



MERIX

FINANCIAL

Product and Policy Guide

for

Approved Originators

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About Merix Financial

Merix Financial Inc. is a mortgage provider, bringing wholesale mortgage funding and providing innovative real estate lending products and superior sales and service to mortgage originators and their customers. Merix Financial places an emphasis on **process & innovation, selective access** to the Merix brand and products, and **innovative compensation models**. Most importantly, Merix Financial **enables originators to have sole proprietorship of the customer relationship** throughout their mortgage life cycle. Merix Financial is a national company with its head office located in Toronto, ON, Canada.

Process & Innovation

Merix Financial has a goal to stay ahead of the curve in our ever-evolving industry to assist originators and their business. To accomplish this goal, Merix strives to improve the overall end to end mortgage process for originators and their customers through innovations in products, policies, and processes.

Selective Access to the Merix Brand

To mitigate potential service disruptions caused by inexperienced mortgage brokers, Merix Financial selects who we will accept business from on an individual basis. Merix only signs up individual Originators, not the Brokerage Company. Merix only deals with Originators of the highest quality in the industry, further enhancing the “Merix Experience”.

Innovative Compensation Models

Merix Financial allows Originators to choose between two methods of compensation, acknowledging there are different compensation needs for different Originators.

The Merix Xtended Model: For Originators who want the ability to build a book of business that has ongoing value.

The Merix Universal Model: For Originators who prefer the current compensation landscape in the industry and wish to support their broker company.

Sole Proprietorship of the Customer Relationship

Merix Financial **does not** own the customer. Instead, Merix **supports and enhances the relationship between Originators and their customers**. This is achieved through our various customer touch points which refer to Merix acting on behalf of the Originator. Furthermore, our compensation structure rewards Originators for helping Merix retain the ability to service the customer over the life of the mortgage loan.



1. Product Information

Merix Financial offers the following products to its approved Originators and their customers:

Adjustable Rate Mortgages (ARM)

Adjustable Rate Mortgage (ARM)		
Product Summary	The Merix Adjustable Rate Mortgage (ARM) is a closed mortgage that offers your customers the ability to take advantage of low, short-term interest rates while offering them the piece of mind that they can convert to a Fixed Rate Mortgage at any time during the term (see below). This Product is available as a fixed portion within our Home Equity Line of Credit (HELOC).	
Terms	5 year ARM	
Payment Frequency	Accelerated Weekly Accelerated Bi-Weekly Monthly	
Prepayment Policy	Prepay up to 20% of the Original Principal Balance each year based on the anniversary of the loan (minimum payment is \$1000). Increase payments by up to 20% of the original amount over the term.	
Interest Rate	Based on the current Prime Rate of Merix Financial. Your customers will be notified of any interest rate changes in advance. Interest is compounded monthly, not in advance.	
Rate Policy	Interest rate at funding will be current ARM rate at 5 bus. days prior to funding.	
Qualifying Rate	Your customer will be qualified on the greater of the current Merix 3 year Fixed Rate or the current ARM rate.	
Pre-approvals	Permitted	
Approval Period	120 days	
Prepayment Penalty	<u>5-year term:</u> 3 months interest at the current customer rate on the prepaid amount that exceeds the annual prepayment allowance.	
Portability	Your customer can port the rate variance from Merix Prime, insurance premium (per insurer policy), and remaining term to new closed variable mortgage.	
Payment Amount	Your customer's payment amount is based on their current interest rate and amortization.	
Payment Changes	Your customer's payment amount will change with any corresponding change in the Prime Rate. Your customers will be notified of any payment changes in advance.	
Conversion to Fixed Closed	Your customer can convert their ARM to a Merix Closed Fixed Rate Mortgage at the then current broker pricing, however then new fixed rate term must be greater or equal to the remaining term left on their ARM. No rate hold is available on conversions.	
LTV	Up to 95% insured, 75% conventional	
Insurance Premium:	Premiums are calculated on Principal Balance based on the loan-to-value ratio:	
LTV	Single Advances	Progress Advances
75.1% to 80%	1.00%	1.50%
80.1% to 85%	1.75%	2.25%
85.1% to 90%	2.00%	2.50%
90.1% to 95%	2.75%	3.25%



Interest-Only Adjustable Rate Mortgages (ARM)

Interest Only ARM	
Product Summary	The Merix Interest Only ARM is a closed mortgage that offers your customers the ability to take advantage of low, short-term interest rates, with the added cash flow benefit of interest only payments throughout the term. The Interest Only ARM also offers the peace of mind that they can convert to a Fixed Rate Mortgage at any time during the term (see below). Ideally suited for property investors and borrowers who require a lower payment structure coupled with a lower rate than our HELOC. This Product is not available as a fixed portion within our Home Equity Line of Credit (HELOC).
Terms	3 and 5 year
Eligible Properties	Owner Occupied up to 4 units Non-Owner Occupied up to 4 units
Payment Frequency	Weekly Bi-Weekly Monthly
Prepayment Policy	Prepay up to 20% of the Original Principal Balance each year based on the anniversary of the loan (minimum payment is \$1000). Payments cannot be increased during the interest-only term.
Interest Rate	Based on the current Prime Rate of Merix Financial. Your customers will be notified of any interest rate changes in advance. Interest is compounded monthly, not in advance. Borrowers are qualified on the greater of the current Merix 3 year Fixed Rate or the interest only rate and a 25 year amortization. Borrowers can be qualified on a 35 year amortization if LTV <= 75% and property is owner-occupied.
Rate Policy	Interest rate at funding will be current ARM rate at 5 business days prior to funding.
Pre-approvals	Permitted
Approval Period	120 days
Prepayment Penalty	3 months interest at the current customer rate on the prepaid amount that exceeds the annual prepayment allowance.
Portability	Your customer can port the rate variance from Merix Prime, insurance premium (per insurer policy), and remaining term to a new Interest-Only ARM.
Payment Amount	Your customer's payment amount is based on their current interest rate and amortization.
Payment Changes	Your customer's interest-only payment amount will change with any corresponding change in the Prime Rate. Your customers will be notified of any payment changes in advance.
Conversion to Fixed Closed	Your customer can convert their ARM to a Merix Closed Fixed Rate Mortgage at the then current broker pricing PLUS .15%, however the new fixed rate term must be greater or equal to the remaining term left on their ARM. No rate hold is available on conversions.
LTV	Up to 90% insured; 75% conventional. For LTV > 75%, after the interest only term expires, upon renewal the mortgage will convert to a standard P&I amortizing mortgage.
Insurance Premium: LTV	Premiums are calculated on Principal Balance based on the loan-to-value ratio:
75.01% to 80%	1.25%
80.01% to 85%	2.00%
85.01% to 90%	2.25%



Fixed Rate Mortgages

Fixed Rate Mortgage		
Product Summary	The Merix Fixed Rate Mortgage is a closed mortgage that offers your customers the peace of mind knowing what their payments will be for the entire term of the mortgage, while offering competitive prepayment privileges so they can pay off their mortgage faster. This Product is available as a fixed portion within our Home Equity Line of Credit (HELOC).	
Terms	6 month convertible term 1 – 5, 6, 7, 10 year terms	
Payment Frequency	Accelerated Weekly Accelerated Bi-Weekly Monthly	
Prepayment Policy	Prepay up to 20% of the Original Principal Balance each year based on the anniversary of the loan (minimum payment is \$1000). Increase payments by up to 20% of the original amount over the term.	
Portability	Your customer can port the interest rate, insurance premium (per insurer policy), and remaining term to a new Merix Fixed Rate mortgage.	
Interest Rate Policy	Interest Rate hold period is 120 days maximum. Originators can request rate drops during the rate hold period. Rate drops do not extend the rate hold period. The Interest Rate will be set 5 business days prior to closing.	
Pre-approvals	Permitted	
Approval Period	120 days	
Prepayment Penalty	<p><u>For terms 5 years or less:</u> Greater of IRD or 3 month's Interest. IRD is based on difference between customer rate and the then current interest rate offered by Merix for a term closest to the term remaining on the mortgage.</p> <p><u>For 6, 7, and 10 year terms:</u> If prepaying within the first 5 years of the term, the penalty is the Greater of IRD or 3 month's Interest. IRD is based on difference between customer rate and the then current interest rate offered by Merix for a term closest to the term remaining on the mortgage. If prepaying after the 5th anniversary, the penalty is equal to 3 months interest.</p>	
Interest Rate	Fixed for the term of the mortgage. Interest is compounded semi-annually, not in advance.	
6-Month Convertibility	Your customer can convert their 6 month mortgage to a Merix Closed Fixed Term Mortgage at the then current broker pricing. This includes Fixed Rate Mortgages, as well as ARMs and Cash Back. No rate hold is available on conversions.	
LTV	Up to 95% insured, 75% conventional	
Insurance Premium:	Premiums are calculated on Principal Balance based on the loan-to-value ratio:	
LTV	Single Advances	Progress Advances
75.1% to 80%	1.00%	1.50%
80.1% to 85%	1.75%	2.25%
85.1% to 90%	2.00%	2.50%
90.1% to 95%	2.75%	3.25%



Uninsured Home Equity Line of Credit (HELOC):

