

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

REPORT OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

2 FEBRUARY 2016

SECTION A – MATTER FOR DECISION

WARDS AFFECTED: ALL

PROPOSED AMENDMENT TO THE COUNCILS TREASURY MANAGEMENT POLICY AND MINIMUM REVENUE PROVISION (MRP) POLICY FOR 2015/16

Purpose of Report

1. The purpose of this report is to seek approval for changes to the Council's Minimum Revenue Provision (MRP) policy. The most recent policy was approved by Council on 4th February 2015 as part of the Annual Treasury Management Strategy.
2. This report needs to be considered in the context of the Council's current financial position. The Cabinet meeting of 30th September received a report from the Corporate Directors Group which outlined a budget shortfall of £18m for 2016/17 and £50m over the next four years. Consultation has been carried out on a range of savings proposals totalling some £20m over the next two years.

Background

Introduction – What is Minimum Revenue Provision?

3. Capital expenditure is defined as expenditure on assets which have a life expectancy of more than one year e.g. buildings or infrastructure improvements. Some of this capital expenditure is funded from borrowing which can be either:

- Supported borrowing i.e. funding provided by the Welsh Government to cover the debt charge costs as included in the Council's Revenue Support Grant (RSG).
 - Unsupported borrowing more commonly known as prudential borrowing where the Council determines that it can meet the borrowing costs itself. The Welsh Government provides no funding for prudentially borrowed capital expenditure.
4. Local Authorities have a statutory duty to set aside each year part of their revenue budget as a provision for the repayment of this borrowing, this is known as the Minimum Revenue Provision (MRP).
 5. This report deals with the Councils MRP policy in relation to supported borrowing, the MRP policy in relation to unsupported borrowing remains unchanged from the version approved by Council.

Financial Impact

Capital Financing Requirement / External Borrowing Position

6. It is important in the context of this report that Members note the overall position in relation to the Council's borrowing portfolio, the position as at 31st March 2015 is detailed below:

Table 1 – External Borrowing Position as at 31st March 2015

	£'000
Total capital expenditure funded by supported borrowing outstanding	154,250
Total capital expenditure funded by un-supported/prudential borrowing outstanding	82,466
Total Capital Financing Requirement	236,716
Total Actual External Borrowing	194,224
Total amount of capital expenditure funded by internal cash resources	42,492

7. The purpose of this note is to make Members aware of the amount of internal cash used to support capital expenditure, this cash would otherwise have been invested and be earning low rates of interest.

Minimum Revenue Provision – Statutory Duty

8. In accordance with the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 the Council is required to:

“...calculate for the current year an amount of minimum revenue provision which it considers to be prudent”

Minimum Revenue Provision – Welsh Government Guidance

9. The Welsh Government have issued guidance in relation to the setting of MRP policy. The Council is required by Section 21(B) of the above mentioned regulation to “have regard” to this guidance.
10. This guidance states that the broad aim of prudent provision is to ensure that the debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by the Welsh Government reasonably commensurate with the period implicit in the determination of that grant.
11. The following is an extract from the Welsh Government’s informal commentary on the guidance:

‘OPTIONS FOR PRUDENT PROVISION

Four ready-made options are included in the guidance (and there are two alternatives under Option 3). The options are those likely to be most relevant for the majority of authorities but other approaches are not meant to be ruled out, provided they are fully consistent with the statutory duty to make prudent revenue provision. Authorities must always have regard to the guidance, but having done so, may in some cases consider that a more individually designed MRP approach is justified.

...the decision on what is prudent is for the Authority and it is not for the Welsh Government to say in particular cases whether any proposed arrangement is consistent with the statutory duty.

