

# LOAN GUIDELINES

## Loan Pricing Guide for Direct Lending

January 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 1/1/23	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	4.60% 4.49% 4.36%	0.25% 0.25% 0.46%	0.75% 0.75% 0.75%	0.25% 0.25% 0.25%	1.25% 1.25% 1.46%	5.85% 5.74% 5.82%	
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	4.75% 4.22% 4.08% 4.05% 4.02% 3.87%	0.25% 0.44% 0.69% 0.86% 1.11% 1.91%	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% 1.19% 1.44% 1.61% 1.74% 2.54%	5.75% 5.41% 5.52% 5.66% 5.76% 6.41%	+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	4.36% 4.08% 4.37%	0.39% 1.79% 0.25%	1.00% 1.00% 1.25%	1.25% 1.25% 1.25%	2.64% 4.04% 2.75%	7.00% 8.12% 7.12%	

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

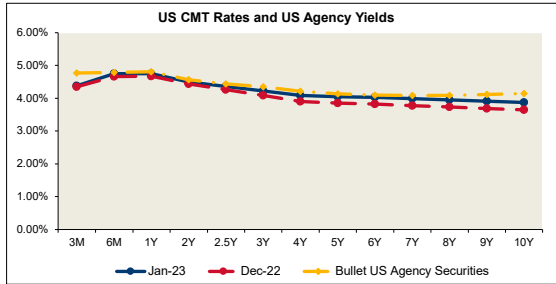
Risk-Based Pricing Guidelines for 60 mo. Direct Auto Loans Specific FICO Ranges					
Pricing Spreads			Total Spreads	2Y CMT Rate	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.15%	0.75%	0.25%	1.15%	4.49%	5.64%
0.38%	0.75%	0.25%	1.38%	4.49%	5.87%
1.00%	1.00%	0.25%	2.25%	4.49%	6.74%
1.50%	1.00%	0.25%	2.75%	4.49%	7.24%
2.50%	1.25%	0.25%	4.00%	4.49%	8.49%
3.75%	1.25%	0.25%	5.25%	4.49%	9.74%
5.50%	1.50%	0.25%	7.25%	4.49%	11.74%
6.25%	1.50%	0.25%	8.00%	4.49%	12.49%
8.75%	1.75%	0.25%	10.75%	4.49%	15.24%
10.50%	1.75%	0.25%	12.50%	4.49%	16.99%
18.00%	2.00%	0.25%	20.25%	4.49%	>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 1/1/23	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.25%	0.75%	0.25%	1.25%	4.49%	5.74%
1.25%	1.00%	0.25%	2.50%	4.49%	6.99%
3.25%	1.25%	0.25%	4.75%	4.49%	9.24%
6.00%	1.50%	0.25%	7.75%	4.49%	12.24%
9.75%	1.75%	0.25%	11.75%	4.49%	16.24%

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-23	Dec-22			
3M	0.25	4.37%	4.35%	3M	4.77%	0.39%
6M	0.49	4.75%	4.66%	6M	4.79%	0.04%
1Y	0.97	4.75%	4.67%	1Y	4.81%	0.06%
2Y	1.91	4.49%	4.43%	2Y	4.56%	0.07%
2.5Y	2.36	4.36%	4.26%	2.5Y	4.44%	0.08%
3Y	2.81	4.22%	4.09%	3Y	4.35%	0.12%
4Y	3.67	4.08%	3.90%	4Y	4.22%	0.14%
5Y	4.52	4.05%	3.85%	5Y	4.14%	0.09%
6Y	5.28	4.02%	3.82%	6Y	4.09%	0.07%
7Y	6.03	3.99%	3.78%	7Y	4.08%	0.09%
8Y	6.78	3.95%	3.73%	8Y	4.09%	0.14%
9Y	7.54	3.91%	3.69%	9Y	4.11%	0.20%
10Y	8.29	3.87%	3.65%	10Y	4.14%	0.27%

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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