Uninsured Home Equity Line of Credit	
Product Summary	<p>The Merix HELOC is a combination of a Revolving Line of Credit and fixed term mortgage products under one credit limit.</p> <p>Your customers can choose to use it only for the flexibility of a revolving credit facility, or they can customize it to suit their needs. Multiple Fixed Term mortgage products are available to be held within the Merix HELOC, including:</p> <ul style="list-style-type: none"> • Closed Adjustable Rate Mortgages (ARM) • Closed Fixed Term Mortgages • Cash Back Equity Mortgage <p>All Interest Rates, Payment and Prepayment options for the Fixed Term products are subject to the specific policies for each product.</p>
Interest Rate	<p>The interest rate on the revolving portion of the HELOC changes at the beginning of every month, based on then current Prime Rate of Merix Financial.</p> <p>The interest rate on any Fixed Term product held within the Merix HELOC is determined by the respective policies for each Fixed Term product.</p>
Qualifying Rate	Your customer will be qualified on the greater of the current Merix 3 year Fixed Rate or the current HELOC rate.
Payments	<p>The Revolving Credit Facility is paid monthly.</p> <p>The minimum monthly payment required each month is an interest only payment based on the then current interest rate. Your customers will be notified of their payment amount in advance in their monthly HELOC Statement.</p> <p>The Fixed Term Products held under the HELOC are subject to the specific payment options for each Fixed Term product.</p>
Statements	Monthly, Merix Financial will send a HELOC Statement to your customer which will outline all activity under the Credit Limit, including any payments or balances related to any Fixed Term products held within the HELOC.
Pay down	<p>As the Fixed Term Mortgage products are paid down, the available revolving limit increases. Merix will automatically make this increase annually. However, the customer can request us to increase the Credit Limit based on the amount paid down by the mortgage if they require funds throughout the year.</p> <p>The Revolving Credit Balance can be paid down by setting fixed monthly payments or by your customer calling our Customer Service Centre and authorizing Merix to direct debit their regular Payment Account as a lump sum payment against the Principal Balance outstanding.</p>
Draw Down	<p>Merix will draw down your customer's HELOC on closing if requested by the solicitor/closing service.</p> <p>Subsequent draws against the revolving Line of Credit can be made by your customer completing the authorization form from our website and faxing it to our customer service centre: http://www.merixfinancial.com/docs/CustomerChangeLOC.pdf</p> <p>Typically the funds will be received within 2 business days of the request being received by Merix.</p>
Minimum Beacon	The minimum Beacon score for this product is 650.
Maximum LTV	75% Conventional



Insured Home Equity Line of Credit (HELOC):

Insured Home Equity Line of Credit	
Product Summary	<p>The Merix Insured HELOC is a combination of a Revolving Line of Credit and fixed term mortgage products under one credit limit.</p> <p>Your customers start with an initial HELOC term of 5 years. During this term, the HELOC operates as a revolving credit facility with interest-only payments.</p> <p>At the end of the initial HELOC term, the customer has 2 options;</p> <ol style="list-style-type: none"> 1. Convert the HELOC limit to a 20-year amortizing mortgage or HELOC. The customer may opt to cease amortization once 75% LTV is reached. The HELOC is then considered “uninsured”. 2. Purchase another 5 year HELOC term at the full premium amount. <p>Multiple Fixed Term mortgage products are available to be held within the Merix HELOC, including:</p> <ul style="list-style-type: none"> • Closed Adjustable Rate Mortgages (ARM) • Closed Fixed Term Mortgages • Cash Back Equity Mortgage <p>All Interest Rates, Payment and Prepayment options for the Fixed Term products are subject to the specific policies for each product.</p>
Interest Rate	<p>The interest rate on the revolving portion of the HELOC changes at the beginning of every month, based on then current Prime Rate of Merix Financial.</p> <p>The interest rate on any Fixed Term product held within the Merix HELOC is determined by the respective policies for each Fixed Term product.</p>
Qualifying Rate	Your customer will be qualified on the greater of the current Merix 3 year Fixed Rate or the current HELOC rate.
Payments	<p>The Revolving Credit Facility is paid monthly.</p> <p>The minimum monthly payment required each month is an interest only payment based on the then current interest rate. Your customers will be notified of their payment amount in advance in their monthly HELOC Statement.</p> <p>The Fixed Term Products held under the HELOC are subject to the specific payment options for each Fixed Term product.</p>
Statements	Monthly, Merix Financial will send a HELOC Statement to your customer which will outline all activity under the Credit Limit, including any payments or balances related to any Fixed Term products held within the HELOC.
Pay down	The Revolving Credit Balance can be paid down by setting fixed monthly payments or by your customer calling our Customer Service Centre and authorizing Merix to direct debit their regular Payment Account as a lump sum payment against the Principal Balance outstanding.
Draw Down	<p>Merix will draw down your customer’s HELOC on closing if requested by the solicitor/closing service.</p> <p>Subsequent draws against the revolving Line of Credit can be made by your customer completing the authorization form from our website and faxing it to our customer service centre: http://www.merixfinancial.com/docs/CustomerChangeLOC.pdf</p> <p>Typically the funds will be received within 2 business days of the request being received by Merix.</p>
Minimum Beacon	The minimum Beacon score for this product is 650.
Maximum LTV	90% Insured



Loan Purpose:	LOC A <ul style="list-style-type: none"> • Purchase • Refinance of uninsured Mortgage/LOC 	LOC B <ul style="list-style-type: none"> • Port • Refinance of insured Mortgage/LOC
Insurance Premium:	Premiums are calculated on the Credit Limit, and based on the loan-to-value ratio, purpose and LOC term:	
LTV	LOC A	LOC B
75.01% to 80%	1.25%	3.00%
80.01% to 85%	2.00%	3.75%
85.01% to 90%	2.25%	4.50%



Merix 5% Cash Back Mortgage

5% Cashback Mortgage	
Product Summary	The Merix Cash Back Equity Program is a closed mortgage that offers your customers the ability to receive 5% of the mortgage amount back in cash. The Cash Back Equity mortgage gives your customers peace of mind knowing what their payments will be for the entire term of the mortgage, while offering competitive prepayment privileges so they can pay off their mortgage faster.
Terms	5, 7, 10 year terms
Payment Frequency	Accelerated Weekly Accelerated Bi-Weekly Monthly
Prepayment Policy	Prepay up to 20% of the Original Principal Balance each year based on the anniversary of the loan (minimum payment is \$1000). Increase payments by up to 20% of the original amount over the term
Portability	Your customer can port the interest rate, insurance premium (per insurer policy), and remaining term to a new Merix Fixed Rate mortgage.
Interest Rate Policy	Interest Rate hold period is 120 days maximum. Originators can request rate drops during the rate hold period. Rate drops do not extend the rate hold period. The Interest Rate will be set 5 business days prior to closing.
Pre-approvals	Permitted
Approval Period	120 days
Prepayment Penalty	<u>For the 5 year term:</u> Greater of IRD or 3 month's Interest. IRD is based on difference between customer rate and the then current interest rate offered by Merix for a term closest to the term remaining on the mortgage. <u>For 7 and 10 year terms:</u> If prepaying within the first 5 years of the term, the penalty is the Greater of IRD or 3 month's Interest. IRD is based on difference between customer rate and the then current interest rate offered by Merix for a term closest to the term remaining on the mortgage. If prepaying after the 5 th anniversary, the penalty is equal to 3 months interest.
Interest Rate	Fixed for the term of the mortgage. Interest is compounded semi-annually, not in advance.
Cash Back Prepayment Penalty	In addition to the prepayment penalties outlined above, Your customer would be required to pay back, on a prorated basis, the Cash Back given to them on closing.
Insurance Premium	Refer to the Insurance Premiums for Closed Fixed Rated Mortgages.



2. Program Information

Merix Flexible Down Payment Program

This program is suited to home buyers who have established an excellent credit history but have not yet accumulated the required down payment or have chosen to use their savings for other asset enhancing purposes.

Acceptable Loan Purpose:

- Purchase transactions
- Purchase Plus and Insured Progress Advance
- Ineligible loan purposes include Family Plan, Alt A, Vacation, and New to Canada

Eligible Properties:

- Maximum 2 units, must be occupied as the principal residence, or secondary residence
- New construction or existing properties

Loan to Value Ratio Limits:

- 1 unit – 95.00%, 2 units – 92.50%

Eligible Equity Sources:

- Merix 5% Cash Back Product (where 5% of Purchase Price is used).
- Equity borrowed from any source that is arm's length to the purchase or sale transaction, including personal loans, lines of credit or credit cards. Loan repayments must be included in the TDS calculation.
- Gifts or grants from any party that is arm's length to the property purchase transaction
- Rent to own payments to the extent that they exceed a reasonable current market rent

Ineligible Equity Sources:

Sources that are not arm's length or are tied to the purchase or sale of the property, either directly or indirectly, are ineligible. These ineligible sources include, but are not limited to;

- Builder incentives or loans
- Realtor/ mortgage broker incentives or loans to the borrower that impact the property selling price
- Loans/ gifts from property vendor
- Third parties that receive payment from vendor or builder

Pricing:

- Current insurer underwriting fees apply:
Single Advance \$165
Insured Progress Advance \$235
New Construction applications \$75
GE, Lender and Mortgage Broker Staff applications \$0



	Premium Rates
LTV Ratio	Single Advance and Progress Advance
90.01 - 95.00%	2.90%

Borrower Qualification:

- Maximum GDS/TDS: 32% (incl. heat) / 40%
- Where downpayment is borrowed, repayments must be included in the TDS calculation.
- Minimum credit bureau score of 680 required for deal submission.
- No 3rd party or non-resident guarantors for qualification purposes.
- Borrower demonstrates ability to cover closing costs, including mortgage insurance application fees and sales taxes if applicable, of at least 1.5% of the purchase price. These funds may be borrowed provided any associated repayments are included in the TDS calculation based on a 12-month repayment period.
- Up to 35 year amortizations available – refer to our Xtended Amortization Program for more details.

Terms/Qualifying Interest Rates:

- Fixed and adjustable rate mortgages.
- For terms less than 3 years, the qualifying interest rate is the greater of three-year rate or contract rate; for terms of three years or more, the contract rate is used.



Merix Alt.A Program

The Alt.A Program is designed for Self-Employed borrowers and Commissioned Sales people that cannot provide traditional income verification but require a mortgage for purchase or refinance purposes.

Acceptable Loan Purpose:

- Purchases, refinance for repayment of existing financing, renovation, asset enhancements. Single advance only
- Ineligible Loan Purposes include, Progress Advances, Default management purposes, Foreign Employee Applicants
- HELOCs and Interest Only ARMs **are not** permitted under this program.

