

# LOAN GUIDELINES

## Loan Pricing Guide for Direct Lending

October 2024 Loan Types	Maximum LTVs	+300bp Prepay Speed	+300bp Effective Durations	+300 Duration Matched CMT Point	+300 Duration Matched CMT Rate	Min. ROA Target	Servicing Spreads	"A" Paper Credit Spreads	Minimum Guideline Rates Assuming Net ROA Spread	Market Rates	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	3.74%	1.50%	0.75%	0.25%	6.24%	7.13%	
5 Year New/Used Autos		1% ABS	1.69	2.0 yr	3.64%	1.50%	0.75%	0.25%	6.14%	7.23%	
6 Year New/Used Autos		1% ABS	1.88	2.5 yr	3.59%	1.50%	0.75%	0.25%	6.09%	7.35%	
1 Year 1st RE ARMs	Not exceeding 80% LTV without PMI on 1st-Lien RE Loans	7% CPR	0.95	1.0 yr	3.98%	1.50%	0.25%	0.25%	5.98%	6.40%	+15 bp
3/1 1st RE ARMs/Balloons		7% CPR	2.47	3.0 yr	3.55%	1.50%	0.25%	0.25%	5.55%	6.52%	+15 bp
5/1 1st RE ARMs/Balloons		7% CPR	3.56	4.0 yr	3.53%	1.50%	0.25%	0.25%	5.53%	6.36%	+15 bp
7/1 1st RE ARMs/Balloons		7% CPR	4.33	5.0 yr	3.56%	1.50%	0.25%	0.25%	5.56%	6.38%	+15 bp
15-yr. Fixed 1st Mortgages		7% CPR	4.52	6.0 yr	3.60%	1.50%	0.25%	0.25%	5.60%	5.80%	+20 bp
30-yr. Fixed 1st Mortgages	7% CPR	5.80	10.0 yr	3.78%	1.50%	0.25%	0.25%	5.78%	6.39%	+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	3.59%	1.50%	0.50%	1.25%	6.84%	7.85%	
15 Yr Fixed 2nd-Lien HELs		7% CPR	3.52	4.0 yr	3.53%	1.50%	0.50%	1.25%	6.78%	8.20%	
Variable-Rate HELOCs		7% CPR	0.25	.25 yr	4.63%	1.50%	0.50%	1.25%	7.88%	8.93%	

