November 2021

LOAN GUIDELINES

*Loan Pricing Guide for **Direct** Lending*

November 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 11/1/21	Impact of 1% Discount Point on 1st-Lien RE Loan APY (360 mo. @7% CPR)
4 Year New/Used Autos	Not exceeding 110% LTV over NADA Retail for FICOs >700	1% ABS	1.47	1.5 yr	0.34%	1.33%	0.75%	0.25%	2.33%	**2.67%**	
5 Year New/Used Autos		1% ABS	1.69	2.0 yr	0.51%	1.26%	0.75%	0.25%	2.26%	**2.77%**	
6 Year New/Used Autos		1% ABS	1.88	2.5 yr	0.67%	1.42%	0.75%	0.25%	2.42%	**3.09%**	
1 Year 1st RE ARMs	Not exceeding 80% LTV without PMI on 1st-Lien RE Loans	7% CPR	0.95	1.0 yr	0.18%	1.64%	0.50%	0.25%	2.39%	**2.57%**	+15 bp
3/1 1st RE ARMs/Balloons		7% CPR	2.47	3.0 yr	0.80%	1.15%	0.50%	0.25%	1.90%	**2.70%**	+15 bp
5/1 1st RE ARMs/Balloons		7% CPR	3.56	4.0 yr	1.02%	0.97%	0.50%	0.25%	1.72%	**2.74%**	+15 bp
7/1 1st RE ARMs/Balloons *		7% CPR	4.33	5.0 yr	1.19%	0.89%	0.50%	0.25%	1.64%	**2.83%**	+15 bp
15-yr. Fixed 1st Mortgages *		7% CPR	4.52	6.0 yr	1.32%	0.54%	0.38%	0.25%	1.17%	**2.49%**	+20 bp
30-yr. Fixed 1st Mortgages *		7% CPR	5.80	10.0 yr	1.57%	0.92%	0.38%	0.25%	1.55%	**3.12%**	+15 bp
5-10 Yr Fixed 2nd-Lien HELs	Not exceeding 80% LTV on 2nd-Lien RE Loans	7% CPR	2.15	2.5 yr	0.67%	1.68%	1.00%	1.25%	3.93%	**4.60%**	
15 Yr Fixed 2nd-Lien HELs		7% CPR	3.52	4.0 yr	1.02%	1.57%	1.00%	1.25%	3.82%	**4.84%**	
Variable-Rate HELOCs		7% CPR	0.25	.25 yr	0.06%	1.20%	1.25%	1.25%	3.70%	**3.76%**	

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: Credit	Servicing	Net ROA	Total Spreads	2Y CMT Rate	60 mo. Auto Loan Rates
0.15%	0.75%	1.26%	2.16%	0.51%	**2.67%**
0.38%	0.75%	1.26%	2.39%	0.51%	**2.90%**
1.00%	1.00%	1.26%	3.26%	0.51%	**3.77%**
1.50%	1.00%	1.26%	3.76%	0.51%	**4.27%**
2.50%	1.25%	1.26%	5.01%	0.51%	**5.52%**
3.75%	1.25%	1.26%	6.26%	0.51%	**6.77%**
5.50%	1.50%	1.26%	8.26%	0.51%	**8.77%**
6.25%	1.50%	1.26%	9.01%	0.51%	**9.52%**
8.75%	1.75%	1.26%	11.76%	0.51%	**12.27%**
10.50%	1.75%	1.26%	13.51%	0.51%	**14.02%**
18.00%	2.00%	1.26%	21.26%	0.51%	**>18%**

Note: Indirect loan spreads may be 25bp to 75bp less than direct loans

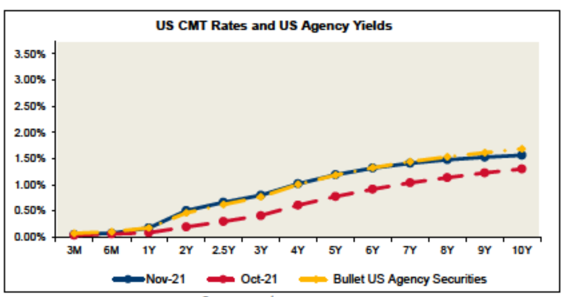
General FICO Ranges

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: Credit	Servicing	Net ROA	Total Spreads	2.0 Year CMT on *11/1/21*	60 mo. Auto Loan Rates
0.25%	0.75%	1.26%	2.26%	0.51%	**2.77%**
1.25%	1.00%	1.26%	3.51%	0.51%	**4.02%**
3.25%	1.25%	1.26%	5.76%	0.51%	**6.27%**
6.00%	1.50%	1.26%	8.76%	0.51%	**9.27%**
9.75%	1.75%	1.26%	12.76%	0.51%	**13.27%**

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



Source www.treasury.gov

Constant Maturity Treasury (CMT) Rates: Maturity	Effective Duration	Month Beginning Nov-21	Month Beginning Oct-21	Bullet US Agency Securities: Maturity	Yield	Agency Bullet Spreads to CMT
3M	0.25	0.06%	0.04%	3M	0.08%	0.02%
6M	0.50	0.08%	0.06%	6M	0.11%	0.03%
1Y	1.00	0.18%	0.09%	1Y	0.18%	0.00%
2Y	1.99	0.51%	0.20%	2Y	0.47%	-0.04%
2.5Y	2.48	0.67%	0.30%	2.5Y	0.63%	-0.04%
3Y	2.96	0.80%	0.42%	3Y	0.77%	-0.03%
4Y	3.91	1.02%	0.62%	4Y	1.01%	-0.01%
5Y	4.85	1.19%	0.78%	5Y	1.19%	-0.01%
6Y	5.74	1.32%	0.92%	6Y	1.33%	0.00%
7Y	6.62	1.41%	1.04%	7Y	1.44%	0.03%
8Y	7.50	1.48%	1.14%	8Y	1.53%	0.05%
9Y	8.38	1.53%	1.23%	9Y	1.62%	0.09%
10Y	9.27	1.56%	1.30%	10Y	1.69%	0.13%

Notes:

1. Loan pricing is based on beginning of the month US Treasury Rates
2. Loan Rate = Matched Duration CMT Rate + ROA Spread + Servicing Spread + Credit Spread
3. 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
4. ARMs/balloons based on 360-month amortization and all 1st-mortgages assume either LTVs no greater than 80% or PMI
5. Increase credit speads 50 bp on all 1st mortgages that have LTVs over 80% without PMI
6. Credit speads were increased from 25 bp to 125 bp on "A" paper 2nd-lien HELs and VR HELOCs
7. Increase credit speads 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: alm@catalystcorp.org