

# Meridian - Mortgage Broker Services

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**Broker Website:** [www.meridiancu.ca/mortgagebroker](http://www.meridiancu.ca/mortgagebroker)

## GENERAL GUIDELINES

- All Applicants must live and work in Ontario and be within an hour's drive to one of our 90 Retail Branch locations. Google maps drive time estimate from principal residence will help guide the decision. (mid-day, Monday to Friday commute) . Meridian Retail branches can be found across Ontario from Ottawa to Windsor <http://www.meridiancu.ca/find-us/our-locations/Pages/default.aspx>
- If you feel that a particular client and their property merit a location exception request – please connect with our BDM: [david.johnson@meridiancu.ca](mailto:david.johnson@meridiancu.ca) and ask him to review the details of your file. If David is prepared to make a location exception – you would then submit the file, with that exception from David referenced in your notes
- All applicants must complete a Membership application at the most convenient branch to their residence or work and purchase a \$1 Membership share prior to funding.
- **Non-resident and non-permanent resident borrowers are not permitted. No 900 series SINs. We do not lend to those on Work Permits or Visas, including Student Visas. We do not have a New to Canada program**

## LENDING POLICY GUIDELINES

**Minimum mortgage/HELOC amount is \$30,000 – in a refinance, the minimum amount added to an existing Meridian mortgage is \$30,000**

## APPRAISER QUALIFICATIONS & APPRAISALS

- Brokers are responsible for the cost of the appraisal report and will order appraisals through **Nationwide Appraisal Services (NAS)**.
- Most conventional mortgage & Line of Credit requests must be supported by an appraisal. However, in some cases a Purchase and Sale Agreements/MLS Listing and/or **Automated Valuation Model (AVM)** Report may be considered in lieu of a full appraisal dependent on purchase price, beacon score and LTV (see Appendix below). **Full Appraisal may be required at Underwriter's discretion.**
- Brokers will be required to provide payment at the time of ordering an AVM Appraisal through NAS
- Any appraisal report not addressed to Meridian requires a transmittal letter and exception approval  
2 appraisals must be completed when the total mortgage aggregate is 1MM or higher secured by a single property

## CREDIT BUREAU REPORTS

- A current credit bureau (less than 30 days old) for all borrowers, co-borrowers and guarantors
- All credit bureaus must be fully scrutinized and any discrepancies or anomalies identified, confirmed and documented by the submitting agent / broker.
- Credit bureau information must be consistent with the applications submitted.

## DOCUSIGN/POWER OF ATTORNEY

POA signatures and **electronic signatures** are not acceptable

## TITLE INSURANCE

- First Canadian Title, Stewart Title or Title Plus is mandatory on all commitments.

## **GDS & TDS RATIOS**

Ratios are not to exceed **39%** and **44%** respectively (regardless of high ratio insurer guidelines)

## **QUALIFYING RATE POLICY**

### High Ratio Fixed rate mortgages

- For all terms, applicants must qualify using the current Bank of Canada Rate.

### High Ratio Variable rate mortgages

- Applicants must qualify using the current Bank of Canada qualifying rate.
- The payment is set using the contract rate plus 1.00%

### Conventional Mortgages: Purchases

- Contract rate is available for qualifying; see Rate Sheet

### Conventional fixed REFINANCE 1<sup>st</sup> and or 2<sup>nd</sup> position

- Contract rate is available for qualifying; see Rate Sheet

### Conventional Variable Rate mortgages

- The contract rate is used to qualify the applicant
- The *payment* is set at the contract rate for all applications where the beacon score of the primary (strongest) applicant is 720 or greater **and** the L/V is 70% or less **and** where the amortization is 25 years or less.
- For all other applications the payment is set using the contract rate plus 1.00%

### HELOC

- All HELOCs must be qualified using a P+I payment based on Meridian's 5 year contracted fixed rate, amortized over 25 years

## **MONTHLY PAYMENT FOR CREDIT CARDS & LINES OF CREDIT**

### High Ratio & Conventional:

- For **unsecured Lines of Credit and Credit Cards**, the payment used for debt servicing will be the greater of 3% of the outstanding balance or the payment reported on the credit bureau.
- For **Secured Lines of Credit**, the payment used for debt servicing will be based on the balance owing amortized over 25 years at the 5 year contract rate
- **Student Lines of Credit** – greater of 3% of the outstanding balance or the payment reported on the credit bureau.
- **Student Loans on repayment** – monthly contract payment as disclosed on the credit bureau
- **Government Student Loans not on repayment** – future monthly contract payment as per the Government [Loan Repayment Estimator](#)

## **PROPERTY TAXES**

For all new builds where the property taxes have not yet been set, Meridian will use 1% of the purchase price as an indicator of the annual property taxes. The broker is to provide confirmation if he/she wishes to use less than that figure.

