

LOAN GUIDELINES

Loan Pricing Guide for Direct Lending

February 2024 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 2/1/24	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	4.46% 4.19% 4.04%	1.54% 1.90% 2.20%	0.75% 0.75% 0.75%	0.25% 0.25% 0.25%	2.54% 2.90% 3.20%	7.00% 7.09% 7.24%	
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	4.80% 3.99% 3.93% 3.89% 3.88% 3.93%	0.78% 1.85% 1.93% 2.08% 1.71% 2.25%	0.50% 0.50% 0.50% 0.50% 0.38% 0.38%	0.25% 0.25% 0.25% 0.25% 0.25% 0.25%	1.53% 2.60% 2.68% 2.83% 2.34% 2.88%	6.33% 6.59% 6.61% 6.72% 6.22% 6.81%	+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	4.04% 3.93% 5.37%	1.85% 3.31% 0.25%	1.00% 1.00% 1.25%	1.25% 1.25% 1.25%	4.10% 5.56% 2.75%	8.14% 9.49% 8.12%	

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

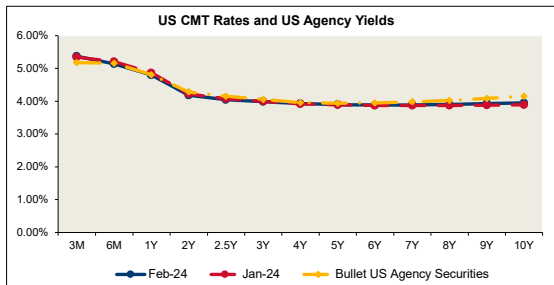
Risk-Based Pricing Guidelines for 60 mo. Direct Auto Loans Specific FICO Ranges					
Pricing Spreads			Total Spreads	2Y CMT Rate	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.15%	0.75%	1.90%	2.80%	4.19%	6.99%
0.38%	0.75%	1.90%	3.03%	4.19%	7.22%
1.00%	1.00%	1.90%	3.90%	4.19%	8.09%
1.50%	1.00%	1.90%	4.40%	4.19%	8.59%
2.50%	1.25%	1.90%	5.65%	4.19%	9.84%
3.75%	1.25%	1.90%	6.90%	4.19%	11.09%
5.50%	1.50%	1.90%	8.90%	4.19%	13.09%
6.25%	1.50%	1.90%	9.65%	4.19%	13.84%
8.75%	1.75%	1.90%	12.40%	4.19%	16.59%
10.50%	1.75%	1.90%	14.15%	4.19%	>18%
18.00%	2.00%	1.90%	21.90%	4.19%	>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 2/1/24	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.25%	0.75%	1.90%	2.90%	4.19%	7.09%
1.25%	1.00%	1.90%	4.15%	4.19%	8.34%
3.25%	1.25%	1.90%	6.40%	4.19%	10.59%
6.00%	1.50%	1.90%	9.40%	4.19%	13.59%
9.75%	1.75%	1.90%	13.40%	4.19%	17.59%

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
		Feb-24	Jan-24			
3M	0.25	5.37%	5.34%	3M	5.18%	-0.19%
6M	0.49	5.14%	5.21%	6M	5.16%	0.02%
1Y	0.97	4.80%	4.86%	1Y	4.80%	0.01%
2Y	1.92	4.19%	4.23%	2Y	4.28%	0.10%
2.5Y	2.37	4.04%	4.07%	2.5Y	4.15%	0.11%
3Y	2.82	3.99%	4.00%	3Y	4.06%	0.07%
4Y	3.68	3.93%	3.92%	4Y	3.96%	0.03%
5Y	4.54	3.89%	3.88%	5Y	3.94%	0.05%
6Y	5.28	3.86%	3.87%	6Y	3.95%	0.07%
7Y	6.03	3.89%	3.87%	7Y	3.98%	0.10%
8Y	6.77	3.90%	3.87%	8Y	4.03%	0.13%
9Y	7.52	3.92%	3.88%	9Y	4.09%	0.16%
10Y	8.26	3.95%	3.89%	10Y	4.15%	0.20%

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 S&P Capital
For more information regarding asset liability management, please email us at:

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