The Council's proposed MRP Policy for Supported Borrowing

12. The Council to date is repaying its supported borrowing debt using Option 1 of the above guidance, referred to as the Regulatory Method. Under this method the amount of debt is written down annually by 4% on a reducing balance basis. As at 31st March 2015 the Council has a total amount of supported borrowing debt outstanding of £154m which provides a write down of £6.17m in 2015/16.
13. Officers have reviewed this method and have determined that this does not constitute the most prudent provision for the repayment of debt. This is due to the fact that by using the reducing balance method it will take approximately 422 years to fully extinguish this debt and even by the end of 2064/65, i.e. in 50 years' time, there will still be circa £20m of debt to pay off.
14. As the Council is free to determine its own method for determining the prudent provision for repayment of debt it is now proposed that it would be appropriate, affordable and reasonable for the Council to amend its MRP policy through an adaptation of the regulatory method so that a fixed amount of 2% of the outstanding debt balance as at 31st March of the previous year is repaid. This equates to a 50 year repayment period which is broadly consistent with the lives of assets funded and maintained by supported borrowing.
15. The current system of local government finance has evolved considerably in recent years and it is now extremely difficult to relate Welsh Government RSG support for debt repayment. Since 2008 when the current ability to borrow monies to fund capital expenditure on the basis of prudence, affordability and local decisions came into effect, the Welsh Government now only provides financial support to fund their "supported capital funding decisions". The previous link between government support for debt repayment and the annual MRP charge has been further eroded due to the reduction in overall Council funding levels resulting from the recent austerity measures. Therefore in relation to the notion that the Council should link its MRP policy to the support provided within the RSG grant settlement it is felt that this is no longer relevant.
16. The introduction of this proposed MRP policy has the effect of reducing the Councils MRP charges for the first 17 years and increasing them thereafter until all of the debt is paid off i.e. in 50

years' time. After the 50 years then there is an annual saving until the debt would have been paid off under the old method i.e. years 51 to 422.

17. By amending the MRP policy and re-phasing the repayment of debt as proposed then a total budget saving of £3.085m is available in the current year followed by £9.968m over the next 4 years as outlined in the table below:

Table 2 – Savings on supported debt outstanding at 31st March 2015

Year	Current Method	Revised Charge	Saving
	£'000	£'000	£'000
2015/16	6,170	3,085	3,085
2016/17	5,923	3,085	2,838
2017/18	5,686	3,085	2,601
2018/19	5,459	3,085	2,374
2019/20	5,240	3,085	2,155
Total for 4 years			9,968

18. As has previously been noted the revised MRP policy will lead to increased charges for years 18 to 50. In order to determine the Net Present Value of this change in policy a calculation has been carried out using the Treasury's recommended discount rate of 3.5%. Details of this calculation can be found at Appendix 1 of this report.
19. The calculation shows that the net present value of the savings in years 1-17 totals £20.336m compared to the net present value of the increased costs for years 18-50 which totals £12.344m.
20. Therefore as the Council's Section 151 Officer I am satisfied that this revised approach to MRP is prudent and therefore complies with the Council's statutory duties in respect of MRP and debt repayment requirements.

Additional interest payable

21. A reduction in Minimum Revenue Provision will have the effect of increasing the amount of borrowing required in subsequent financial years. Table 2 above refers to a reduced MRP charge of £3m, this reduced charge will have the effect of increasing interest payable in

future years by approximately £120k per annum. The net effect of the saving and additional interest payable needs to be considered when determining the impact on the Forward Financial Plan.

Supported Borrowing for Capital Programme Funding Requirements 2015-2020

22. As part of the Local Government Settlement the Welsh Government provides new funding available to support Capital Expenditure. For 2015/16 this amounts to:-

	£'000
Specific Capital Grant	2,660
Supported borrowing approved	<u>4,372</u>
Total Welsh Government support	<u>7,032</u>

23. It is assumed that Welsh Government will continue to provide similar funding support over the next 4 years. As a consequence the revenue budget will need to increase by £245k per annum including interest to repay this borrowing.

Treasury Budget Revenue Costs

24. Table 1 shows that whilst total borrowing for the Council amounts to £236.7m, external loans taken out total £194.2m. Therefore the Council is using £42.5m of its internal funds i.e. reserves, provisions, trust fund and other deposits such as Planning Boards to reduce its interest costs. As Members are aware the Council is able to borrow monies from Banks, other institutions and the Public Works Loan Board (PWLB). The interest rates offered by the PWLB are for loan periods from 2 years to 50 years. Appendix 2 provides details of the interest rates as at 9th December 2015.
25. As Members are aware the Council invests its surplus cash in order to minimise overall Treasury Management costs. The interest rates generated on such investments is much lower than the costs of borrowing. As Members are aware the Bank of England interest rate has been 0.5% since March 2009 and is predicted to remain at this level until quarter 2 or later in 2016. Maximising the use of internal funds to fund capital borrowing generates savings of between 2% to 3%. However, as interest rates are currently at an all-time low future increases in borrowing rates have to be

considered and factored into the medium and longer term Treasury Management Policy.

