

LOAN GUIDELINES

Loan Pricing Guide for Direct Lending

May 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 5/1/24	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	5.12% 5.03% 4.96%	0.95% 1.15% 1.35%	0.75% 0.75% 0.75%	0.25% 0.25% 0.25%	1.95% 2.15% 2.35%	7.07% 7.18% 7.31%	
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	5.25% 4.88% 4.77% 4.72% 4.69% 4.64%	0.59% 1.20% 1.23% 1.45% 1.26% 1.85%	0.50% 0.50% 0.50% 0.50% 0.38% 0.38%	0.25% 0.25% 0.25% 0.25% 0.25% 0.25%	1.34% 1.95% 1.98% 2.20% 1.88% 2.48%	6.59% 6.83% 6.75% 6.92% 6.57% 7.12%	+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	4.96% 4.77% 5.40%	0.86% 2.48% 0.25%	1.00% 1.00% 1.25%	1.25% 1.25% 1.25%	3.11% 4.73% 2.75%	8.07% 9.50% 8.15%	

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

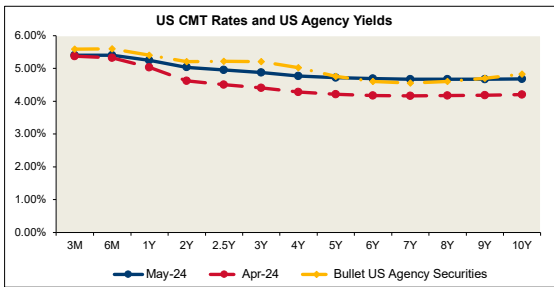
Risk-Based Pricing Guidelines for 60 mo. Direct Auto Loans Specific FICO Ranges					
Pricing Spreads			Total Spreads	2Y CMT Rate	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.15%	0.75%	1.15%	2.05%	5.04%	7.08%
0.38%	0.75%	1.15%	2.28%	5.04%	7.31%
1.00%	1.00%	1.15%	3.15%	5.04%	8.18%
1.50%	1.00%	1.15%	3.65%	5.04%	8.68%
2.50%	1.25%	1.15%	4.90%	5.04%	9.93%
3.75%	1.25%	1.15%	6.15%	5.04%	11.18%
5.50%	1.50%	1.15%	8.15%	5.04%	13.18%
6.25%	1.50%	1.15%	8.90%	5.04%	13.93%
8.75%	1.75%	1.15%	11.65%	5.04%	16.68%
10.50%	1.75%	1.15%	13.40%	5.04%	>18%
18.00%	2.00%	1.15%	21.15%	5.04%	>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 5/1/24	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.25%	0.75%	1.15%	2.15%	5.04%	7.18%
1.25%	1.00%	1.15%	3.40%	5.04%	8.43%
3.25%	1.25%	1.15%	5.65%	5.04%	10.68%
6.00%	1.50%	1.15%	8.65%	5.04%	13.68%
9.75%	1.75%	1.15%	12.65%	5.04%	17.68%

Note: Higher loan servicing costs on lower grades of paper.



Constant Maturity Treasury (CMT) Rates				Bullet US Agency Securities		
Maturity	Effective Duration	Month Beginning May-24	Month Beginning Apr-24	Maturity	Yield	Agency Bullet Spreads to CMT
3M	0.25	5.40%	5.37%	3M	5.59%	0.19%
6M	0.49	5.40%	5.32%	6M	5.59%	0.20%
1Y	0.97	5.25%	5.03%	1Y	5.41%	0.16%
2Y	1.90	5.04%	4.62%	2Y	5.21%	0.17%
2.5Y	2.34	4.96%	4.50%	2.5Y	5.21%	0.26%
3Y	2.79	4.88%	4.41%	3Y	5.21%	0.33%
4Y	3.62	4.77%	4.28%	4Y	5.02%	0.25%
5Y	4.45	4.72%	4.21%	5Y	4.76%	0.04%
6Y	5.16	4.69%	4.18%	6Y	4.60%	-0.09%
7Y	5.66	4.67%	4.16%	7Y	4.55%	-0.12%
8Y	6.57	4.67%	4.17%	8Y	4.60%	-0.07%
9Y	7.28	4.67%	4.18%	9Y	4.70%	0.03%
10Y	7.99	4.68%	4.20%	10Y	4.83%	0.15%

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