

LOAN GUIDELINES

Loan Pricing Guide for Direct Lending

| September 2020 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 9/1/20 | 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 | 0.14% 0.14% 0.15% | 1.95% 2.05% 2.38% | 0.75% 0.75% 0.75% | 0.25% 0.25% 0.25% | 2.95% 3.05% 3.38% | 3.09% 3.19% 3.53% | |
| 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 | 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 | 0.14% 0.16% 0.21% 0.29% 0.37% 0.70% | 2.09% 2.02% 2.06% 2.07% 1.78% 1.83% | 0.50% 0.50% 0.50% 0.50% 0.38% 0.38% | 0.25% 0.25% 0.25% 0.25% 0.25% 0.25% | 2.84% 2.77% 2.81% 2.82% 2.41% 2.46% | 2.98% 2.93% 3.02% 3.11% 2.78% 3.16% | +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 | 0.15% 0.21% 0.10% | 2.42% 2.60% 1.27% | 1.00% 1.00% 1.25% | 1.25% 1.25% 1.25% | 4.67% 4.85% 3.77% | 4.82% 5.06% 3.87% | |

| 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

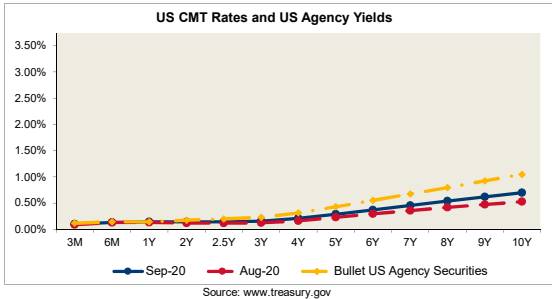
| Risk-Based Pricing Guidelines for 60 mo. Direct Auto Loans Specific FICO Ranges | | | | | |
|--|-----------|---------|---------------|-------------|------------------------|
| Pricing Spreads | | | Total Spreads | 2Y CMT Rate | 60 mo. Auto Loan Rates |
| Credit | Servicing | Net ROA | | | |
| 0.15% | 0.75% | 2.05% | 2.95% | 0.14% | 3.09% |
| 0.38% | 0.75% | 2.05% | 3.18% | 0.14% | 3.32% |
| 1.00% | 1.00% | 2.05% | 4.05% | 0.14% | 4.19% |
| 1.50% | 1.00% | 2.05% | 4.55% | 0.14% | 4.69% |
| 2.50% | 1.25% | 2.05% | 5.80% | 0.14% | 5.94% |
| 3.75% | 1.25% | 2.05% | 7.05% | 0.14% | 7.19% |
| 5.50% | 1.50% | 2.05% | 9.05% | 0.14% | 9.19% |
| 6.25% | 1.50% | 2.05% | 9.80% | 0.14% | 9.94% |
| 8.75% | 1.75% | 2.05% | 12.55% | 0.14% | 12.69% |
| 10.50% | 1.75% | 2.05% | 14.30% | 0.14% | 14.44% |
| 18.00% | 2.00% | 2.05% | 22.05% | 0.14% | >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 9/1/20 | 60 mo. Auto Loan Rates |
| Credit | Servicing | Net ROA | | | |
| 0.25% | 0.75% | 2.05% | 3.05% | 0.14% | 3.19% |
| 1.25% | 1.00% | 2.05% | 4.30% | 0.14% | 4.44% |
| 3.25% | 1.25% | 2.05% | 6.55% | 0.14% | 6.69% |
| 6.00% | 1.50% | 2.05% | 9.55% | 0.14% | 9.69% |
| 9.75% | 1.75% | 2.05% | 13.55% | 0.14% | 13.69% |

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



| Constant Maturity Treasury (CMT) Rates | | | | Bullet US Agency Securities | | |
|--|--------------------|-----------------|--------|-----------------------------|-------|------------------------------|
| Maturity | Effective Duration | Month Beginning | | Maturity | Yield | Agency Bullet Spreads to CMT |
| | | Sep-20 | Aug-20 | | | |
| 3M | 0.25 | 0.10% | 0.09% | 3M | 0.12% | 0.02% |
| 6M | 0.50 | 0.13% | 0.13% | 6M | 0.15% | 0.01% |
| 1Y | 1.00 | 0.14% | 0.13% | 1Y | 0.14% | 0.00% |
| 2Y | 2.00 | 0.14% | 0.12% | 2Y | 0.18% | 0.03% |
| 2.5Y | 2.50 | 0.15% | 0.12% | 2.5Y | 0.20% | 0.05% |
| 3Y | 2.99 | 0.16% | 0.12% | 3Y | 0.23% | 0.07% |
| 4Y | 3.98 | 0.21% | 0.16% | 4Y | 0.32% | 0.11% |
| 5Y | 4.97 | 0.29% | 0.23% | 5Y | 0.43% | 0.14% |
| 6Y | 5.91 | 0.37% | 0.29% | 6Y | 0.55% | 0.18% |
| 7Y | 6.85 | 0.46% | 0.36% | 7Y | 0.67% | 0.22% |
| 8Y | 7.79 | 0.54% | 0.42% | 8Y | 0.80% | 0.26% |
| 9Y | 8.73 | 0.62% | 0.47% | 9Y | 0.92% | 0.30% |
| 10Y | 9.67 | 0.70% | 0.53% | 10Y | 1.05% | 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 RateWatch
For more information regarding asset liability management, please email us at:

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