Overall Impact on the Forward Financial Plan (FFP)

26. If Members approve this revised policy it is proposed that a savings target of £2m be included for 2016/17 and within the Forward Financial Plan which will reduce the amount of savings required from other Council services. It will also provide an underspend of some £2.9m in the current year which can be set aside into the ER/VR reserve.

Equality Impact

27. The Equality Act 2010 requires public bodies to “pay due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - foster good relations between persons who share a relevant protected characteristics and persons who do not share it.
28. The proposal to amend the Councils Minimum Revenue Policy has no impact on services or service users hence there is no requirement for a full EIA.

Workforce Impacts

29. There are no direct HR implications arising from this policy proposal. The savings identified from amending the policy will enable the Council to deliver its FFP savings which in turn will protect services and jobs.

Consultation

30. There is no requirement under the Constitution for external consultation on this item.

Sustainable Development

31. As the Council’s Section 151 Officer I have considered the implications of the Wellbeing of Future Generations (Wales) Act

2015 and can find nothing in the Act that detracts from the conclusion that this revised policy complies with the requirement to make prudent provision for the repayment of debt

Recommendation

32. It is recommended that Cabinet commend to Council the approval of the revised Minimum Revenue Provision (MRP) policy for the 2015/16 financial year.

Reasons for Proposed Decision

33. To ensure that the Council complies with its statutory requirement to calculate Minimum Revenue Provision charges which it considers to be prudent.

Implementation of Decision

34. The decisions are proposed for implementation immediately after consultation with the Cabinet Scrutiny Committee and determination by Council.

Appendices

35. Appendix 1 – Detailed calculation of savings including Net Present Value Calculation.
36. Appendix 2 – PWLB Interest Rates as at 9th December 2015.

List of Background Papers

37. Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008.
38. Welsh Assembly Government – Guidance on Minimum Revenue Provision

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APPENDIX 1

Detailed calculations – Implementation of revised MRP policy

Financial Year	No of years	MRP - 4% reducing balance Current £'000	MRP - 2% Straight Line Proposed £'000	(Saving)/ Increase p.a £'000	NPV of (Saving)/ Increase £'000	Total NPV of (Saving)/ Increase £'000
2015/2016	1	6,170	3,085	-3,085	-2,981	
2016/2017	2	5,923	3,085	-2,838	-2,649	
2017/2018	3	5,686	3,085	-2,601	-2,346	
2018/2019	4	5,459	3,085	-2,374	-2,069	
2019/2020	5	5,240	3,085	-2,155	-1,815	
2020/2021	6	5,031	3,085	-1,946	-1,583	
2021/2022	7	4,830	3,085	-1,745	-1,371	
2022/2023	8	4,636	3,085	-1,551	-1,178	
2023/2024	9	4,451	3,085	-1,366	-1,002	
2024/2025	10	4,273	3,085	-1,188	-842	
2025/2026	11	4,102	3,085	-1,017	-697	
2026/2027	12	3,938	3,085	-853	-564	
2027/2028	13	3,780	3,085	-695	-445	
2028/2029	14	3,629	3,085	-544	-336	
2029/2030	15	3,484	3,085	-399	-238	
2030/2031	16	3,345	3,085	-260	-150	
2031/2032	17	3,211	3,085	-126	-70	-20,336
2032/2033	18	3,082	3,085	3	1	
2033/2034	19	2,959	3,085	126	65	
2034/2035	20	2,841	3,085	244	123	
2035/2036	21	2,727	3,085	358	174	
2036/2037	22	2,618	3,085	467	219	
2037/2038	23	2,513	3,085	572	259	
2038/2039	24	2,413	3,085	672	294	
2039/2040	25	2,316	3,085	769	325	
2040/2041	26	2,224	3,085	861	352	
2041/2042	27	2,135	3,085	950	375	
2042/2043	28	2,049	3,085	1,036	395	
2043/2044	29	1,967	3,085	1,118	412	
2044/2045	30	1,889	3,085	1,196	426	
2045/2046	31	1,813	3,085	1,272	438	
2046/2047	32	1,741	3,085	1,344	447	