## DOWN PAYMENT

Meridian requires a **full** 90 day audit trail for the Borrowers sources of down payment, **For those gifted by a donor, we require a statement confirming the availability of the funds.** In addition to down payment confirmation, 1.5% closing costs are to be confirmed for all high ratio and conventional purchases.

For Purchase applications, we do not allow for second mortgages to be placed behind the requested Meridian first mortgage

**Where the down payment will be coming from the sale of an existing property, we require a copy of the MLS listing for the existing property before we issue a commitment**

## SWITCHES / TRANSFERS / ASSIGNMENTS / PRE-APPROVALS

- **Meridian does not process switches/transfers. They are treated as refinances with full appraisals and with the clients supplying the lawyer, at their cost. You use the Refinance column on our Rate Sheet**
- Meridian does not lend on purchases where the property being purchased is via an **Assignment** of Offer to Purchase.
- Meridian does not underwrite pre-approvals at all; Rate Holds are for 90 days only. **Variable rate products do not qualify for rate holds.**

## BANKRUPTCY/CONSUMER PROPOSAL

**Bankruptcy/Consumer Proposal must be discharged for 2 years\***

- Applicants must have down payment from own resources (no gift or alternative down payment source is allowed)
- Applicant's credit bureau reports must be satisfactory – no derogatory ratings on trade lines established after discharge of bankruptcy / consumer proposal;
- No Meridian debt was included in the bankruptcy.
- **All applicants must have a two-year re-established credit history with a minimum of two major trade lines (credit via loan or major credit card).**
- Maximum 90% Loan to Value
- Reasonable explanation for the bankruptcy must be provided with all applications
- No previous Real Estate to be included in Bankruptcy/Consumer Proposal

\*We will consider bankruptcies and consumer proposals discharged less than 2 years under our **Horizon Credit** program

## RATE BUY DOWNS

Brokers have the option for rate buy down to a maximum of 15 bps rate reduction on a 5 year Term.  
Each 5bps buy down will cost 20bps reduction in commissions

- Interest Rate Buy downs are permitted however in all cases the borrower must qualify for the mortgage under normal Gross Debt Service (GDS) and Total Debt Service (TDS) ratio requirement at current rates for the term.
- Rate buy down request must accompany the application to the underwriting unit.
- Buy down cost will be deducted from final broker referral fee.

## RATE COMMITMENT PERIODS

- 90 day commitments are available for resale purchases & refinances, 120 days for new construction purchases. 120 day commitments are available for resale purchases, with a 25 bps rate premium added.

## **QUALIFYING MORTGAGE PROPERTIES**

Meridian will consider the following types of property as acceptable for mortgage financing purposes under the Broker program.

- Residential properties Owner and Non-owner occupied
- Single family detached and semi-detached.
- Single family townhouses and row houses (freehold).
- Single Family with conforming rental component, Duplex, triplex and 4-plex buildings. All Buildings with a rental component must meet all applicable Fire Code Regulations and Zoning By-Laws.
- All properties must have a minimum of 100 AMP service.
- Properties on well water and septic tanks will be considered provided this is normal for the area.
- For properties situated on acreage (rural residential), appraisal report to include a maximum of 10 acres plus dwelling and no out buildings.
  - External income must service mortgage.
  - Working farms/Hobby Farms do not qualify. Property must be within 50 km's or urban centre (Pop. 15,000)
- **Seasonal dwellings** (Cottage Properties) must meet all of the following parameters:
  - Owner occupied properties only
  - First mortgages only
  - Year round road access is required (no islands)
  - Confirmation of year round property insurance
  - Permanent source of heat – 4 season use
  - Foundation must be permanent
  - Water source must be potable (lake water source is acceptable providing there is a filtration system installed)

## **NON-QUALIFYING MORTGAGE PROPERTIES**

- **Commercial , Mixed-Use Properties or Properties in a Business or Holding Co name** - We do not process commercial or small business deals at the Broker Unit. You can email [businessreferrals@meridiancu.ca](mailto:businessreferrals@meridiancu.ca) with the particulars regarding your deal and our Meridian partners will contact you as soon as possible. Keep in mind that we do not compensate brokers for these referrals.
- **Co-operative Housing (Co-Ops) and Co-Ownerships**
- **Raw / Vacant Land**
- **Leased Land; Life Lease properties.**
- **Student Housing/Rentals or Rooming Houses,**
- **Bed & Breakfast**
- **Mobile Homes and Trailers**
- **Modular Homes, unless already fully affixed to the land and 100% of services in place**
- **Historically designated properties**
- **Island Properties**
- **Previous Grow-Ops, remediated or not**
- **Short-term (vacation) rental properties; AirBnB, VRBO etc**
- **Hotel Condos,**
- **Live/Work properties** (regardless of % split between live & work)
- **Non-conventional construction** (eg dome houses)
- **Rental pools**
- **Hobby Farms, including horses or other livestock, even if the land is farmed by someone else**
- **Converted Churches/Schoolhouse**