Eligible Properties:

- Maximum 2 units where at least 1 unit must be occupied as the principal residence
- Existing properties and new construction (excluding progress advance new construction)
- Readily marketable residential dwellings up to 2 units, located in markets with demonstrated ongoing re-sale demand
- Older homes (pre 1950) must have been substantially modernized and the estimated remaining property life must exceed the amortization by a minimum of 10 years.
- New construction must be covered by an approved New Home Warranty Program

Loan To Value Ratio Limits:

- Maximum LTV: 75% conventional, 90% insured

Equity Removal Limits:

- For High Ratio Applications (LTV > 75%) equity removal is limited to \$100,000 for debt consolidation purposes or \$200,000 for asset enhancing purposes (except when the loan purpose is to consolidate existing first and second mortgages, in which case the lesser of the maximum LTV or maximum loan amount will apply).
- The above restrictions do not apply to Conventional applications (LTV < 75%)
- Proper documentation must be provided for refinance purposes. (Ex: estimates/contracts must be provided for renovations.)

Occupancy:

- Owner occupied, primary residence. All applicants used to qualify must occupy the property. Spousal guarantors acceptable provided they occupy the subject property.
- Non Occupant Co-borrowers or guarantors not permitted
- No mortgages in the name of the business

Procedures:

When submitting for approval, you must indicate this is to be reviewed under the Alt.A program **by inputting "ALT.A" in your notes to the underwriter**, along with any other notes you wish to add.



Pricing:

- Underwriting fee for *insured* applications:
Full Service (Genworth Financial's Excel™ and paper. Full appraisal on every file) \$ 300
- Premium rates for insured applications: Premiums must be paid in full at closing, and may be capitalized into the mortgage balance.
 - Where the first and second mortgages are insured concurrently, the total premium will be equal to the amount that would be required if insured as a single first mortgage
 - In a refinance transaction, the premium payable is the lesser of a) the new loan amount multiplied by the full premium rate below, or b) the increase in loan amount (top-up amount) multiplied by the top-up premium rate in the table below.

Purchase First Mortgage LTV Ratio	Single Premium
75.1% - 80%	1.64%
80.1% - 85%	3.00%
85.1% - 90%	5.00%

Refinance First Mortgage LTV Ratio	Single Premium	Top-Up Premium
75.1% - 80%	1.75%	3.85%
80.1% - 85%	3.55%	5.50%
85.1% - 90%	5.90%	7.00%

Premiums are non-refundable.



Borrower Qualification:

- Strong credit and credit score (minimum bureau scores: 680 if > 85% LTV, 660 if > 75% LTV but <=85% LTV, 650 if >= 65% LTV but <= 75% LTV and 630 if < 65% LTV)
- The minimum score requirement will apply to all borrowers on the application.
- No mortgage, installment or revolving credit delinquencies appearing on the credit bureau in the past 12 months
- No reported defaults on residential mortgages for the past 7 years
- No previous bankruptcy
- No gifted down payment
- Copy of current lender's offer of renewal where mortgage being switched/refinanced at maturity.
- No tax arrears, (recent NOA will suffice).

Commissioned Sales:

A commissioned sales applicant is defined as someone who receives 100% of their income on a commission basis, regardless of whether they receive a T4 or not.

- A minimum Bureau score of 740 will be required. The scores will be averaged from both credit bureaus for each borrower and the minimum score requirement will apply to all commissioned sales borrowers on the application.
- Confirmation that the borrower is a commissioned sales applicant as defined above, with a minimum of two years tenure, for example by way of letter of employment, T1 Generals or T4's.
- Confirmation that the borrower(s) have no tax arrears, (recent NOA will suffice).
- Commissioned sale applicants who are paid a salary plus commission are NOT eligible under this program and must qualify in the usual manner (e.g. GDS/TDS and income confirmation will be required)

Payment Shock

- For applicants with an LTV > 75% and bureau score between 660 and 700, the current housing expense must be validated and payment shock for new financing may not exceed 80%.
- Payment shock is not required for:
 - All Conventional (<75% LTV) loan applications.
 - All High Ratio (>75 LTV) loan applications with Bureau scores >700. For joint borrowers, both applicants' average score must exceed 700.



Documentation/Information Requirements:

Sole Proprietorship

Is a one-owner operation where the owner directs all the activities of the business, assumes all authorities and obligations, and is liable for its business debts. The sole proprietor income is reported to revenue Canada on the standard tax return (T1 General) together with Revenue Canada's required statement of business or professional activities.

Documentation requirements: Any two of the following.

- Business License
- Business Credit Report
- GST/HST Return Summary
- T1 Generals with statement of business activities attached for a minimum 3 years
- Personal credit report

*Plus a recent notice of assessment to confirm no income tax arrears

Partnerships

Partnerships are businesses owned by two or more individuals who share the profits or losses of the business operation. The partnership income is reported to Revenue Canada on the standard Tax report (T1 General) together with Revenue Canada's required statement of business or professional activities, which reflects the percentage of the NET income or loss for each partner of the enterprise.

Documentation requirements: Any two of the following.

- Business License
- Business Credit Report
- GST/HST Return Summary
- T1 Generals with statement of business activities attached for a minimum 3 years
- Personal credit report

*Plus a recent notice of assessment to confirm no income tax arrears

Corporations

A limited company or corporation is a legal entity, separate from the persons (all shareholders) who own it. The business can own assets, enter into contracts and conduct business transactions in its own capacity. The company is called limited because the liability of the shareholders is limited to their investment. All provincial Corporations must obtain articles of incorporation from the province in which they are registered or may be Federally incorporated. The applicant's personal income will be reported by T4 from the corporation.

Documentation requirements: Any two of the following.

- Articles of incorporation
- Business Credit Report
- Personal credit report

*Plus a recent notice of assessment to confirm no income tax arrears



Merix Owner-Occupied Rental Program

Conventional and Insured Mortgages and HELOCs

3 and 4 unit properties, where at least 1 unit is occupied as a principal residence.

Merix will consider conventional applications for owner-occupied rental units with greater than 2 units but less than or equal to 4 units as long as the property is located in a major urban city, supported by a full appraisal, and the applicants meet the standard GDS/TDS guidelines. There may be additional due diligence required. Please refer to your Mortgage commitment.

For Purchase transactions – single advance:

- | | | |
|----------------|------------------------------|-------------------------------------------------------------------------|
| • Maximum LTV: | Conventional
≤ 75% | Insured
2 units - 95%
3 or 4 units - 90.00%
HELOC - 90% |
|----------------|------------------------------|-------------------------------------------------------------------------|

For Refinance:

- Maximum LTV based on the current or 'as improved' value:

Conventional ≤ 75%	Insured 90%
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Eligible Properties:

Maximum 4 units where at least 1 unit must be occupied as the principal residence
 Property must meet the following criteria: arms length sale, meets municipal zoning/safety by-laws, <30 years old or fully upgraded, at least 1 parking space/unit, on-site laundry
 Must be located in a major center with a viable investor market
 New construction or existing properties

Pricing:

Current underwriting fees apply for insured applications:

Full Service:(GE Excel and paper) \$ 165
 New Construction applications \$ 75
 GE, Lender and Mortgage Broker Staff applications \$ 0



Premium Rates:

LTV Ratio	Premium Rate
75.01% - 80%	1.00%
80.01% - 85%	1.75%
85.01% - 90%	2.00%
<i>Premium is non-refundable.</i>	

Borrower Qualification:

Maximum TDS: 40% (only TDS calculations will be used to qualify applicant)

Applicant(s) must have clean credit, stable employment/income, down payment from own resources, positive net worth and liquid assets to cover 3 months payments. Gifted down payment or significant variations from these guidelines would require an acceptable guarantor

Qualifying Interest Rates:

For terms less than 3 years, the qualifying interest rate is the greater of three-year rate or contract rate; for terms of three years or more, the contract rate is used

Documentation Requirements:

Offer to purchase*

Employment/income verification

Verification of down payment

Copy of gift letter (if applicable)

Copies of leases are required; 50% of the lesser of gross rental income or market rent will be added to applicant's income



Merix Conventional Rental Program

Conventional Mortgages and HELOCs

Up to 4 unit properties, non-owner occupied.

Maximum Mortgage/HELOC Amount:

- \$500,000

Maximum Loan-to Value:

- Up to 75% of the purchase price or appraised value whichever is lower.
- Full appraisal ordered by/for Merix is required for all properties.

Minimum Down Payment:

- 25% from the applicants own resources (non-borrowed).
 - No second mortgages are permitted to cover part of the minimum down payment.
- Confirmation is required that the funds are non-borrowed (i.e. 90 day history of account).
- Down payment can be from a gifted source.

Maximum Amortization:

- 25 year maximum. The 30 and 35 year amortization **do not** apply.

Purpose:

- Purchase
- Refinance: Maximum equity take out is \$100,000 outside of registered mortgage debt.
- Maximum one rental property per customer under this program.

Eligible Properties:

- Maximum 4 units.
- Property must meet the following criteria: arms length sale, meets municipal zoning/safety by-laws, <30 years old or fully upgraded, at least 1 parking space/unit, on-site laundry
- Must be located in a major center with a viable investor market
- New construction or existing properties
- Min Square footage:
 - House is \geq 800 sq ft above grade
 - Condo is \geq 500 sq ft



Pricing:

- Fixed and ARM: Current Merix interest rates apply
- HELOC: add 25 bps to current Merix pricing.