Financial Year	No of years	MRP - 4% reducing balance Current £'000	MRP - 2% Straight Line Proposed £'000	(Saving)/ Increase p.a £'000	NPV of (Saving)/ Increase £'000	Total NPV of (Saving)/ Increase £'000
2047/2048	33	1,671	3,085	1,414	454	
2048/2049	34	1,604	3,085	1,481	460	
2049/2050	35	1,540	3,085	1,545	464	
2050/2051	36	1,478	3,085	1,607	466	
2051/2052	37	1,419	3,085	1,666	466	
2052/2053	38	1,362	3,085	1,723	466	
2053/2054	39	1,308	3,085	1,777	465	
2054/2055	40	1,256	3,085	1,829	462	
2055/2056	41	1,205	3,085	1,880	459	
2056/2057	42	1,157	3,085	1,928	455	
2057/2058	43	1,111	3,085	1,974	450	
2058/2059	44	1,066	3,085	2,019	444	
2059/2060	45	1,024	3,085	2,061	438	
2060/2061	46	983	3,085	2,102	432	
2061/2062	47	944	3,085	2,141	425	
2062/2063	48	906	3,085	2,179	418	
2063/2064	49	870	3,085	2,215	411	
2064/2065	50	835	3,085	2,250	403	12,344

Data Date: 20-Jan-2016

PWL B

INTEREST RATE NOTICE NUMBER 026/16

FIXED RATES FOR TRANSACTIONS AGREED AFTER 12:15 ON 20 JAN 2016

Use arrows (above) to scroll through pages of report. To export the information from this report click on one of the buttons at the end of this page.

This report displays the current PWLB Standard Fixed Interest Rates. For a given loan type and term, the PWLB Certainty New Loan Rate is calculated by subtracting 0.20% (i.e. 20 basis points) from the comparable PWLB Standard New Loan Rate, and the PWLB Project New Loan Rate is calculated by subtracting 0.40% (i.e. 40 basis points) from the comparable PWLB Standard New Loan Rate. Certainty Rates and Project Rates only apply to new loans, not premature repayment of loans.

