catalyst

September 2024

LOAN GUIDELINES

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

September 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 9/1/24	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	4.08%	2.06%	0.75%	0.25%	3.06%	**7.14%**	
5 Year New/Used Autos		1% ABS	1.69	2.0 yr	3.92%	2.32%	0.75%	0.25%	3.32%	**7.24%**	
6 Year New/Used Autos		1% ABS	1.88	2.5 yr	3.83%	2.53%	0.75%	0.25%	3.53%	**7.36%**	
1 Year 1st RE ARMs	Not exceeding 80% LTV without PMI on 1st-Lien RE Loans	7% CPR	0.95	1.0 yr	4.38%	1.40%	0.50%	0.25%	2.15%	**6.53%**	+15 bp
3/1 1st RE ARMs/Balloons		7% CPR	2.47	3.0 yr	3.78%	2.15%	0.50%	0.25%	2.90%	**6.68%**	+15 bp
5/1 1st RE ARMs/Balloons		7% CPR	3.56	4.0 yr	3.72%	2.07%	0.50%	0.25%	2.82%	**6.54%**	+15 bp
7/1 1st RE ARMs/Balloons		7% CPR	4.33	5.0 yr	3.70%	2.13%	0.50%	0.25%	2.88%	**6.58%**	+15 bp
15-yr. Fixed 1st Mortgages		7% CPR	4.52	6.0 yr	3.72%	1.76%	0.38%	0.25%	2.38%	**6.10%**	+20 bp
30-yr. Fixed 1st Mortgages		7% CPR	5.80	10.0 yr	3.89%	2.12%	0.38%	0.25%	2.75%	**6.64%**	+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	3.83%	2.01%	1.00%	1.25%	4.26%	**8.09%**	
15 Yr Fixed 2nd-Lien HELs		7% CPR	3.52	4.0 yr	3.72%	3.51%	1.00%	1.25%	5.76%	**9.48%**	
Variable-Rate HELOCs		7% CPR	0.25	.25 yr	5.12%	0.33%	1.25%	1.25%	2.83%	**7.95%**	

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	Pricing Spreads: Servicing	Pricing Spreads: Net ROA	Total Spreads	2Y CMT Rate	60 mo. Auto Loan Rates
0.15%	0.75%	2.32%	3.22%	3.92%	**7.14%**
0.38%	0.75%	2.32%	3.45%	3.92%	**7.37%**
1.00%	1.00%	2.32%	4.32%	3.92%	**8.24%**
1.50%	1.00%	2.32%	4.82%	3.92%	**8.74%**
2.50%	1.25%	2.32%	6.07%	3.92%	**9.99%**
3.75%	1.25%	2.32%	7.32%	3.92%	**11.24%**
5.50%	1.50%	2.32%	9.32%	3.92%	**13.24%**
6.25%	1.50%	2.32%	10.07%	3.92%	**13.99%**
8.75%	1.75%	2.32%	12.82%	3.92%	**16.74%**
10.50%	1.75%	2.32%	14.57%	3.92%	**>18%**
18.00%	2.00%	2.32%	22.32%	3.92%	**>18%**