Borrower Qualification:

- Minimum Beacon Score:
 - Fixed and ARM: 640
 - HELOC: 650
- No guarantors
- No business borrowers
- Maximum 2 borrowers
- Completed Rental Worksheet is required in all cases. In cases where the borrower owns multiple rental properties, the Multi Rental worksheet is to be completed with all necessary expenses for each property included in the calculation of the surplus/deficit.
- Minimum DSCR (Debt Service Coverage Ratio) as determined by the worksheet is 1.10
- Applicant's personal maximum GDS/TDS are 32%/40% (inclusive of any rental surplus or deficit as determined by the Rental Worksheet).
 - In order to demonstrate that applicants can meet both the DSCR and GDS/TDS requirements as above:
 1. If there is surplus rental income (the excess of what is required to meet the DSCR, as determined by the worksheet) then you may add that surplus to the personal income of the applicants in order to improve the GDS/TDS ratios.
 2. If there is a deficit (as determined by the worksheet) you must add that deficit as a payment into the applicants TDS, and the TDS must not exceed 40%.
- Confirmation of income and expenses for any other rental properties owned by the customer is required where the rental income surplus/deficit is used in the GDS/TDS calculation.

Income Confirmation:

- Lease Agreements or appraiser's statement of market rents
- Assignment of rents registered in all provinces
- Full income confirmation for all applicants (as per our General Lending Guidelines) including the most recent year's NOAs to prove no personal income taxes are owing.

Qualifying Interest Rates:

For terms less than 3 years, the qualifying interest rate is the greater of three-year rate or contract rate; for terms of three years or more, the contract rate is used



Merix Construction Financing Program

Merix Construction Draw Financing – Uninsured

For Conventional Requests, draw financing is available as a LOC only. Revolving credit is not available on Draw LOCs during construction. The LOC will remain in suspended status until construction is complete. Construction must be completed within one year from the application date

Merix must be in first position and all requests must be solicitor instructed. Construction/liability insurance is required on all requests.

Eligible Purposes

- Purchase from a Residential Home Builder
- Purchase from a Contractor - *occurs when an individual who either owns their land and/or purchases the land, hires a General Contractor and builds their home through that one General Contractor.*
- Self-built home - *occurs when an individual, who either owns their land and/or purchases the land, acts as their own General Contractor and hires qualified, licensed trade persons to build their home.*
- Renovations or improvements of existing home where:
 - there are structural changes, or
 - the costs exceed the lesser of 10% of current value or \$20,000

Eligible Properties

- Owner occupied only Residential Home Builder: Maximum 2 units (duplex with 1 unit occupied as principal residence), single family or semi-detached
- Contractor or Self-built: Maximum 1 unit occupied as principal residence, single family or semi-detached

Condo/Strata properties, Manufactured, Modular, Mobile Homes, or Leased Land properties are ineligible. Builder or Contractor and property must be registered under the New Home Warranty Plan.

Land lot upon which the home is to be built must be eligible under Merix Residential Guidelines and must be a fully serviced lot. If it is not a fully serviced lot, the cost to service must be included in the construction costs (i.e. hydro, water or well and septic)

Procedures

When submitting for approval, you must indicate this is to be reviewed under the Construction Draw program by inputting "Construction Draw" in your notes to the underwriter, along with any other notes you wish to add.

Appraisals/Fees

Full appraisals are mandatory
The Originator orders the inspections and appraisal.

Equity/Down Payment

- Minimum 25% of lesser of appraised value or cost to construct (including land), from own resources
- Source of equity must be disclosed/confirmed at time of application
- Customer's equity must be injected into the project up front
- Sweat equity cannot exceed 50% of the required down payment, to a total maximum dollar amount of \$25,000
- Part or whole of the current land value can be used as the down payment.



Note 1: For Self-build, the customer must have additional resources, or the ability to carry an additional credit facility, equal to at least 15% of the construction costs to allow for cost overruns.

Note 2: Customer(s) must provide evidence of sufficient resources to cover construction costs up to the first draw (at least 35% complete). Alternatively, the customer must provide confirmation that the Builder/Contractor does not require payment until that time.

Loan-to-Value (LTV)

Maximum 75% of the lesser of appraised value or cost to construct (including land). Maximum of house and 5 acres will be considered

Interest Rate

HELOCs will charge Prime Rate during construction and after construction is complete. The customer will not have access to the HELOC until the final draw is advanced.

Note: Customers cannot port their existing mortgage rate to the property being constructed.

Additional Document Requirements

Residential Home Builder:

- Signed Purchase and Sale Agreement
- Signed Purchase and Sale Agreement for lot if land not owned, or Deed (evidence of ownership) if land is owned

Contractor/Self-build:

- Signed Construction Contract (Contractor) including construction cost estimates or a list of cost estimates from various contractors together with the Construction Worksheet (Self-build))
- Signed Purchase and Sale Agreement for lot if land not owned, or Deed (evidence of ownership) if land is owned

All Requests:

- Construction Specs or Plans (floor layout and exterior view) plus specification sheet
- Construction Costs
- Land cost

Construction Costs

- When determining the total costs of construction, you must take into account the costs associated with the following:
 - Land
 - Building cost
 - Site preparations, including municipal services (excavation, well and septic, water, sewer, hydro, gas, etc)
 - Finishing

There will also be additional 'soft' costs, which include non-building costs (e.g. interest charges, property taxes, required municipal permits, real estate and solicitor fees, appraisal and inspection fees).

For Self-build, the customer must have additional resources, or the ability to carry an additional credit facility, equal to at least 15% of the construction costs to allow for cost overruns. A Progress Advance Worksheet must be completed for all self-build properties.



Advances

Maximum construction period is 9 months from commitment start date.

Funds are typically advanced to the solicitor (in trust) in a series of 4 advances (draws) when the construction of the property has reached a predetermined stage of completion.

An additional land advance will be considered, subject to these conditions:

- Maximum 50% LTV on the land purchase
- Application is for a conventional facility
- Customer's equity is injected into the project up-front
- Construction will start immediately upon completion of the land purchase.

Each advance will require authorization from Merix. Any encumbrances on the land must be paid and discharged prior to the 1st advance, or with proceeds from the 1st advance.

The solicitor must complete a sub-search on the property prior to each advance. Any title defects must be resolved by the solicitor and customer before any advances can be processed

Advance Schedule

1st Advance

Construction at least 15% complete – When excavation, backfill, and foundation have been completed.

2nd Advance

Construction at least 35% complete - When home is completely closed in or 'roughed in'. The foundation, sub-floor, framing, sheathing, roof, roughed-in electric and plumbing have been completed/installed.

3rd Advance

Construction at least 65% complete - When interior is completed to the drywall stage (taped and finished). This should include exterior completion, pouring of the basement floor and installation of heating.

4th Advance

Construction at least 97% complete - The structure must be fit to be occupied and have finished interior doors, floors, carpentry, painting, heating, plumbing, electrical, walks and driveways (subject to season).



Lien Holdbacks

Where applicable, the customer's solicitor will be instructed to hold back a percentage to meet Provincial requirements. These funds are normally released after the solicitor confirms that the construction lien period has expired. The percentage of hold back required and length of time that it is held is outlined below:

Province	% of Holdback required	Expiration of Lien Period in days
British Columbia	10	55
Alberta	10	45
Saskatchewan	10	45
Manitoba	7.5	40
Ontario	10	45
Quebec	15	35
New Brunswick	20	60
Nova Scotia	10	45
Prince Edward Island	20	60
Newfoundland	10	30

Additional Solicitor Requirements

The solicitor will be instructed to obtain the following prior to releasing the first advance to the customer:

- Builder's all-risk insurance assigned to the Bank
- Plan showing the location of all buildings to be constructed
- Confirmation that all necessary building permits are in place
- Confirmation that the property is registered under the relevant Provincial New Home Warranty plan

The solicitor will be instructed to obtain the following prior to releasing the final advance to the customer:

- Well Water Potability and Flow Certificates and Septic Certificate, if applicable
- Occupancy permit
- New Home Warranty Certificate



Merix Construction Draw Financing – Insured

For High ratio Insured requests, draw financing is available as a Draw Mortgage or HELOC. Construction must be completed within one year from the application date.

Merix **must** be in **first** position. All requests **must** be solicitor instructed.

Construction/liability insurance is required on all requests.

Eligible Purposes

- Purchase from a Residential Home Builder
- Purchase from a Contractor - *occurs when an individual who either owns their land and/or purchases the land, hires a General Contractor and builds their home through that one General Contractor.*
- Self-built home - *occurs when an individual, who either owns their land and/or purchases the land, acts as their own General Contractor and hires qualified, licensed trade persons to build their home.*
- Purchase + Improvements or Renovation of existing home where:
 - the costs exceed the lesser of 10% of 'as improved' value or \$20,000

Eligible Properties

- Owner occupied only Residential Home Builder: Maximum 2 units (duplex with 1 unit occupied as principal residence), single family or semi-detached
- Contractor or Self-built: Maximum 1 unit occupied as principal residence, single family or semi-detached

Condo/Strata properties, Manufactured, Modular, Mobile Homes, or Leased Land properties are ineligible.

Builder or Contractor and property must be registered under the New Home Warranty Plan

Land lot upon which the home is to be built must be eligible under Merix Residential Guidelines and must be a fully serviced lot. If it is not a fully serviced lot, the cost to service must be included in the construction costs (i.e. hydro, water)

Procedures

When submitting for approval, you must indicate this is to be reviewed under the Construction Draw program by inputting "Construction Draw" in your notes to the underwriter, along with any other notes you wish to add.

Appraisals/Fees

Full Service application fee of \$235 applies and is payable at 1st advance.

Appraisal and subsequent inspections are completed by the Insurer and included in the application fee.

Insurance Premium Surcharge of 0.5% over Insurer standard premium rates

Premium will be remitted at final advance.

Equity/Down Payment

- Minimum 5% of lesser of appraised value or cost to construct (including land), from own resources
- For closing costs, minimum 1.5% of lesser of appraised value or cost to construct (including land), from own resources
- Source of equity must be disclosed/confirmed at time of application
- Customer's equity must be injected into the project up front
- Sweat equity cannot exceed 50% of the required down payment amount
- Part or whole of the current land value can be used as the down payment.

