

# LOAN GUIDELINES

## Loan Pricing Guide for Direct Lending

May 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 5/1/23	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	4.40% 4.07% 3.84%	0.77% 1.20% 1.63%	0.75% 0.75% 0.75%	0.25% 0.25% 0.25%	1.77% 2.20% 2.63%	6.17% 6.27% 6.47%	
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	4.76% 3.73% 3.60% 3.53% 3.49% 3.41%	0.25% 1.16% 1.41% 1.57% 1.76% 2.41%	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% 1.91% 2.16% 2.32% 2.38% 3.04%	5.76% 5.64% 5.76% 5.85% 5.87% 6.45%	+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 2.5 yr	3.84% 3.60% 5.05%	1.31% 3.12% 0.25%	1.00% 1.00% 1.25%	1.25% 1.25% 1.25%	3.56% 5.37% 2.75%	7.40% 8.97% 7.80%	

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

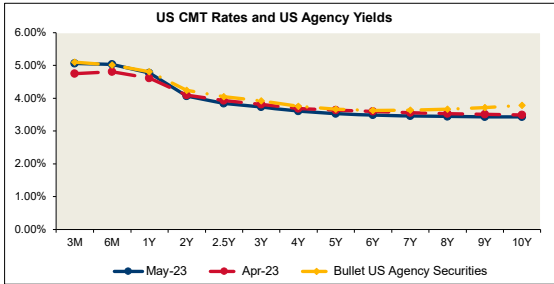
Risk-Based Pricing Guidelines for 60 mo. Direct Auto Loans Specific FICO Ranges					
Pricing Spreads			Total Spreads	2Y CMT Rate	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.15%	0.75%	1.20%	2.10%	4.07%	6.17%
0.38%	0.75%	1.20%	2.33%	4.07%	6.40%
1.00%	1.00%	1.20%	3.20%	4.07%	7.27%
1.50%	1.00%	1.20%	3.70%	4.07%	7.77%
2.50%	1.25%	1.20%	4.95%	4.07%	9.02%
3.75%	1.25%	1.20%	6.20%	4.07%	10.27%
5.50%	1.50%	1.20%	8.20%	4.07%	12.27%
6.25%	1.50%	1.20%	8.95%	4.07%	13.02%
8.75%	1.75%	1.20%	11.70%	4.07%	15.77%
10.50%	1.75%	1.20%	13.45%	4.07%	17.52%
18.00%	2.00%	1.20%	21.20%	4.07%	>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 5/1/23	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.25%	0.75%	1.20%	2.20%	4.07%	6.27%
1.25%	1.00%	1.20%	3.45%	4.07%	7.52%
3.25%	1.25%	1.20%	5.70%	4.07%	9.77%
6.00%	1.50%	1.20%	8.70%	4.07%	12.77%
9.75%	1.75%	1.20%	12.70%	4.07%	16.77%

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	Month Beginning	Maturity	Yield	Agency Bullet Spreads to CMT
		May-23	Apr-23			
3M	0.25	5.06%	4.75%	3M	5.10%	0.05%
6M	0.49	5.03%	4.81%	6M	5.01%	-0.02%
1Y	0.97	4.77%	4.61%	1Y	4.80%	0.04%
2Y	1.92	4.07%	4.10%	2Y	4.24%	0.17%
2.5Y	2.38	3.84%	3.93%	2.5Y	4.05%	0.21%
3Y	2.83	3.73%	3.81%	3Y	3.92%	0.19%
4Y	3.71	3.60%	3.69%	4Y	3.75%	0.15%
5Y	4.58	3.53%	3.63%	5Y	3.66%	0.13%
6Y	5.36	3.49%	3.60%	6Y	3.63%	0.14%
7Y	6.14	3.46%	3.56%	7Y	3.63%	0.17%
8Y	6.91	3.44%	3.53%	8Y	3.67%	0.23%
9Y	7.69	3.43%	3.51%	9Y	3.72%	0.29%
10Y	8.47	3.43%	3.49%	10Y	3.78%	0.35%

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: [aim@catalystcorp.org](mailto:aim@catalystcorp.org)