Period (years)	Standard New Loan Rates						Premature Repayment Rates					
	EIP		Annuity		Maturity		EIP		Annuity		Maturity	
	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change
1 year	-	-	-	-	1.33	(+0.02)	-	-	-	-	0.21	(+0.02)
Over 1 not over 1½	-	-	-	-	1.41	(+0.02)	0.21	(+0.02)	0.21	(+0.02)	0.21	(+0.02)
Over 1½ not over 2	1.37	(+0.02)	1.37	(+0.02)	1.50	(+0.02)	0.21	(+0.02)	0.21	(+0.02)	0.29	(+0.02)
Over 2 not over 2½	1.41	(+0.02)	1.41	(+0.02)	1.59	(+0.02)	0.25	(+0.02)	0.25	(+0.02)	0.38	(+0.02)
Over 2½ not over 3	1.45	(+0.02)	1.46	(+0.02)	1.69	(+0.03)	0.29	(+0.02)	0.29	(+0.02)	0.47	(+0.02)
Over 3 not over 3½	1.50	(+0.02)	1.50	(+0.02)	1.78	(+0.02)	0.33	(+0.02)	0.34	(+0.02)	0.57	(+0.03)
Over 3½ not over 4	1.55	(+0.03)	1.55	(+0.03)	1.87	(+0.02)	0.38	(+0.02)	0.38	(+0.02)	0.66	(+0.02)
Over 4 not over 4½	1.59	(+0.02)	1.59	(+0.02)	1.96	(+0.02)	0.43	(+0.03)	0.43	(+0.03)	0.75	(+0.02)
Over 4½ not over 5	1.64	(+0.02)	1.64	(+0.02)	2.05	(+0.03)	0.47	(+0.02)	0.47	(+0.02)	0.84	(+0.02)
Over 5 not over 5½	1.69	(+0.03)	1.69	(+0.02)	2.13	(+0.03)	0.52	(+0.02)	0.52	(+0.02)	0.93	(+0.03)
Over 5½ not over 6	1.73	(+0.02)	1.74	(+0.03)	2.21	(+0.03)	0.57	(+0.03)	0.57	(+0.02)	1.01	(+0.03)
Over 6 not over 6½	1.78	(+0.02)	1.79	(+0.03)	2.28	(+0.03)	0.61	(+0.02)	0.62	(+0.03)	1.09	(+0.03)
Over 6½ not over 7	1.83	(+0.03)	1.83	(+0.02)	2.34	(+0.02)	0.66	(+0.02)	0.67	(+0.03)	1.16	(+0.03)
Over 7 not over 7½	1.87	(+0.02)	1.88	(+0.02)	2.41	(+0.02)	0.71	(+0.03)	0.71	(+0.02)	1.22	(+0.02)
Over 7½ not over 8	1.92	(+0.03)	1.93	(+0.03)	2.47	(+0.02)	0.75	(+0.02)	0.76	(+0.02)	1.29	(+0.02)
Over 8 not over 8½	1.96	(+0.02)	1.97	(+0.02)	2.53	(+0.02)	0.80	(+0.03)	0.81	(+0.03)	1.35	(+0.02)
Over 8½ not over 9	2.01	(+0.03)	2.02	(+0.03)	2.58	(+0.01)	0.84	(+0.02)	0.85	(+0.02)	1.41	(+0.02)
Over 9 not over 9½	2.05	(+0.03)	2.06	(+0.02)	2.63	(+0.01)	0.89	(+0.03)	0.90	(+0.03)	1.46	(+0.01)
Over 9½ not over 10	2.09	(+0.03)	2.10	(+0.02)	2.68	(+0.01)	0.93	(+0.03)	0.94	(+0.02)	1.51	(+0.01)
Over 10 not over 10½	2.13	(+0.03)	2.14	(+0.02)	2.73	(+0.01)	0.97	(+0.03)	0.98	(+0.02)	1.56	(+0.01)
Over 10½ not over 11	2.17	(+0.03)	2.19	(+0.03)	2.78	(+0.01)	1.01	(+0.03)	1.02	(+0.02)	1.61	(+0.01)
Over 11 not over 11½	2.21	(+0.03)	2.22	(+0.02)	2.83	(+0.02)	1.05	(+0.03)	1.07	(+0.03)	1.66	(+0.01)
Over 11½ not over 12	2.24	(+0.02)	2.26	(+0.02)	2.87	(+0.01)	1.09	(+0.03)	1.10	(+0.02)	1.71	(+0.02)
Over 12 not over 12½	2.28	(+0.03)	2.30	(+0.02)	2.92	(+0.02)	1.12	(+0.02)	1.14	(+0.02)	1.75	(+0.01)
Over 12½ not over 13	2.31	(+0.02)	2.34	(+0.03)	2.96	(+0.01)	1.16	(+0.03)	1.18	(+0.02)	1.80	(+0.02)
Over 13 not over 13½	2.34	(+0.02)	2.37	(+0.02)	3.00	(+0.01)	1.19	(+0.02)	1.22	(+0.03)	1.84	(+0.01)
Over 13½ not over 14	2.38	(+0.02)	2.41	(+0.02)	3.04	(+0.01)	1.22	(+0.02)	1.25	(+0.02)	1.88	(+0.01)
Over 14 not over 14½	2.41	(+0.02)	2.44	(+0.02)	3.08	(+0.01)	1.26	(+0.02)	1.29	(+0.02)	1.92	(+0.01)
Over 14½ not over 15	2.44	(+0.02)	2.47	(+0.02)	3.12	(+0.02)	1.29	(+0.02)	1.32	(+0.02)	1.96	(+0.01)
Over 15 not over 15½	2.47	(+0.02)	2.50	(+0.01)	3.15	(+0.01)	1.32	(+0.02)	1.35	(+0.02)	2.00	(+0.02)
Over 15½ not over 16	2.50	(+0.02)	2.53	(+0.01)	3.19	(+0.02)	1.35	(+0.02)	1.38	(+0.01)	2.03	(+0.01)
Over 16 not over 16½	2.53	(+0.02)	2.56	(+0.01)	3.22	(+0.01)	1.38	(+0.02)	1.41	(+0.01)	2.07	(+0.02)
Over 16½ not over 17	2.55	(+0.01)	2.59	(+0.01)	3.25	(+0.01)	1.41	(+0.02)	1.44	(+0.01)	2.10	(+0.01)
Over 17 not over 17½	2.58	(+0.01)	2.62	(+0.01)	3.28	(+0.01)	1.43	(+0.01)	1.47	(+0.01)	2.13	(+0.01)
Over 17½ not over 18	2.61	(+0.02)	2.65	(+0.01)	3.30	(+0.01)	1.46	(+0.01)	1.50	(+0.01)	2.16	(+0.01)
Over 18 not over 18½	2.63	(+0.01)	2.68	(+0.01)	3.33	(+0.01)	1.49	(+0.02)	1.53	(+0.01)	2.18	(+0.01)