Note 1: For Self-build, the customer must have additional resources, or the ability to carry an additional credit



facility, equal to at least 15% of the construction costs to allow for cost overruns.

Note 2: Customer(s) must provide evidence of sufficient resources to cover construction costs up to the first draw (at least 35% complete). Alternatively, the customer must provide confirmation that the Builder/Contractor does not require payment until that time.

Loan-to-Value (LTV)

Purchases:

- Lesser of appraised value or cost to construct (including land)
- Maximum 95% (single unit property); HELOC maximum LTV is 90%
- Maximum 92.5% (2 unit property); HELOC maximum LTV is 90%

Renovation/Refinance:

- Maximum 90% of completion value (as determined by the Insurer)
- Maximum of house and 5 acres will be considered

Interest Rate: Mortgages

Mortgages must be set up for a closed term of 1 to 5 years.

- The customer selects the rate and term at the point of application. Merix will issue a rate commitment of 120 days, meaning the 1st advance **must** occur within this timeframe (120 days).
- When the first draw is funded, the mortgage will be charged interest on the amount advanced at Prime + 1% and remain as Prime + 1% until the final draw is processed and the final inspection has been completed.
- Upon final inspection of the property, the mortgage will convert to the interest rate committed.
- Construction must be completed within 9 months of the Commitment start date
- If it is not, Merix will issue a new commitment from the time we are notified of the delay. This new commitment will be at prevailing rates and will be good for only 120 days, meaning construction must be completed within 120 days to receive the new rate commitment.
- If Merix is not notified of the delay and the original rate commitment expires, the mortgage will convert to the term specific in the Commitment at the then current Merix Interest Rate.

The customer must understand that by selecting the closed term rate as outlined above, they will be locked into the term selected at the time of the **first advance**. Early renewal into another term will be subject to standard prepayment penalties and can only be processed **after** the final draw and inspection.

If the customer pays out during the construction phase, they will be subject to standard prepayment penalties.

Note: You cannot port your existing mortgage rate to the property being constructed.

Draw mortgages must be setup with monthly pre-authorized payments of interest only during construction.

Interest Rate: HELOC

HELOCs will charge Prime Rate during construction and after construction is complete. The customer will not have access to the HELOC until the final draw is advanced.

Note: Customers cannot port their existing mortgage rate to the property being constructed.

Additional Documentation



Residential Home Builder:

- Signed Purchase and Sale Agreement
- Signed Purchase and Sale Agreement for lot if land not owned, or Deed (evidence of ownership) if land is owned
- Construction Specs or Plans (floor layout and exterior view) plus specification sheet

Contractor/Self-build:

- Signed Construction Contract (Contractor) including construction cost estimates or a list of cost estimates from various contractors together with the Construction Worksheet (Self-build)
- Signed Purchase and Sale Agreement for lot if land not owned, or Deed (evidence of ownership) if land is owned
- Construction Specs or Plans (floor layout and exterior view) plus specification sheet

Construction Costs

- When determining the total costs of construction, you must take into account the costs associated with the following:
 - Land
 - Building cost
 - Site preparations, including municipal services (excavation, well and septic, water, sewer, hydro, gas, etc)
 - Finishing

There will also be additional 'soft' costs, which include non-building costs (e.g. interest charges, property taxes, required municipal permits, real estate and solicitor fees, appraisal and inspection fees).

For Self-build, the customer must have additional resources, or the ability to carry an additional credit facility, equal to at least 15% of the construction costs to allow for cost overruns. A Progress Advance Worksheet must be completed for all self-build properties.

Initial Appraisal/ Inspections

An initial appraisal is required for conventional applications to obtain an estimate of the completion value. The Insurer completes its own assessment of completion values.

Advances

The customer's solicitor will be instructed to register the mortgage for the full authorized amount prior to 1st advance. Each advance will require authorization from Merix or the Insurer

Maximum construction period is 9 months form Commitment start date.

Funds are typically advanced to the solicitor (in trust) in a series of 4 draws or advances when the construction of the property has reached a predetermined stage of completion

Any encumbrances on the land must be paid and discharged prior to the 1st advance, or with proceeds from the 1st advance.

The solicitor must complete a sub-search on the property prior to each advance. Any title defects must be resolved by the solicitor and customer before any advances can be processed



Advance Schedule

1st Advance

Construction at least 15% complete – When excavation, backfill, and foundation have been completed.

2nd Advance

Construction at least 35% complete - When home is completely closed in or 'roughed in'. The foundation, sub-floor, framing, sheathing, roof, roughed-in electric and plumbing have been completed/installed.

3rd Advance

Construction at least 65% complete - When interior is completed to the drywall stage (taped and finished). This should include exterior completion, pouring of the basement floor and installation of heating.

4th Advance

Construction at least 97% complete - The structure must be fit to be occupied and have finished interior doors, floors, carpentry, painting, heating, plumbing, electrical, walks and driveways (subject to season).

Lien Holdbacks

Where applicable, the customer's solicitor will be instructed to hold back a percentage to meet Provincial requirements. These funds are normally released after the solicitor confirms that the construction lien period has expired. The percentage of hold back required and length of time that it is held is outlined below:

Province	% of Holdback required	Expiration of Lien Period in days
British Columbia	10	55
Alberta	10	45
Saskatchewan	10	45
Manitoba	7.5	40
Ontario	10	45
Quebec	15	35
New Brunswick	20	60
Nova Scotia	10	45
Prince Edward Island	20	60
Newfoundland	10	30

Additional Solicitor Requirements

The solicitor will be instructed to obtain the following prior to releasing the first advance to the customer:

- Builder's all-risk insurance assigned to the Bank
- Plan showing the location of all buildings to be constructed
- Confirmation that all necessary building permits are in place
- Confirmation that the property is registered under the relevant Provincial New Home Warranty plan

The solicitor will be instructed to obtain the following prior to releasing the final advance to the customer:

Well Water Potability and Flow Certificates and Septic Certificate, if applicable
Occupancy permit
New Home Warranty Certificate



Purchase Plus Improvements Program

This program is suited to home buyers who require improvements to their newly purchased home, by consolidating the purchase and the improvements into one mortgage.

Acceptable Loan Purpose:

- Purchase transactions
- Multiple advances to a maximum of two, excluding property purchase.
- HELOCs are permitted, however lending policies and premiums specific to HELOC will apply.

Eligible Properties:

- Maximum 4 units, with one unit being occupied as the principal residence
- New construction or existing properties

Loan to Value Ratio Limits:

- 1 and 2 units – 95% LTV (includes purchase amount plus improvements)
- 3 and 4 units – 90% LTV (includes purchase amount plus improvements)
- Lending value is based on the lesser of the improved property value or the sum of the purchase price plus direct costs associated with the improvements.
- Equity at sale closing includes the equity to close the sale plus additional equity for improvement portion.

Pricing:

- Current insurer underwriting fees apply:
 Single Advance \$165
 Insured Progress Advance \$235
 New Construction applications \$75
 GE, Lender and Mortgage Broker Staff applications \$0

LTV Ratio	Premium Rates
90.01% - 95.00%	2.75%
85.01% - 90.00%	2.00%
80.01% - 85.00%	1.75%
75.01% - 80.00%	1.00%

*full amount of premium on total mortgage amount, including portion designated for property improvements is due on sale closing.

**Documentation Requirements:**

If the proposed improvements exceed 10% of the purchase price/appraised value or \$20,000, details of the proposed renovations including cost estimates and available contracts must be used.

Borrower Qualification:

- Maximum GDS/TDS: 32% (incl. heat) / 40%
- Gifted down payments are acceptable.
- Existing requirements related to income, down payment and credit worthiness apply.

Terms/Qualifying Interest Rates:

- For terms less than 3 years, the qualifying interest rate is the greater of three-year rate or contract rate; for terms of three years or more, the contract rate is used.



Merix Family Plan Program

In conjunction with Genworth Financial, The Merix Family Plan Program allows an immediate family member to assist in the purchase of a home for borrowers with good credit but inadequate income to meet standard GDS/TDS requirements.

Acceptable Loan Purpose:

- Purchase transactions
- Single advance only (completion loans)
- This program does not provide for the purchase of non-owner-occupied investment properties, nor is it intended to assist a family member who has poor or delinquent credit.

Suggested applications of the program include:

- A parent who wishes to assist an adult entrepreneurial child with the purchase of a home
- A parent assisting in the purchase of a home for an adult child attending post-secondary educational facilities
- An adult assisting his/her elderly parents who are on a fixed income, with the purchase of a home

Eligible Properties:

- Maximum 2 units where at least 1 unit must be occupied by the immediate family member as the principal residence
- Property must be in good condition with good marketability
- Must be located in a municipality with proven resale market stability.
- New construction or existing properties

Loan To Value Ratio Limits:

- 95.00% maximum (95% level is reserved for borrowers with a very strong covenant.)

Pricing:

- Current insurer underwriting fees apply.
- Premium rates:

LTV Ratio	Fixed Rate and ARM
75.01% - 80%	1.00%
80.01% - 85%	1.75%
85.01% - 90%	2.00%
90.01% - 95%	2.75%



Borrower Qualification:

- Maximum TDS: 40%
- The income and debts, including shelter costs, of all persons on the application will be used along with those of the occupying borrower to calculate the TDSR.
- Applicant(s) purchasing the home for a family member must have clean credit, stable employment/income, positive net worth and a down payment from own resources.
- An immediate family member is defined as a father, mother, child, brother, sister, grandparent, legal guardian, or legal dependant.
- All qualifying applicants, including the resident family member, must be on title.
- All regular qualifying criteria for purchase business apply.

