

LOAN GUIDELINES

Loan Pricing Guide for Direct Lending

January 2021 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 1/1/21	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	0.11% 0.12% 0.14%	1.86% 1.96% 2.26%	0.75% 0.75% 0.75%	0.25% 0.25% 0.25%	2.86% 2.96% 3.26%	2.97% 3.08% 3.40%	
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	0.12% 0.16% 0.25% 0.36% 0.48% 0.90%	1.76% 1.75% 1.90% 1.89% 1.49% 1.44%	0.50% 0.50% 0.50% 0.50% 0.38% 0.38%	0.25% 0.25% 0.25% 0.25% 0.25% 0.25%	2.51% 2.50% 2.65% 2.64% 2.12% 2.07%	2.63% 2.66% 2.90% 3.00% 2.60% 2.97%	+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	0.14% 0.25% 0.07%	2.37% 2.53% 1.26%	1.00% 1.00% 1.25%	1.25% 1.25% 1.25%	4.62% 4.78% 3.76%	4.76% 5.03% 3.83%	

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

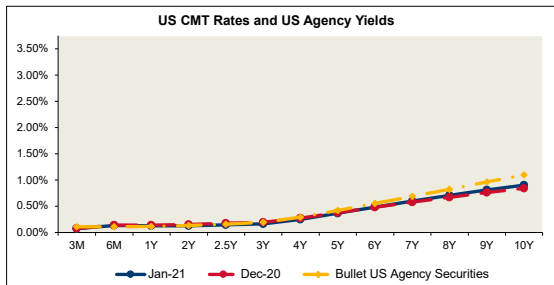
Risk-Based Pricing Guidelines for 60 mo. Direct Auto Loans Specific FICO Ranges					
Pricing Spreads			Total Spreads	2Y CMT Rate	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.15%	0.75%	1.96%	2.86%	0.12%	2.98%
0.38%	0.75%	1.96%	3.09%	0.12%	3.21%
1.00%	1.00%	1.96%	3.96%	0.12%	4.08%
1.50%	1.00%	1.96%	4.46%	0.12%	4.58%
2.50%	1.25%	1.96%	5.71%	0.12%	5.83%
3.75%	1.25%	1.96%	6.96%	0.12%	7.08%
5.50%	1.50%	1.96%	8.96%	0.12%	9.08%
6.25%	1.50%	1.96%	9.71%	0.12%	9.83%
8.75%	1.75%	1.96%	12.46%	0.12%	12.58%
10.50%	1.75%	1.96%	14.21%	0.12%	14.33%
18.00%	2.00%	1.96%	21.96%	0.12%	>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 1/1/21	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.25%	0.75%	1.96%	2.96%	0.12%	3.08%
1.25%	1.00%	1.96%	4.21%	0.12%	4.33%
3.25%	1.25%	1.96%	6.46%	0.12%	6.58%
6.00%	1.50%	1.96%	9.46%	0.12%	9.58%
9.75%	1.75%	1.96%	13.46%	0.12%	13.58%

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
		Jan-21	Dec-20			
3M	0.25	0.07%	0.08%	3M	0.10%	0.03%
6M	0.50	0.13%	0.14%	6M	0.11%	-0.02%
1Y	1.00	0.12%	0.14%	1Y	0.11%	-0.01%
2Y	2.00	0.12%	0.15%	2Y	0.13%	0.01%
2.5Y	2.50	0.14%	0.17%	2.5Y	0.16%	0.01%
3Y	2.99	0.16%	0.19%	3Y	0.19%	0.03%
4Y	3.97	0.25%	0.27%	4Y	0.23%	0.04%
5Y	4.96	0.36%	0.38%	5Y	0.42%	0.05%
6Y	5.88	0.48%	0.48%	6Y	0.55%	0.07%
7Y	6.80	0.60%	0.58%	7Y	0.69%	0.09%
8Y	7.73	0.71%	0.67%	8Y	0.82%	0.12%
9Y	8.65	0.81%	0.76%	9Y	0.96%	0.15%
10Y	9.57	0.90%	0.84%	10Y	1.10%	0.19%

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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