

LOAN GUIDELINES

Loan Pricing Guide for **Direct Lending**

August 2022 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 8/1/22	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	3.47%	0.25%	0.75%	0.25%	1.25%	4.72%	
5 Year New/Used Autos		1% ABS	1.69	2.0 yr	3.53%	0.25%	0.75%	0.25%	1.25%	4.78%	
6 Year New/Used Autos		1% ABS	1.88	2.5 yr	3.52%	0.25%	0.75%	0.25%	1.25%	4.77%	
1 Year 1st RE ARMs	Not exceeding 80% LTV without PMI on 1st-Lien RE Loans	7% CPR	0.95	1.0 yr	3.40%	0.25%	0.50%	0.25%	1.00%	4.40%	+15 bp
3/1 1st RE ARMs/Balloons		7% CPR	2.47	3.0 yr	3.48%	0.25%	0.50%	0.25%	1.00%	4.48%	+15 bp
5/1 1st RE ARMs/Balloons		7% CPR	3.56	4.0 yr	3.42%	0.25%	0.50%	0.25%	1.00%	4.42%	+15 bp
7/1 1st RE ARMs/Balloons *		7% CPR	4.33	5.0 yr	3.38%	0.25%	0.50%	0.25%	1.00%	4.38%	+15 bp
15-yr. Fixed 1st Mortgages *		7% CPR	4.52	6.0 yr	3.33%	0.25%	0.38%	0.25%	0.88%	4.21%	+20 bp
30-yr. Fixed 1st Mortgages *	7% CPR	5.80	10.0 yr	3.16%	1.05%	0.38%	0.25%	1.68%	4.84%	+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	3.52%	0.25%	1.00%	1.25%	2.50%	6.02%	
15 Yr Fixed 2nd-Lien HELs		7% CPR	3.52	4.0 yr	3.42%	0.25%	1.00%	1.25%	2.50%	5.92%	
Variable-Rate HELOCs		7% CPR	0.25	.25 yr	2.92%	0.25%	1.25%	1.25%	2.75%	5.67%	