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

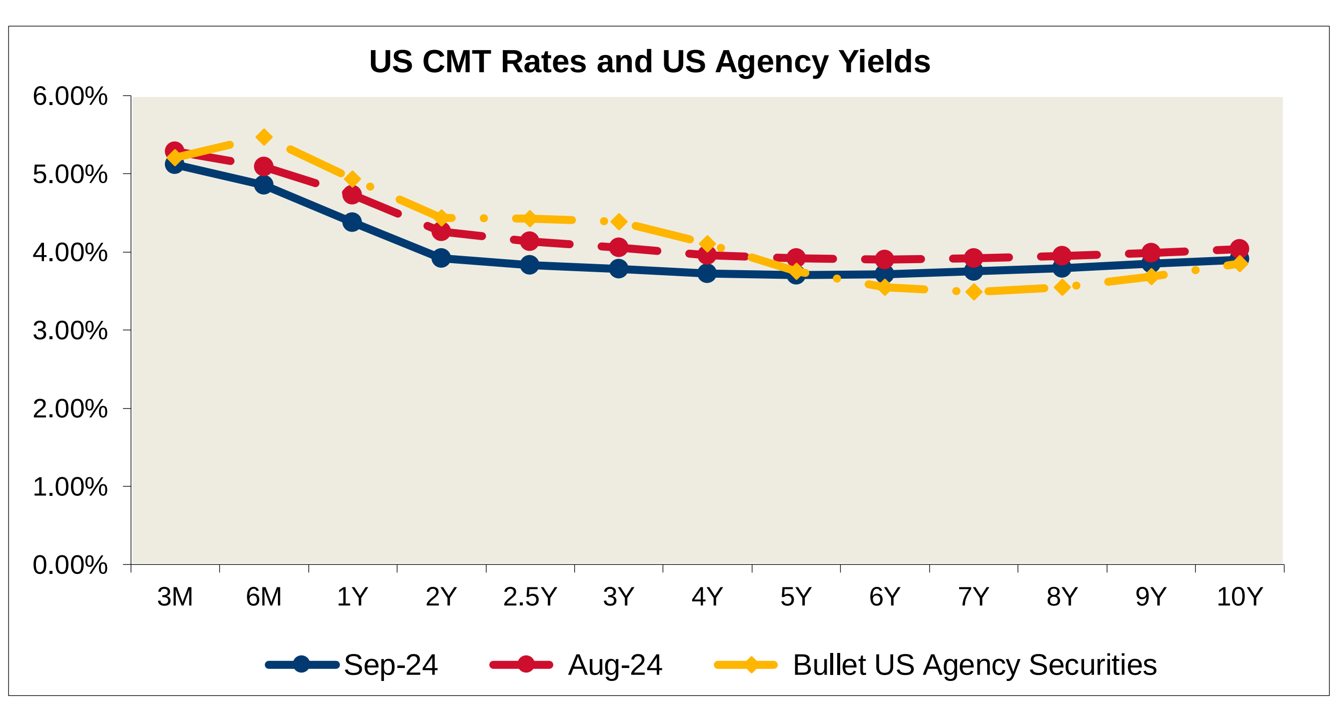
General FICO Ranges

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	Pricing Spreads: Servicing	Pricing Spreads: Net ROA	Total Spreads	2.0 Year CMT on 9/1/24	60 mo. Auto Loan Rates
0.25%	0.75%	2.32%	3.32%	3.92%	**7.24%**
1.25%	1.00%	2.32%	4.57%	3.92%	**8.49%**
3.25%	1.25%	2.32%	6.82%	3.92%	**10.74%**
6.00%	1.50%	2.32%	9.82%	3.92%	**13.74%**
9.75%	1.75%	2.32%	13.82%	3.92%	**17.74%**

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



Source: www.treasury.gov

Constant Maturity Treasury (CMT) Rates: Maturity	Effective Duration	Month Beginning: Sep-24	Month Beginning: Aug-24	Bullet US Agency Securities: Maturity	Yield	Agency Bullet Spreads to CMT
3M	0.25	5.12%	5.29%	3M	5.21%	0.09%
6M	0.49	4.86%	5.09%	6M	5.47%	0.62%
1Y	0.98	4.38%	4.73%	1Y	4.94%	0.56%
2Y	1.92	3.92%	4.26%	2Y	4.44%	0.52%
2.5Y	2.38	3.83%	4.14%	2.5Y	4.43%	0.60%
3Y	2.83	3.78%	4.06%	3Y	4.39%	0.61%
4Y	3.70	3.72%	3.96%	4Y	4.11%	0.39%
5Y	4.56	3.70%	3.91%	5Y	3.75%	0.05%
6Y	5.30	3.72%	3.90%	6Y	3.54%	-0.17%
7Y	6.05	3.75%	3.92%	7Y	3.49%	-0.26%
8Y	6.79	3.80%	3.95%	8Y	3.54%	-0.25%
9Y	7.54	3.85%	3.99%	9Y	3.68%	-0.17%
10Y	8.28	3.90%	4.03%	10Y	3.85%	-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 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