November 2023

CATALYST Strategic Solutions

LOAN GUIDELINES

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

November 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 11/1/23	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	5.24%	0.60%	0.75%	0.25%	1.60%	**6.84%**	
5 Year New/Used Autos		1% ABS	1.69	2.0 yr	5.08%	0.85%	0.75%	0.25%	1.85%	**6.93%**	
6 Year New/Used Autos		1% ABS	1.88	2.5 yr	4.98%	1.15%	0.75%	0.25%	2.15%	**7.13%**	
1 Year 1st RE ARMs	Not exceeding 80% LTV without PMI on 1st-Lien RE Loans	7% CPR	0.95	1.0 yr	5.43%	0.29%	0.50%	0.25%	1.04%	**6.47%**	+15 bp
3/1 1st RE ARMs/Balloons		7% CPR	2.47	3.0 yr	4.90%	0.83%	0.50%	0.25%	1.58%	**6.48%**	+15 bp
5/1 1st RE ARMs/Balloons		7% CPR	3.56	4.0 yr	4.86%	1.13%	0.50%	0.25%	1.88%	**6.74%**	+15 bp
7/1 1st RE ARMs/Balloons *		7% CPR	4.33	5.0 yr	4.88%	1.33%	0.50%	0.25%	2.08%	**6.96%**	+15 bp
15-yr. Fixed 1st Mortgages *		7% CPR	4.52	6.0 yr	4.90%	1.50%	0.38%	0.25%	2.12%	**7.02%**	+20 bp
30-yr. Fixed 1st Mortgages *		7% CPR	5.80	10.0 yr	4.95%	2.03%	0.38%	0.25%	2.66%	**7.61%**	+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	4.98%	0.86%	1.00%	1.25%	3.11%	**8.09%**	
15 Yr Fixed 2nd-Lien HELs		7% CPR	3.52	4.0 yr	4.86%	2.93%	1.00%	1.25%	5.18%	**10.03%**	
Variable-Rate HELOCs		7% CPR	0.25	.25 yr	5.47%	0.25%	1.25%	1.25%	2.75%	**8.22%**	

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%	0.85%	1.75%	5.08%	**6.83%**
0.38%	0.75%	0.85%	1.98%	5.08%	**7.06%**
1.00%	1.00%	0.85%	2.85%	5.08%	**7.93%**
1.50%	1.00%	0.85%	3.35%	5.08%	**8.43%**
2.50%	1.25%	0.85%	4.60%	5.08%	**9.68%**
3.75%	1.25%	0.85%	5.85%	5.08%	**10.93%**
5.50%	1.50%	0.85%	7.85%	5.08%	**12.93%**
6.25%	1.50%	0.85%	8.60%	5.08%	**13.68%**
8.75%	1.75%	0.85%	11.35%	5.08%	**16.43%**
10.50%	1.75%	0.85%	13.10%	5.08%	**>18%**
18.00%	2.00%	0.85%	20.85%	5.08%	**>18%**

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

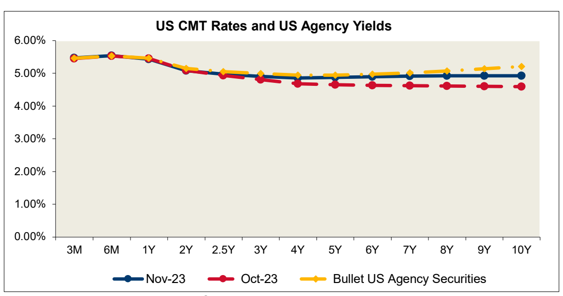
General FICO Ranges

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 *11/1/23*	60 mo. Auto Loan Rates
0.25%	0.75%	0.85%	1.85%	5.08%	**6.93%**
1.25%	1.00%	0.85%	3.10%	5.08%	**8.18%**
3.25%	1.25%	0.85%	5.35%	5.08%	**10.43%**
6.00%	1.50%	0.85%	8.35%	5.08%	**13.43%**
9.75%	1.75%	0.85%	12.35%	5.08%	**17.43%**

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 Nov-23	Month Beginning Oct-23	Maturity	Yield	Agency Bullet Spreads to CMT
3M	0.25	5.47%	5.45%	3M	5.46%	-0.01%
6M	0.49	5.54%	5.53%	6M	5.53%	-0.01%
1Y	0.97	5.43%	5.45%	1Y	5.46%	0.03%
2Y	1.90	5.08%	5.09%	2Y	5.15%	0.06%
2.5Y	2.34	4.97%	4.93%	2.5Y	5.05%	0.07%
3Y	2.78	4.90%	4.81%	3Y	4.99%	0.09%
4Y	3.61	4.86%	4.68%	4Y	4.94%	0.09%
5Y	4.43	4.88%	4.65%	5Y	4.94%	0.07%
6Y	5.12	4.90%	4.63%	6Y	4.97%	0.07%
7Y	5.82	4.91%	4.62%	7Y	5.01%	0.10%
8Y	6.51	4.92%	4.61%	8Y	5.07%	0.15%
9Y	7.20	4.92%	4.60%	9Y	5.13%	0.21%
10Y	7.90	4.93%	4.59%	10Y	5.20%	0.28%

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 S&P Capital
For more information regarding asset liability management, please email us at: alm@catalystcorp.org