Terms/Qualifying Interest Rates:

- For terms less than 3 years, the qualifying interest rate is the greater of three-year rate or contract rate; for terms of three years or more, the contract rate is used



New to Canada™* Program

Qualified homebuyers who have immigrated to Canada from another country, or have been transferred to Canada by an employer can qualify for Genworth Financial mortgage insurance with as little as a 5% down payment.

Acceptable Loan Purpose:

- Purchase transactions
- Purchase Plus Improvements
- Insured up to 95% LTV and Conventional up to 75% LTV
- Exclusions: Refinances, Alt.A, HELOC, Progress Advances, Second Mortgages, Vacation/Secondary

Eligible Properties:

- Maximum 2 units where at least 1 unit must be occupied as the principal residence
- New construction or existing properties

Amortization:

- Maximum Amortization is 35 years. For amortizations greater than 25 years, refer to our Xtended Amortizations Program for additional insurance premiums.

Pricing:

- Current insurer underwriting fees apply.
- Premium rates:

LTV Ratio	Fixed Rate and ARM
75.01% - 80%	1.00%
80.01% - 85%	1.75%
85.01% - 90%	2.00%
90.01% - 95%	2.75%

Borrower Qualification:

- Primary applicant must have a minimum 3 months full time employment in Canada.
- Minimum employment requirement waived for those being transferred under a corporate relocation program.
- All debts held outside the country must be included in the total debt servicing ratios (rental income earned outside of Canada is to be **excluded** from the GDS/TDS calculation)
- Must have immigrated and/or relocated to Canada within the last 24 months.
- Valid work visa or obtained landed immigrant status.
- Must provide full documentation – see next page for details



Documentation and Down Payment Requirements

LTV Ratio	Documentation	Down Payment
Up to 85%	<ul style="list-style-type: none"> • Work visa or verification of landed immigrant status • If Guarantor on file, only the work visa or verification of landed immigrant status is required; otherwise document requirements are the same as 90% LTV 	<ul style="list-style-type: none"> • 15% from own resources • 10% can be a gift from the non-occupying guarantor.
85.01% - 90%	<ul style="list-style-type: none"> • Work visa or verification of landed immigrant status • Letter of reference from a recognized institution Or <ul style="list-style-type: none"> • 6 months bank statements from primary account 	<ul style="list-style-type: none"> • 10% from own resources • 5% can be from a corporate relocation subsidy.
90.01% - 95%	<ul style="list-style-type: none"> • Work visa or verification of landed immigrant status • International Credit Bureau 	<ul style="list-style-type: none"> • 5% from own resources

Terms/Qualifying Interest Rates:

- For terms less than 3 years, the qualifying interest rate is the greater of three-year rate or contract rate; for terms of three years or more, the contract rate is used

Additional Documentation Requirements:

- Offer to purchase
- Proof of full-time employment with no probation
- Income verification
- International credit reports or letters of reference from recognized financial institutions confirming acceptable mortgage and other financial dealings
- Proof of sale for principal residence in the country of residence prior to Canada, if applicable.

*New to Canada™ is a trademark of Genworth Financial Mortgage Insurance Company Canada ("Genworth"). Merix is an authorized distributor of Genworth's New to Canada™.



Vacation/Second Home Program

This program permits the financing of a second or vacation home with as little as 5% down.

Acceptable Loan Purpose:

- Property purchase, 1st charge only
- Single advance and Purchase Plus Improvements (maximum of two advances, excluding property purchase)
- Progress Advance, New to Canada, Flexible Down Payment, Alt.A, HELOC, Interest Only ARM and Family Plan are not permitted.
- This program does not cover the purchase of investment properties. As a result, incidental rental Income cannot be use for qualification.

Eligible Properties (refer to Property Type Schedule):

- Single Unit Properties - new construction or existing
- Type A Properties: property characteristics must fit with the Standard Genworth Property Criteria
- Type B Properties: sane as type A except the property need not be winterized and may only have seasonal access.

Loan to Value Ratio Limits:

- Type A properties – 95% LTV
- Type B Properties – 90% LTV
- Max Loan Amount: Type A - \$450,000; Type B - \$350,000

Portability (If applicable):

- If the property is Type B (insured) and original mortgage was a Type A (insured), the difference in the insurance premium is .40%. This is charged on the mortgage balance being ported, in addition to the top up premium.



Pricing:

- Current insurer underwriting fees apply:
Type A properties: \$165
- Type B properties: \$300
Genworth, Lender and Mortgage Broker Staff applications \$0

LTV Ratio	Type A Properties	Type B Properties
90.01% - 95.00%	2.75%	N/A
85.01% - 90.00%	2.00%	2.75%
80.01% - 85.00%	1.75%	2.50%
75.01% - 80.00%	1.00%	1.75%

Premium is non-refundable.

Portability top-up Rates:

LTV Ratio	Type A Properties	Type B Properties
90.01% - 95.00%	4.25%	N/A
85.01% - 90.00%	4.25%	5.00%
80.01% - 85.00%	3.50%	3.50%
75.01% - 80.00%	2.75%	3.50%

Premium is non-refundable.

Borrower Qualification:

- Maximum TDS: 40%
- Minimum Beacon score of 680 on all applicants.
- Maximum of one Genworth-insured vacation property per applicant.
- No gifted down payments
- No 3rd party guarantors for qualification purposes.

Terms/Qualifying Interest Rates:

- For terms less than 3 years, the qualifying interest rate is the greater of three-year rate or contract rate; for terms of three years or more, the contract rate is used.



Documentation Requirements:

- Offer to purchase
- Employment/income verification
- Verification of down payment

Property Type Schedule:

Type A property:

- Foundation must be permanent and installed beyond the frost line. This includes concrete/concrete block or preserved wood foundations certified by a professional engineer or post/pier foundations on solid bedrock
- Must be zoned and used as residential, rural or seasonal. We do not accept mixed uses or rental pooling
- Freehold or condominium title. We do not accept co-ops or 1/4 interest ownership
- At minimum, property must have a kitchen, 3-piece bathroom, bedroom, and common area
- Must have a remaining economic life of at least 5 years more than the mortgage amortization period
- Year-round road access on reasonable quality public roads, serviced by the local municipality. We also allow privately serviced roads, provided there is a maintenance contract in place
- Property must be winterized with a permanent heat source. For example, heating can be baseboard, forced air, water radiator, radiant, coal, propane, geothermal heat pumps, or heat pumps
- Good quality construction with no signs of deferred maintenance
- Water source: well, municipal serviced, and cistern. Water source must be drinkable. We accept lake or river water, provided the property has its own filtration system. For example, a reverse osmosis system
- There must be good market appeal in the area with no adverse influences/neighbourhood nuisances

Type B property:

All Type A property requirements apply to Type B, except for the following:

- No permanent heat source is required. For example, a wood stove, fireplace, stove or heat blower is acceptable
- Foundation may be floating. For example, sitting on blocks
- Seasonal road use is acceptable. This means the road does not have to be plowed during the winter
- Water source needn't be drinkable. However, there must be running water in the home
- Property may be accessible only by boat



Merix Refinance Closing Program

The Merix Refinance Closing Program allows your customer to refinance their existing mortgage without the need to find their own solicitor, and in most cases, have the documents signed in the comfort of their own home.

Acceptable Purpose:

- Transfers from other Financial Institutions where additional funds are required.
- Transfers from other Financial Institutions into a Merix HELOC.
- Increase of an existing Merix Mortgage or HELOC.

Pricing:

- Ontario: \$499 +PST/GST (plus cost of registering the new charge and discharge)
- Alberta: \$409 + PST/GST (plus cost of registering the new charge and discharge)
- British Columbia: \$479 +PST/GST (plus cost of registering the new charge and discharge)

*The costs of registering a new charge and discharge of the existing mortgage can vary and are administered by the province.

The prices above include:

- All necessary sub-searches (both on & off title)
- Execution search for up to two borrowers
- Preparation of all necessary documentation
- Review of documentation with customer
- Signing of documentation with customer
- Title insurance up to \$500,000
- Title search
- Conveyancer's fee for closing
- Recovery of costs relating to faxing, postage, photocopies
- Reasonable courier charges

The prices above do not include:

- **Registration of Mortgage**
- **Registration of Discharge**
- **Provincial and Federal Sales Taxes**
- Payment of Unsecured Debts
- Estoppel certificate
- Preparation of ILA certificate, Power of Attorney, Change of Name Certificate, Survivorship Application
- Execution clearance comfort letters
- Execution search, if requesting particulars
- Execution search, if more than two borrowers
- Potability certificates
- Health/septic clearances
- Conservation/environmental clearances
- Tax and/or hydro certificate
- Corporate status certificate
- Fees and disbursements resulting from the property being a rental unit
- Multiple mortgage advance



- Extraordinary courier costs as dictated by borrower circumstance

Please note that if problems/issues appear on title, funds cannot be advanced until all outstanding issues have been resolved. In these circumstances additional services may be completed by Anderson Sinclair LLP and additional charges may apply. Your customer will be immediately informed of any issues and provided with an estimate of any additional charges.

Process:

- By default, Merix will choose FNF as the closing solicitor on the customer's commitment at the time of approval. No action is required by the originator or customer to use this service.
- The Originator is required to notify the underwriter if their customer wishes to use their own solicitor.
 - If the Originator has not provided Solicitor's information to Merix at least 5 business days prior to closing, the Underwriter will select the FNF closing program by default and notify the Originator the file is proceeding with the Merix FNF Closing Program.
- If the file is proceeding with FNF, the following documents/information is required prior to Merix instructing FNF:
 - Client Authorization – To instruct existing FI to produce a payout statement. FNF is responsible for following up with the other FI.
 - Copy of Fire Insurance particulars.
 - Legal description of property (to allow FNF to do the required searches).
- Once all conditions are met, Merix will forward the file to FNF Canada for Processing.
- FNF Canada will send a Welcome Letter to your customer, explaining who they are and how this process will unfold. (A copy of the welcome letter for each province is available on our website.)
- FNF Canada will forward the refinance documentation to its lawyer network (B.C. only) or its professional remote signors, who will call the customer directly and arrange a time and place that is convenient for them to sign. Your customers will be asked to provide Identification at the signing.