## CONDOMINIUM POLICY

- Minimum Size of **550** sq ft\* without Genworth or CMHC default insurance
- Condo must have a least **ONE** separate, defined bedroom
- Live/work condos ineligible
- Under our **BFS/NIQ** program, minimum **550 Sq. Feet** is required
- **Condos of less than 550 Sq. feet will require high ratio insurance regardless of LTV**

## LOAN TO VALUE RATIOS

The Loan-to-Value ratio is the sum of the mortgage loan together with all prior ranking mortgages, divided by the lesser of the appraised value or purchase price of the property. Total aggregate LTV must not exceed the maximum stated below.

Type of Security	Maximum LTV
Mortgage - <b>Owner Occupied</b> (property value up to \$1MM)	Up to 95% high ratio (purchases only) Up to 80% conventional
Mortgage - <b>Non-Owner Occupied</b>	Beacon 600 +, 1 <sup>st</sup> & 2 <sup>nd</sup> position: <ul style="list-style-type: none"> <li>- 1-2 units (up to 80%)</li> <li>- 3-4 units (up to 75%)</li> </ul> Beacon 550 – 599, 1 <sup>st</sup> position: <ul style="list-style-type: none"> <li>- 1-2 units (up to 70%)</li> <li>- 3-4 units (up to 65%)</li> </ul>
HELOC - (property value up to \$1MM) <b>Owner and Non-Owner Occupied</b>	Up to 80% <ul style="list-style-type: none"> <li>- Minimum beacon score of 600 required</li> </ul>
Type A vacation properties (property value up to \$1MM, first position only)	Up to 80% conventional

## SLIDING SCALE for property values in excess of \$1MM:

Type of Security	Beacon Score	LTV
-Owner Occupied Residential up to 4 units including Type A vacation homes	600+	80% of the first \$1MM, 60% of the remainder <ul style="list-style-type: none"> <li>• Maximum Mortgage amount of \$2.0MM</li> <li>• Maximum LOC amount of \$1MM</li> </ul>
Non Owner-Occupied	600+	80% of the first \$800K, 50% of the remainder <ul style="list-style-type: none"> <li>• Maximum mortgage amount of \$1.5MM</li> <li>• Maximum LOC amount of \$750K</li> </ul>

2 appraisals must be completed when the total mortgage aggregate is **\$1MM** or higher secured by a single property. Meridian will base the lending value on the lower of the two values.

**\*\* Meridian reserves the right to limit LTV regardless of these guidelines.**

**Note:** Meridian will register in second position behind **non collateral charges** from the following exclusive list **ONLY: RBC; CIBC; BMO; BNS; TD/CT; National Bank; Laurentian; Equitable; Home Trust; First Ontario; DUCA.**

**No others will lenders will be considered, regardless of any recent mergers etc.**

## CONSTRUCTION/PURCHASE + IMPROVEMENTS

- We do not underwrite Construction or Purchase Plus mortgages at the Broker Unit. You submit the deal to us through Filogix but we then refer it to the nearest Meridian branch. They will make the decisions regarding approval, rate, fees etc. Ultimately the final underwriting decision is with the branch
- High Ratio and Conventional
- Compensation per our Rate Sheet.
- See page 6 of our Broker Brochure and our broker website [www.meridiancu.ca/mortgagebroker](http://www.meridiancu.ca/mortgagebroker) for construction draw mortgage details

## BRIDGE FINANCE

- Available and offered through Branch Network
- Kindly note the file on Filogix "*bridge financing is required*" + supporting docs
- Rate starts @ Meridian Prime + 2.5%
- Application fee of minimum \$250
- 30/60/90 days available (more can be requested subject to corporate approvals)
- Loan \$ amount varies (Branch to advise)

## PREPAYMENT PRIVILEGES

Members will continue to be able to take advantage of our 20 / 20 prepayment privilege which allows them to increase the regular payment by up to 20% per year or to make lump sum payments (min \$100) on their payment date to a max of 20% per year. The aggregate of the 2 prepayment options cannot exceed 20% per calendar year.

