

LOAN GUIDELINES

Loan Pricing Guide for Direct Lending

July 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 7/1/24	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	4.89% 4.75% 4.65%	1.23% 1.48% 1.71%	0.75% 0.75% 0.75%	0.25% 0.25% 0.25%	2.23% 2.48% 2.71%	7.12% 7.23% 7.36%	
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	5.09% 4.55% 4.43% 4.38% 4.35% 4.36%	0.87% 1.54% 1.54% 1.70% 1.50% 1.98%	0.50% 0.50% 0.50% 0.50% 0.38% 0.38%	0.25% 0.25% 0.25% 0.25% 0.25% 0.25%	1.62% 2.29% 2.29% 2.45% 2.13% 2.61%	6.71% 6.84% 6.72% 6.83% 6.48% 6.97%	+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	4.65% 4.43% 5.36%	1.16% 2.77% 0.25%	1.00% 1.00% 1.25%	1.25% 1.25% 1.25%	3.41% 5.02% 2.75%	8.06% 9.45% 8.11%	

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

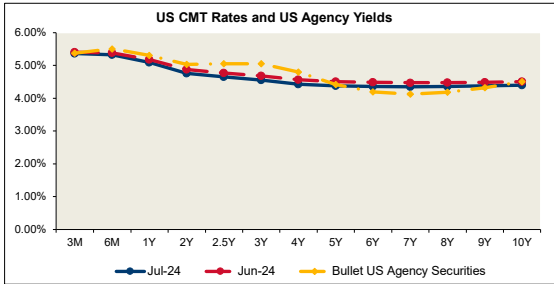
Risk-Based Pricing Guidelines for 60 mo. Direct Auto Loans Specific FICO Ranges					
Pricing Spreads			Total Spreads	2Y CMT Rate	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.15%	0.75%	1.48%	2.38%	4.76%	7.13%
0.38%	0.75%	1.48%	2.61%	4.76%	7.36%
1.00%	1.00%	1.48%	3.48%	4.76%	8.23%
1.50%	1.00%	1.48%	3.98%	4.76%	8.73%
2.50%	1.25%	1.48%	5.23%	4.76%	9.98%
3.75%	1.25%	1.48%	6.48%	4.76%	11.23%
5.50%	1.50%	1.48%	8.48%	4.76%	13.23%
6.25%	1.50%	1.48%	9.23%	4.76%	13.98%
8.75%	1.75%	1.48%	11.98%	4.76%	16.73%
10.50%	1.75%	1.48%	13.73%	4.76%	>18%
18.00%	2.00%	1.48%	21.48%	4.76%	>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 7/1/24	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.25%	0.75%	1.48%	2.48%	4.76%	7.23%
1.25%	1.00%	1.48%	3.73%	4.76%	8.48%
3.25%	1.25%	1.48%	5.98%	4.76%	10.73%
6.00%	1.50%	1.48%	8.98%	4.76%	13.73%
9.75%	1.75%	1.48%	12.98%	4.76%	17.73%

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
		Jul-24	Jun-24			
3M	0.25	5.36%	5.41%	3M	5.37%	0.01%
6M	0.49	5.33%	5.38%	6M	5.50%	0.18%
1Y	0.97	5.09%	5.18%	1Y	5.31%	0.22%
2Y	1.90	4.76%	4.87%	2Y	5.04%	0.28%
2.5Y	2.35	4.65%	4.77%	2.5Y	5.05%	0.40%
3Y	2.80	4.55%	4.68%	3Y	5.05%	0.50%
4Y	3.64	4.43%	4.56%	4Y	4.79%	0.36%
5Y	4.49	4.38%	4.51%	5Y	4.42%	0.04%
6Y	5.21	4.35%	4.48%	6Y	4.19%	-0.17%
7Y	5.93	4.35%	4.47%	7Y	4.12%	-0.23%
8Y	6.65	4.36%	4.47%	8Y	4.18%	-0.18%
9Y	7.37	4.38%	4.48%	9Y	4.32%	-0.05%
10Y	8.09	4.40%	4.50%	10Y	4.51%	0.11%

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:

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