Funds can be expected **within 5 business days** of FNF receiving the file from Merix.

Possible reasons for delay include:

- Any documentation required by FNF from the customer, such as unsecured debt payout statements which were not previously provided to Merix, not received in a timely manner.
- A proper discharge statement is not received in a timely manner from another financial institution.
- The customer is unable to arrange a meeting with the lawyer or professional signor in a timely manner.



Merix Switch Program

The Merix Switch Program allows your customer to transfer their outstanding mortgage to Merix Financial quickly and efficiently.

Acceptable Purpose:

- Switches are permitted only where no new funds are required. Merix will permit a maximum increase of \$1000 over the amount to be transferred.
- Switches are not permitted into a HELOC. To transfer an outstanding mortgage from another FI into a HELOC, please see our Refinance Program.
- Switches are not permitted on existing High Ratio (insured) Mortgages, where the Insurance is through CMHC (LTV greater than 75% at the time of application). Merix will treat this as a Refinance and require Genworth insurance.
- Switches can not be completed where the existing mortgage is non-transferable (as is the case where a collateral charge was used to secure the property).

Eligibility:

- Transfers of existing Conventional (uninsured) mortgages (LTV less than 75% at the time of application).
- Transfers of existing Genworth or CMHC insured mortgages where the LTV is less than 75% at the time of application.
- Transfers of existing High Ratio (insured) Mortgages, where the Insurance is through Genworth (LTV greater than 75% at the time of application).

Appraisal Requirements:

- Where the mortgage is existing insured by Genworth, no appraisal is required. (Existing Genworth policy number is required).
- Where the mortgage is existing insured by CMHC and LTV is less than 75%, Merix will require an appraisal.
- Where the mortgage is existing conventional, Merix will require an appraisal.
- Appraisal Policy for Switches only:
 - 65% LTV or less: drive-by
 - Greater than 65% LTV: full appraisal

Note: full appraisal may be required at lower LTV for higher mortgage amounts

Pricing:

- Under this program, no fees are levied to the Originator or the customer by Merix for the transfer of the mortgage.
- Merix will reimburse the originator directly after funding for the cost of the full or drive-by appraisal. A copy of the invoice is required.

Borrower Qualification:

- All Regular Merix Underwriting Criteria apply.



Terms/Qualifying Interest Rates:

- For terms less than 3 years or an ARM, the qualifying interest rate is the greater of three-year posted rate or contract rate; for terms of three years or more, the contract rate is used.

Process:

- If the customer wishes to increase their mortgage up to a maximum of \$1000, the Originator must include this amount in the loan amount in the application. (i.e. if the estimated payout amount is \$131,000, the Originator should apply for \$132,000).
- Merix will forward the originator at the time of commitment, by fax or email, the Cost of Borrowing Disclosure which they will be required to have the customer sign and return to Merix along with:
 - The completed Payout Authorization Form (available on our website),
 - A copy of the fire insurance policy.
 - The most recent renewal agreement or mortgage statement.
 - A copy of the appraisal invoice (for reimbursement on closing)
 - Any other approval conditions related to the file.
- Upon receipt of the complete above documents, Merix will forward the file to FNF Canada to process the transfer.
- FNF Canada will be responsible for obtaining the payout/discharge statement from the existing lender and, once received, will forward payment to the existing Financial Institution by courier.

Please note, your customer will not be contacted by FNF during this process unless there are problems with FNF receiving the payout information from the existing institution.

Acceptable Financial Institutions:

Firstline Mortgages
TD Canada Trust
First National Financial
MCAP
Scotiabank
Bank of Montreal
HSBC
ING
Laurentian Bank
National Bank
CIBC
Royal Bank

Transfer requests from Other FIs may require the mortgage to be registered as a refinance, which would involve legal fees.



Xtended Amortization Program

The Merix Xtended Amortization Program allows your customer to take advantage of lower regular payments by selecting either a 30 or 35 year amortization, understanding there will be higher interest costs over the life of the mortgage.

Acceptable Purpose:

- Purchases, Purchase Plus Improvements, and Refinances.
- New or existing homes
- Construction Draw Financing
- Conventional up to 75% LTV, and High Ratio (Genworth insured) up to 95% LTV. For High Ratio, please note there is an increase to the insurance premium (see Pricing below).
- All Merix Fixed Term, ARM, and Cashback Products are permitted.
- Available with Merix Flexible Down Payment Program.
- Available as part of a fixed term within a Conventional Merix HELOC (LTV < 75%).

Restrictions/Exclusions:

- Not available in conjunction with the Alt.A program
- Not available as part of a fixed term within a High Ratio Merix HELOC (LTV > 75%).

Pricing:

- Current Merix Interest Rates apply.
- For High Ratio applications, there is an additional insurance premium of 20 bps for every 5 years above the 25 year standard, up to a maximum of 35 years:
 - **For the 30 year amortization, add 20 bps (.20%)** to the Genworth premium that is already applicable to the deal.
 - **For the 35 year amortization, add 40 bps (.40%)** to the Genworth premium that is already applicable to the deal.

Borrower Qualification:

- All Regular Merix Underwriting Criteria apply.

Terms/Qualifying Interest Rates:

- For terms less than 3 years or an ARM, the qualifying interest rate is the greater of three-year posted rate or contract rate; for terms of three years or more, the contract rate is used.

Process:

- To take advantage of this program, please indicate in your note to the underwriter when you are submitting your deal that your customer would like either the 30 year or 35 year amortization.



3. Merix Lending Policy – General Guidelines

Income Confirmation

Acceptable Income Sources

- Letter of Employment
- Notice of Assessments (NOA)
- Pay Stub
- Direct Pay Deposits
- Other Types of Income Confirmation

*****T4's are not accepted as proof of income*****

Letter of Employment

Letters of Employment are acceptable for the following income sources:

- Salaried/Hourly employees
- Maternity/Parental/Adoption Leave, 100% of employment income can be used
- Pension/Disability income

Notice of Assessment

Notices of Assessment are acceptable for the following income sources:

- Self Employed (income can be grossed up by 15%)
- Fluctuating income (Commissions, Bonuses, Profit sharing, Overtime, Gratuities)
- Contract Employment
- Investment Income
- Professionals (Defined as: Physicians (MD's, Specialists etc.) Dentists, Veterinarians, Lawyers, Accountants (CA, CGA, CMA)

- 3 year average is required for Insured Mortgages and LOCs
- 2-year average is required for Conventional Mortgages and LOCs.

Payroll Statement (Pay-Stub)

Pay Stubs are acceptable for the following income sources:

- Salaried/Hourly employees
- Pension Income
- Disability/Workers Compensation

Direct Pay Deposit

Direct Deposit is acceptable for the following income sources:

- Salaried/Hourly employees
- Pension Income
- Disability income



Other Sources of Income

All forms of other income are to be confirmed to be constant and must prove the source is bona fide and stable.

Alimony/Child Support

Most recent notice of assessment supported by a copy of the formal separation agreement
OR

Four month history showing regular alimony/child support payment deposit (as outlined under Direct Deposit guidelines) supported by a copy of the formal separation agreement.

Conversely, if your customer declares alimony or child support payments, they can either be included as a liability or deducted from confirmed gross income and the net income figure used for calculation of debt service ratios.

Family Allowance/Child Tax Benefit

- Family Allowance/Child Tax Benefit income may be used for qualification purposes when the applicant's children are 12 years of age and under.
- Verification of the child's age and income stream is required. Age and income stream can be verified with the following documentation:
 - Personal income tax returns
 - Copy of birth certificate
 - Allowance cheque slip
 - Bank statement showing automatic deposit

Maternity/Parental/Adoption Leave

It is acceptable to use 100% of the regular employment income providing the employee is returning to work within 2 months. A letter from the employer confirming the return to work within 2 months is required. Otherwise only 60% of the regular income is eligible.

Investment Income/ RRIF Income

When confirming Investment Income copies of the investment statements are required to confirm the assets generating the income, along with Notice of Assessment as detailed below:

- Line 150 provides a total of all reported sources of income
- Tax arrears must be confirmed as paid prior to advancing credit
- 3 year average is required for Insured Mortgages and LOCs
- 2-year average is required for Conventional Mortgages and LOCs.



Rental Income

- Up to 50% of confirmed gross rental income can be included as income for servicing purposes, OR
- Up to 30% of confirmed gross rental income can be used as an offset against housing costs (P.I.T.)

The rental property mortgage and payment must be included as a liability in the debt service calculation

In lieu of leases, the most recent taxation year FULL T1 General Tax return supported by the corresponding notice of assessment may be used to obtain gross rental income.

For information on how Rental Income is qualified where Merix is financing a non owner occupied rental property, please review our Conventional Rental Program information.

Non-Taxable Income

Common Types of Eligible Non-Taxable Income:

Indian Act Exemption for Employment Income (On-Reserve Income)

Workers Compensation Payments

- Non-Taxable Pension Income
- Disability Income - provided by either private or government and guaranteed for the life of the applicant

Grossing up Non Taxable Income

Eligible non taxable income can be grossed-up for the purposes of calculating GDS/TDS ratios, based on the following two-tier gross up approach:

1. Borrowers with non-taxable income less than \$30,000 are eligible to have their non-taxable income grossed-up by 25%
2. Borrowers with non-taxable income of \$30,000 or more, are eligible to have their non-taxable income grossed-up by 35%

On Reserve (Indian Act Exemption) a Letter of Employment from the Band Chief is acceptable income confirmation;

OR

Average of 2 most recent years Notice of Assessments and must confirm income is non-taxable. For Insured Mortgages and LOCs, average of 3 most recent years Notice of Assessments are required, and must confirm income is non-taxable.