Period (years)	Standard New Loan Rates						Premature Repayment Rates					
	EIP		Annuity		Maturity		EIP		Annuity		Maturity	
	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change
Over 18½ not over 19	2.66	(+0.02)	2.71	(+0.01)	3.35	(+0.01)	1.51	(+0.01)	1.56	(+0.01)	2.21	(+0.01)
Over 19 not over 19½	2.68	(+0.01)	2.74	(+0.02)	3.37	(+0.01)	1.54	(+0.02)	1.59	(+0.01)	2.23	(+0.01)
Over 19½ not over 20	2.71	(+0.01)	2.76	(+0.01)	3.39	(+0.01)	1.56	(+0.01)	1.62	(+0.02)	2.25	(+0.01)
Over 20 not over 20½	2.73	(+0.01)	2.79	(+0.01)	3.41	(+0.01)	1.59	(+0.01)	1.64	(+0.01)	2.27	(+0.01)
Over 20½ not over 21	2.76	(+0.02)	2.82	(+0.01)	3.43	(+0.02)	1.61	(+0.01)	1.67	(+0.01)	2.29	(+0.01)
Over 21 not over 21½	2.78	(+0.01)	2.85	(+0.02)	3.44	(+0.01)	1.64	(+0.02)	1.70	(+0.01)	2.31	(+0.02)
Over 21½ not over 22	2.80	(+0.01)	2.87	(+0.01)	3.45	(+0.01)	1.66	(+0.01)	1.73	(+0.02)	2.32	(+0.01)
Over 22 not over 22½	2.83	(+0.02)	2.90	(+0.01)	3.46	(+0.01)	1.68	(+0.01)	1.75	(+0.01)	2.33	(+0.01)
Over 22½ not over 23	2.85	(+0.01)	2.92	(+0.01)	3.47	(+0.01)	1.71	(+0.02)	1.78	(+0.01)	2.34	(+0.01)
Over 23 not over 23½	2.87	(+0.01)	2.95	(+0.01)	3.48	(+0.01)	1.73	(+0.01)	1.80	(+0.01)	2.35	(+0.01)
Over 23½ not over 24	2.89	(+0.01)	2.97	(+0.01)	3.48	(+0.01)	1.75	(+0.01)	1.83	(+0.01)	2.36	(+0.01)
Over 24 not over 24½	2.92	(+0.02)	3.00	(+0.01)	3.49	(+0.01)	1.77	(+0.01)	1.85	(+0.01)	2.36	(+0.01)
Over 24½ not over 25	2.94	(+0.01)	3.02	(+0.01)	3.49	(+0.01)	1.80	(+0.02)	1.88	(+0.01)	2.37	(+0.01)
Over 25 not over 25½	2.96	(+0.01)	3.05	(+0.01)	3.49	(+0.01)	1.82	(+0.01)	1.90	(+0.01)	2.37	(+0.01)
Over 25½ not over 26	2.98	(+0.01)	3.07	(+0.01)	3.49	(+0.01)	1.84	(+0.01)	1.93	(+0.01)	2.37	(+0.01)
Over 26 not over 26½	3.00	(+0.01)	3.09	(+0.01)	3.49	(+0.01)	1.86	(+0.01)	1.95	(+0.01)	2.37	(+0.01)
Over 26½ not over 27	3.02	(+0.01)	3.12	(+0.01)	3.49	(+0.01)	1.88	(+0.01)	1.97	(+0.01)	2.37	(+0.01)
Over 27 not over 27½	3.04	(+0.01)	3.14	(+0.01)	3.49	(+0.01)	1.90	(+0.01)	2.00	(+0.01)	2.37	(+0.01)
Over 27½ not over 28	3.06	(+0.01)	3.16	(+0.01)	3.49	(+0.01)	1.92	(+0.01)	2.02	(+0.01)	2.37	(+0.01)
Over 28 not over 28½	3.08	(+0.01)	3.18	(+0.01)	3.49	(+0.01)	1.94	(+0.01)	2.04	(+0.01)	2.36	(+0.01)
Over 28½ not over 29	3.10	(+0.01)	3.20	(+0.01)	3.48	(+0.01)	1.96	(+0.01)	2.06	(+0.01)	2.36	(+0.01)
Over 29 not over 29½	3.12	(+0.02)	3.22	(+0.01)	3.48	(+0.01)	1.98	(+0.01)	2.08	(+0.01)	2.35	(+0.01)
Over 29½ not over 30	3.13	(+0.01)	3.24	(+0.01)	3.47	(+0.01)	2.00	(+0.02)	2.10	(+0.01)	2.35	(+0.01)
Over 30 not over 30½	3.15	(+0.01)	3.26	(+0.01)	3.47	(+0.01)	2.01	(+0.01)	2.12	(+0.01)	2.34	(+0.01)