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

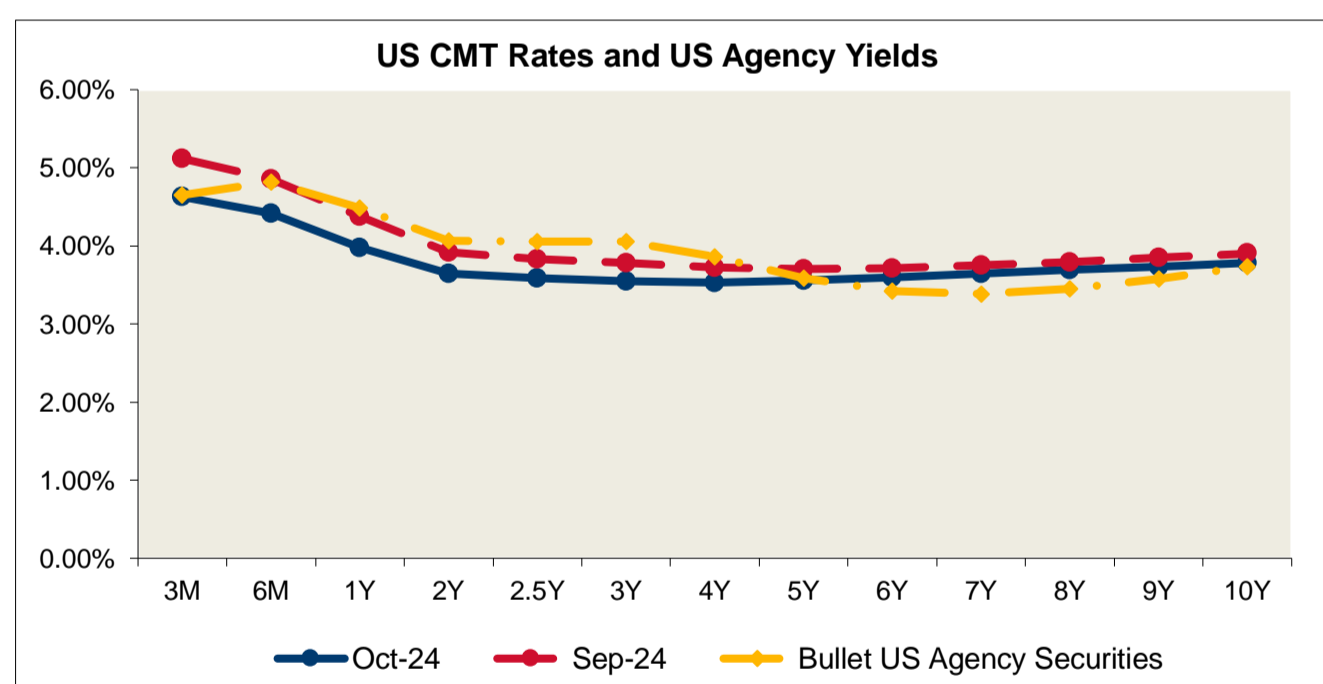
Risk-Based Pricing Guidelines for 60 mo. Direct Auto Loans Specific FICO Ranges					
Pricing Spreads			Total Spreads	2Y CMT Rate	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.15%	0.75%	1.50%	2.40%	3.64%	6.04%
0.38%	0.75%	1.50%	2.63%	3.64%	6.27%
1.00%	1.00%	1.50%	3.50%	3.64%	7.14%
1.50%	1.00%	1.50%	4.00%	3.64%	7.64%
2.50%	1.25%	1.50%	5.25%	3.64%	8.89%
3.75%	1.25%	1.50%	6.50%	3.64%	10.14%
5.50%	1.50%	1.50%	8.50%	3.64%	12.14%
6.25%	1.50%	1.50%	9.25%	3.64%	12.89%
8.75%	1.75%	1.50%	12.00%	3.64%	15.64%
10.50%	1.75%	1.50%	13.75%	3.64%	17.39%
18.00%	2.00%	1.50%	21.50%	3.64%	>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 10/1/24	60 mo. Auto Loan Rates
Credit	Servicing	Net ROA			
0.25%	0.75%	1.50%	2.50%	3.64%	6.14%
1.25%	1.00%	1.50%	3.75%	3.64%	7.39%
3.25%	1.25%	1.50%	6.00%	3.64%	9.64%
6.00%	1.50%	1.50%	9.00%	3.64%	12.64%
9.75%	1.75%	1.50%	13.00%	3.64%	16.64%

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
		Oct-24	Sep-24			
3M	0.25	4.63%	5.12%	3M	4.65%	0.02%
6M	0.49	4.41%	4.86%	6M	4.82%	0.41%
1Y	0.98	3.98%	4.38%	1Y	4.48%	0.50%
2Y	1.93	3.64%	3.92%	2Y	4.07%	0.43%
2.5Y	2.38	3.59%	3.83%	2.5Y	4.06%	0.47%
3Y	2.84	3.55%	3.78%	3Y	4.05%	0.50%
4Y	3.71	3.53%	3.72%	4Y	3.86%	0.33%
5Y	4.58	3.56%	3.70%	5Y	3.58%	0.02%
6Y	5.33	3.60%	3.72%	6Y	3.42%	-0.18%
7Y	6.08	3.65%	3.75%	7Y	3.39%	-0.26%
8Y	6.83	3.69%	3.80%	8Y	3.45%	-0.24%
9Y	7.58	3.74%	3.85%	9Y	3.57%	-0.16%
10Y	8.33	3.78%	3.90%	10Y	3.73%	-0.05%

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 spreads 50 bp on all 1st mortgages that have LTVs over 80% without PMI
6. Credit spreads were increased from 25 bp to 125 bp on "A" paper 2nd-lien HELs and VR HELOCs
7. 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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