Down Payment Confirmation

The applicant(s) must be able to provide the minimum down payment from their own resources without borrowing.

Minimum Equity

Insured Mortgages and LOCs

- Minimum 10% of the purchase price for HELOCs.
- Minimum 5% of the purchase price for fixed rate mortgages and ARMs.

Conventional Mortgages

- Minimum 10% of the purchase price. The remainder of the total down payment of 25% can come from borrowed sources. Payments for those must be included in the debt service ratios.

Own Resources/Legitimate Source

Own resources means:

- Bona fide savings of the applicant
- Outright non repayable gift from relatives or employer
- Liquid/Other Assets
- Net Proceeds from the sale of property
- Land Value (Construction Draw Only)

Verification

Bona Fide Savings of the Applicant

- Bank statements, Passbook's or Internet Banking Statements must show savings accumulation over time (minimum 3 months history).
- The authenticity of recent large deposits must be confirmed.
- Ownership of bank statements, passbooks or internet print outs must be further confirmed where the name and account number are NOT clearly noted in the front of the passbook or on the bank statement or internet print out.
- Deposits provided with the Offer to Purchase: If this amount represents a large percentage of the total down payment, further confirmation will be required to ensure funds come from applicant's own resources.

Gift From Relative or Employer

- Letter of confirmation verifying the gift is unencumbered and requires no re-payment.
- In addition to Gift Letter, verification that the funds are on deposit in the client's account prior to closing must be provided.

Liquid/Other Assets

- Bonds, Securities, and Stocks. RRSP's may also be used, however if not part of the Home Buyer's Plan, may be subject to withholding tax.



- Copies of the client's statements from Financial Institutions showing the description of the assets and the current value. Locked-In RRSPs cannot be used for down payment as they represent pension assets.

Net Proceeds from the Sale of Property

- The actual offer to purchase and sale together with a mortgage statement, if applicable. The offer of sale must be firm (unconditional).
- Real Estate commissions, solicitor fees and other costs associated with the property sale must be considered when calculating the net equity or proceeds from the sale.

Land (Construction Draw Only)

- Appraisal to support the land value.
- Confirm how the land was purchased. If it was a gift, ask for a letter confirming the gift is unencumbered.
- Owner Labour (Sweat Equity) - Include a reasonable estimate based on applicant's skills. Amount must not exceed 50% of the minimum equity requirement. Must be supported by 2 competitive quotations.

Closing Costs

For insured mortgages and HELOCs, the client must also provide evidence of cash for closing costs equal to 1.5% of the purchase price. Closing costs may be borrowed provided the payments are included in debt service ratios and based on a maximum amortization of 12 months.

Guarantors

Merix will accept Guarantors for income qualification purposes provided the Guarantor is also on title. If the guarantor occupies the property, the income will be considered for qualification purposes provided the guarantor is a direct family member. If the guarantor does not reside in the property, Merix will consider income for GDS/TDS calculation provided the guarantor is a direct family member and resides in the region where the property is located. Maximum LTV ratio is 95% in cases where the resident applicant's GDS/TDS \leq 40%/50%. Maximum LTV ratio is 90% in cases where the resident applicant's GDS/TDS $>$ 40%/50% and guarantor income and debts brings the GDS/TDS to 32%/40%.

Title

Notwithstanding how title is taken (Joint Tenants vs. Tenants in Common), Merix requires all parties on title to be on the mortgage, and jointly and severally liable for the payment of the entire mortgage debt and the performance of all related obligations.

Title Insurance

Merix requires title insurance on all Mortgages and HELOCs and this is a part of our instructions to the solicitor/closing service.



Debt Serviceability

Maximum GDS/TDS Ratios:

(Based on the higher of the customer contract rate and the 3 year rate).

- GDS ratio is 32% (including estimated annual heating cost).
- TDS ratio is 40%.

Minimum Beacon Score

- 620 for regular, fully qualifying Fixed Rate or P&I ARMs
- 650 for HELOC or Interest Only ARM

Individual Programs may have specific Beacon score requirements. Refer to the program details for more information

Minimum Loan Amount

Minimum Loan Amount:

- \$20,000 for all Merix Mortgages and HELOCs

Property Taxes

Property Taxes:

- The **borrower pays** their property taxes directly to their municipality for all Merix conventional and insured mortgage loans and HELOC.
- Merix **does not** add on a property tax component in the borrower's mortgage or HELOC payments.



Interest Rate Buydowns

Originator Paid Buydown:

Merix permits two methods for Originators to buy down the interest rate on their customer's mortgage:

- Buydown paid for through X Rewards
- Buydown paid for by Cash

Buydowns through the X Rewards program are subject to the terms and conditions of the program.

Buydowns paid for in cash are arrangements between the Originator and the customer. Merix will deduct the buydown amount from the proceeds at closing and it is the responsibility of the Originator and the customer to reconcile with the solicitor.

In both situations, the Originator must notify Merix of their intention to buy down the interest rate during the application process.

Customer Paid Buydown:

Merix permits the customer to buy down their own interest rate.

Merix will deduct the buydown amount from the proceeds at closing and it is the responsibility of the customer to reconcile with the solicitor.



Merix Previous Bankruptcy Policy

Conventional Financing

Merix will consider previous bankrupts (one instance, not multiples) after 2 years of discharge for Owner-occupied Purchase for Conventional mortgage situations only (excluding HELOC and Mortgage Refinance) provided the client can satisfy all of the following conditions:

- The reason for the bankruptcy was an acceptable event (business failure or marital split) rather than mismanagement
- Bankruptcy must have been for a significant amount (\geq \$50M)
- Applicant has established verifiable savings
- Applicant has down payment and closing costs from own resources (not a gift)
- Applicants Credit Bureau Report(s), banking account operation, etc., since the bankruptcy are clean
- No Merix debt was included in the prior bankruptcy
- Customer has been discharged from bankruptcy a minimum of 2 years to the date of application.
- Applicant must have re-established some form of "bank" credit (major credit card, Merix loan, etc.) and meet the minimum credit bureau requirements.



Property Criteria

1. Residential properties with reasonable ground floor area and concrete foundations.
2. New properties or those built within the last 35-40 years which are in good condition.
3. Older properties that are in good repair and are located in good residential areas.
4. Properties having had sufficient improvements to "keep pace with the neighborhood".
5. Pressure treated wood foundations are also acceptable where the construction is approved by CMHC.
6. The housing unit should be representative of the standard normally found in the community.
7. Properties may be fully serviced with municipal water and sanitary sewers, well and septic tank, or a combination of both.
8. The property must be properly designed and in adequate physical condition to be livable for the full duration of the mortgage.
9. There should be some amenities in the area such as bus service, schools, and shopping that will assure buyer interest in a resale situation.

Minimum Square Footage

- House is \geq to 800 sq ft (above grade)
- Condo is \geq to 500 sq ft

Properties smaller than these values require high ratio insurance.

Pre-Fabricated Dwellings (Modular/Mobile)

Pre-fabricated units are usually partially or fully pre-built in a factory and then transported to sites for final construction/assembly. Homes may be modular, panelized, or pre-engineered, and must be CSA approved. These homes will be considered as standard homes and are eligible for all product types: Alt A, Cash Back, Construction Draw, HELOC, Family Plan, Foreign Employee.

Acceptable forms of pre-fabricated homes:

- Unit must have been constructed in 1995 or later
- Unit is to be placed on a permanent foundation (Please note: concrete or steel pylons are acceptable forms of foundations, provided the unit is permanently "tied down".)
- Land must be freehold and owned by the applicant
- Unit must **not** be located in a "trailer park" type arrangement
- Unit must be connected to municipal water and sewage systems, or acceptable private well and septic tank sewage disposal systems

Pre-fabricated housing can include:

- Manufactured homes
- Modular homes
- Panelized component housing
- Pre-engineered component housing
- Mini-homes - Atlantic Region



Restricted Properties

Merix will not lend on the following types of properties:

- Fractional Interests
- Co-operative Housing
- Rental Pools
- Life Lease Properties
- Floating Homes
- Boarding Houses/Rooming Houses
- BC Leaky Condos

Merix will consider the following property types on a deal-by-deal basis:

Leased Land

Merix will consider financing owner occupied properties where the land is leased on an exception basis (fixed rate mortgages only - excluding ARMs and HELOCs). The lease must be a crown land or government owned lease without restrictions to access. The amortization of the mortgage must be at least 5 years *less than* the expiry date of the lease.

- Submit applications as per standard process. A copy of the lease must be reviewed by Merix Financial before exception approval will be granted.

Gated Communities

All financing for Gated Communities must be insured, including applications where the LTV is 75% or less. The customer will be responsible for paying the insurance premium and the insurer application fee.



Appraisal Policy

Conventional Mortgages and HELOCs

A full appraisal from an approved Merix appraiser is required for all applications. Financing up to 75% of the lesser of the Appraised Value or Purchase Price is permitted.

Merix does not use a sliding scale to determine property value.

Approved Appraisers:

Merix encourages that all appraisals be completed through Nationwide Appraisal Services (NAS), who manages the Approved Merix Appraiser list.

To sign up as an Originator free of charge, please send an email to support@nationwideappraisals.com to receive a personalized username and password.

Merix will also accept appraisals completed outside of NAS where the appraisal has been **completed and signed off by accredited AACI or CRA appraisers**. For any appraisal completed outside of NAS, Merix will validate the accreditation of the appraiser before accepting/approving the appraisal.

Insured Mortgages and LOCs

Property valuation is completed by the insurer.

Small Communities

Insurance is required for all properties located in or near non-urban centres with population bases < 5,000 AND > 50 km from an urban centre. The Insurance requirement may be waived if LTV is ≤ 50% based on a full appraisal.

Acreage properties

Appraisals will be based on the house and 5 acres only - no outbuildings.

Recreational/vacation properties

Must have year-round road access, potable water supply, septic system, electrical and heating supply as per residential standard.