Over 30½ not over 31	3.17	(+0.01)	3.28	(+0.01)	3.46	(+0.01)	2.03	(+0.01)	2.14	(+0.01)	2.34	(+0.02)
Over 31 not over 31½	3.19	(+0.02)	3.30	(+0.01)	3.46	(+0.02)	2.05	(+0.01)	2.16	(+0.01)	2.33	(+0.01)
Over 31½ not over 32	3.20	(+0.01)	3.31	(+0.01)	3.45	(+0.01)	2.07	(+0.02)	2.18	(+0.01)	2.32	(+0.01)
Over 32 not over 32½	3.22	(+0.01)	3.33	(+0.01)	3.44	(+0.01)	2.08	(+0.01)	2.19	(+0.01)	2.32	(+0.02)
Over 32½ not over 33	3.23	(+0.01)	3.34	(+0.01)	3.44	(+0.02)	2.10	(+0.01)	2.21	(+0.01)	2.31	(+0.01)
Over 33 not over 33½	3.25	(+0.01)	3.36	(+0.01)	3.43	(+0.01)	2.11	(+0.01)	2.22	(+0.01)	2.30	(+0.01)
Over 33½ not over 34	3.26	(+0.01)	3.37	(+0.01)	3.42	(+0.01)	2.13	(+0.01)	2.24	(+0.01)	2.29	(+0.01)
Over 34 not over 34½	3.28	(+0.01)	3.39	(+0.02)	3.41	(+0.01)	2.14	(+0.01)	2.25	(+0.01)	2.29	(+0.02)
Over 34½ not over 35	3.29	(+0.01)	3.40	(+0.01)	3.41	(+0.02)	2.16	(+0.01)	2.27	(+0.02)	2.28	(+0.01)
Over 35 not over 35½	3.30	(+0.01)	3.41	(+0.01)	3.40	(+0.01)	2.17	(+0.01)	2.28	(+0.01)	2.27	(+0.01)
Over 35½ not over 36	3.32	(+0.01)	3.42	(+0.01)	3.39	(+0.01)	2.18	(+0.01)	2.29	(+0.01)	2.26	(+0.01)
Over 36 not over 36½	3.33	(+0.01)	3.43	(+0.01)	3.38	(+0.01)	2.20	(+0.01)	2.30	(+0.01)	2.26	(+0.01)
Over 36½ not over 37	3.34	(+0.01)	3.44	(+0.01)	3.38	(+0.01)	2.21	(+0.01)	2.31	(+0.01)	2.25	(+0.01)
Over 37 not over 37½	3.35	(+0.01)	3.45	(+0.02)	3.37	(+0.01)	2.22	(+0.01)	2.32	(+0.01)	2.24	(+0.01)
Over 37½ not over 38	3.36	(+0.01)	3.45	(+0.01)	3.36	(+0.01)	2.23	(+0.01)	2.33	(+0.02)	2.24	(+0.01)
Over 38 not over 38½	3.37	(+0.01)	3.46	(+0.01)	3.36	(+0.01)	2.24	(+0.01)	2.33	(+0.01)	2.23	(+0.01)
Over 38½ not over 39	3.38	(+0.01)	3.47	(+0.01)	3.35	(+0.01)	2.25	(+0.01)	2.34	(+0.01)	2.23	(+0.02)
Over 39 not over 39½	3.39	(+0.01)	3.47	(+0.01)	3.35	(+0.02)	2.26	(+0.01)	2.35	(+0.01)	2.22	(+0.01)
Over 39½ not over 40	3.40	(+0.01)	3.48	(+0.01)	3.34	(+0.01)	2.27	(+0.01)	2.35	(+0.01)	2.22	(+0.02)
Over 40 not over 40½	3.41	(+0.01)	3.48	(+0.01)	3.34	(+0.02)	2.28	(+0.01)	2.36	(+0.01)	2.21	(+0.01)
Over 40½ not over 41	3.42	(+0.01)	3.49	(+0.02)	3.33	(+0.01)	2.29	(+0.01)	2.36	(+0.01)	2.21	(+0.01)
Over 41 not over 41½	3.43	(+0.02)	3.49	(+0.01)	3.33	(+0.01)	2.30	(+0.01)	2.37	(+0.02)	2.20	(+0.01)
Over 41½ not over 42	3.43	(+0.01)	3.49	(+0.01)	3.32	(+0.01)	2.31	(+0.02)	2.37	(+0.01)	2.20	(+0.01)
Over 42 not over 42½	3.44	(+0.01)	3.49	(+0.01)	3.32	(+0.01)	2.31	(+0.01)	2.37	(+0.01)	2.20	(+0.01)
Over 42½ not over 43	3.45	(+0.02)	3.49	(+0.01)	3.32	(+0.01)	2.32	(+0.01)	2.37	(+0.01)	2.19	(+0.01)
Over 43 not over 43½	3.45	(+0.01)	3.49	(+0.01)	3.31	(+0.01)	2.33	(+0.02)	2.37	(+0.01)	2.19	(+0.01)

