.42%	0.01%
4Y	3.87	1.52%	1.15%	4Y	1.55%	0.03%
5Y	4.80	1.62%	1.27%	5Y	1.64%	0.02%
6Y	5.67	1.70%	1.36%	6Y	1.72%	0.03%
7Y	6.55	1.74%	1.42%	7Y	1.79%	0.05%
8Y	7.42	1.77%	1.46%	8Y	1.86%	0.09%
9Y	8.29	1.78%	1.49%	9Y	1.91%	0.13%
10Y	9.17	1.79%	1.51%	10Y	1.96%	0.18%

### 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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