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

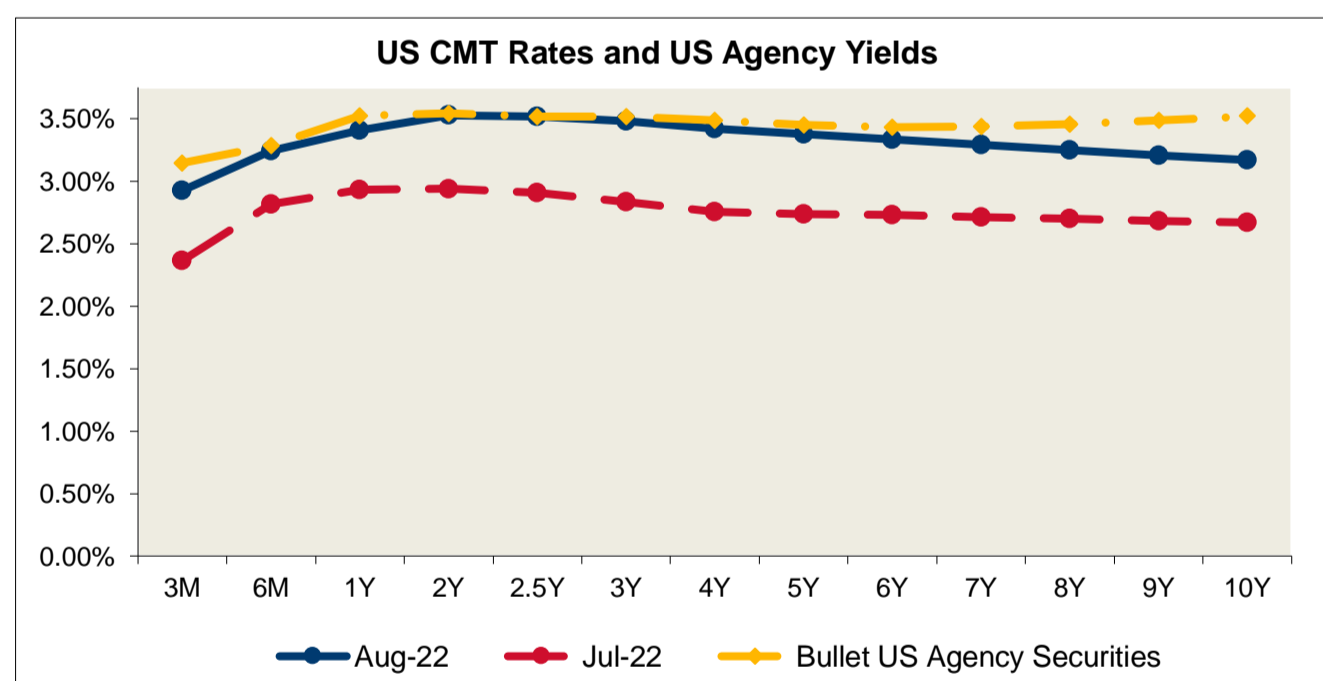
Risk-Based Pricing Guidelines for 60 mo. Direct Auto Loans Specific FICO Ranges					
Credit	Pricing Spreads		Total Spreads	2Y CMT Rate	60 mo. Auto Loan Rates
	Servicing	Net ROA			
0.15%	0.75%	0.25%	1.15%	3.53%	4.68%
0.38%	0.75%	0.25%	1.38%	3.53%	4.91%
1.00%	1.00%	0.25%	2.25%	3.53%	5.78%
1.50%	1.00%	0.25%	2.75%	3.53%	6.28%
2.50%	1.25%	0.25%	4.00%	3.53%	7.53%
3.75%	1.25%	0.25%	5.25%	3.53%	8.78%
5.50%	1.50%	0.25%	7.25%	3.53%	10.78%
6.25%	1.50%	0.25%	8.00%	3.53%	11.53%
8.75%	1.75%	0.25%	10.75%	3.53%	14.28%
10.50%	1.75%	0.25%	12.50%	3.53%	16.03%
18.00%	2.00%	0.25%	20.25%	3.53%	>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					
Credit	Pricing Spreads		Total Spreads	2.0 Year CMT on 8/1/22	60 mo. Auto Loan Rates
	Servicing	Net ROA			
0.25%	0.75%	0.25%	1.25%	3.53%	4.78%
1.25%	1.00%	0.25%	2.50%	3.53%	6.03%
3.25%	1.25%	0.25%	4.75%	3.53%	8.28%
6.00%	1.50%	0.25%	7.75%	3.53%	11.28%
9.75%	1.75%	0.25%	11.75%	3.53%	15.28%

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		Maturity	Yield	Agency Bullet Spreads to CMT
		Aug-22	Jul-22			
3M	0.25	2.93%	2.36%	3M	3.15%	0.22%
6M	0.50	3.24%	2.82%	6M	3.28%	0.04%
1Y	0.98	3.40%	2.93%	1Y	3.52%	0.12%
2Y	1.93	3.53%	2.94%	2Y	3.54%	0.02%
2.5Y	2.39	3.52%	2.91%	2.5Y	3.52%	0.00%
3Y	2.85	3.48%	2.84%	3Y	3.51%	0.03%
4Y	3.72	3.42%	2.75%	4Y	3.49%	0.07%
5Y	4.60	3.38%	2.74%	5Y	3.45%	0.07%
6Y	5.39	3.33%	2.73%	6Y	3.43%	0.10%
7Y	6.19	3.29%	2.71%	7Y	3.44%	0.15%
8Y	6.98	3.25%	2.70%	8Y	3.46%	0.21%
9Y	7.78	3.21%	2.68%	9Y	3.49%	0.28%
10Y	8.57	3.17%	2.67%	10Y	3.52%	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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