Standard New Loan Rates							Premature Repayment Rates					
Period (years)	EIP		Annuity		Maturity		EIP		Annuity		Maturity	
	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change
Over 43½ not over 44	3.46	(+0.01)	3.49	(+0.01)	3.31	(+0.01)	2.33	(+0.01)	2.37	(+0.01)	2.19	(+0.01)
Over 44 not over 44½	3.46	(+0.01)	3.49	(+0.01)	3.31	(+0.01)	2.34	(+0.01)	2.37	(+0.01)	2.19	(+0.01)
Over 44½ not over 45	3.47	(+0.02)	3.49	(+0.01)	3.31	(+0.01)	2.34	(+0.01)	2.37	(+0.01)	2.19	(+0.01)
Over 45 not over 45½	3.47	(+0.01)	3.49	(+0.01)	3.31	(+0.01)	2.35	(+0.02)	2.37	(+0.01)	2.19	(+0.02)
Over 45½ not over 46	3.47	(+0.01)	3.49	(+0.01)	3.31	(+0.02)	2.35	(+0.01)	2.37	(+0.01)	2.19	(+0.02)
Over 46 not over 46½	3.48	(+0.01)	3.49	(+0.01)	3.31	(+0.02)	2.35	(+0.01)	2.37	(+0.01)	2.19	(+0.02)
Over 46½ not over 47	3.48	(+0.01)	3.49	(+0.01)	3.31	(+0.02)	2.36	(+0.01)	2.37	(+0.02)	2.19	(+0.02)
Over 47 not over 47½	3.48	(+0.01)	3.49	(+0.02)	3.31	(+0.02)	2.36	(+0.01)	2.36	(+0.01)	2.19	(+0.02)
Over 47½ not over 48	3.49	(+0.02)	3.48	(+0.01)	3.31	(+0.02)	2.36	(+0.01)	2.36	(+0.01)	2.19	(+0.02)
Over 48 not over 48½	3.49	(+0.01)	3.48	(+0.01)	3.31	(+0.01)	2.37	(+0.02)	2.36	(+0.01)	2.19	(+0.02)
Over 48½ not over 49	3.49	(+0.01)	3.48	(+0.01)	3.31	(+0.01)	2.37	(+0.01)	2.35	(+0.01)	2.19	(+0.01)
Over 49 not over 49½	3.49	(+0.01)	3.47	(+0.01)	3.31	(+0.01)	2.37	(+0.01)	2.35	(+0.01)	2.19	(+0.01)
Over 49½ not over 50	3.49	(+0.01)	3.47	(+0.01)	3.31	(+0.01)	2.37	(+0.01)	2.35	(+0.02)	2.19	(+0.01)

Rates determined for residual contractual obligations for periods in excess of 50 years will be:

New Loan Rates							Premature Repayment Rates					
Period (years)	EIP		Annuity		Maturity		EIP		Annuity		Maturity	
	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change
	3.49	(+0.01)	3.47	(+0.02)	3.31	(+0.01)	2.37	(+0.01)	2.35	(+0.02)	2.19	(+0.01)