## VARIABLE RATE MORTGAGES

Features of the VRM Mortgage:

- VRM Mortgages are eligible for payout prior to maturity with a 3 months' interest prepayment charge.
- Refinance with Meridian Credit Union by a blend and extend (blending of decrement)
- Port the mortgage to another property

## DOCUMENTATION REQUIREMENTS

Meridian requires the following documents **UP FRONT** for all applications:

- Application documents are to be submitted to [BrokerDocuments@meridiancu.ca](mailto:BrokerDocuments@meridiancu.ca). Include your **client's full name in the subject line**.
- **Income documents** as set out in the Appendix on pages 8 & 9
- **Purchase Agreement & MLS** (where applicable for Purchases)
- **Down Payment confirmation** (for Purchases), as set out on page 3

## CONSENT FORMS

Meridian does not provide Consent Forms for brokers to obtain information on member's behalves.

# **INCOME CONFIRMATION POLICY**

**See Appendix A for the treatment of all forms of income and documentation requirements**

## **BFS/SELF-EMPLOYED INCOME**

Meridian does not have a stated income program and we do not use 12 months of business bank statements to confirm income; ours is non-income qualifying and involves a type of reasonability test. This means that we look at the ability of the business to generate sufficient income for the clients to maintain their personal debts, i.e., if we need a 44% TDSR, does the business have the capability to supply enough income to get to that point. We review all BFS docs and look at the claimed gross income/gross profit numbers.

You will always enter the client's 2 yr avg NET income in Filogix and we will determine the affordability based on the document review.

**Meridian does not participate in any high-ratio BFS programs. All insured BFS applications must qualify using 2 year average NET income alone.**

**No lending products in business or Holding Company names**

## **VEHICLE PAYMENTS PAID BY A BUSINESS**

When there is clear evidence that the business is paying the vehicle expense i.e., absorbing the expense for interest or lease payments on the same vehicle, Meridian may take this expense out of the Borrower's DSR calculation.

We will require, up front, either a 3 month business bank statement (i.e., *the account is in the business name, not personal*) showing the corresponding debits being made **OR** the most recent T1 General/Statement of Business Activities or T2/Corporate Financial Statements showing that the business is making the payment. As always, the underwriter must be satisfied with the documentation provide and may ask for further at their discretion

## **RENTAL PROPERTIES/INCOME**

**See Appendix A for the treatment of income from rental properties and documentation requirements**

A maximum of **5 properties** in total held with Meridian and/or outside (excluding principal residence, vacation home). All properties, including existing properties, must contain 4 doors or less. Greater than that becomes a commercial relationship with Meridian.

Maximum aggregate of \$1MM in rental property borrowings at Meridian

**Assignment of Rents** will be required for mortgages on non-owner occupied properties.

For all existing or new rental properties, Meridian's ***Rental Worksheet*** to be used as the offset tool

For owner-occupied properties with a rental component, full PIT payment is to be factored in and 50% of gross rent can be added as income

## **SUPPLEMENTAL INCOME**

Child Tax Benefit/: Meridian allows this to be used for qualifying. Please see the Appendix on page 9 for details.

Child Support

WSIB: We will *only* accept **permanent** WSIB, with confirmation of such via gov't letter

ODSP: We do not use ODSP as qualifying income

**Foreign income will not be considered.**

## APPENDIX A

PRIMARY INCOME SOURCE	REQUIRED DOCUMENTATION
<p><b>Fixed Source</b></p> <ul style="list-style-type: none"> <li>Income source considered stable and predictable</li> <li>Includes salary and hourly wages (base income only)</li> <li>Confirmation any probationary period has passed (where applicable)</li> </ul> <p><b>NOTE:</b> for hourly employees, the Letter of Employment must confirm guaranteed hours and hourly rate. Regardless if the paystub shows more hours worked Meridian can only use the guaranteed hours for qualification purposes.</p>	<p><b>One of the following is required:</b></p> <p><b>A.</b> Current pay stub (dated within 60 days of application) showing YTD income, Employer and Borrower Names <u>AND</u> most recent T4 or NOA <b>OR</b></p> <p><b>B.</b> Current pay stub (dated within 60 days of application) showing YTD income, Employer and Borrower Names <u>AND</u> Letter of Employment <b>NOTE:</b> this option required only if Borrower has changed jobs since last issuance of T4/NOA</p> <ul style="list-style-type: none"> <li><b>Meridian reserves the right to request further income confirmation, including NOAs, at their discretion</b></li> </ul>
<p><b>Variable Source</b></p> <ul style="list-style-type: none"> <li>Income sources susceptible to fluctuations, must be sustained for a minimum of 2 years</li> <li>Lessor of 2 year average or past year income</li> <li>Income sources include: <ul style="list-style-type: none"> <li>* Bonus, Overtime, Tips</li> <li>100% Commission (non-BFS) or Base + Commission</li> <li>Seasonal, Contract, Part-Time Employment</li> <li>Investment income (incl. RRSP/RRIF income).</li> </ul> </li> </ul> <p>*maximum 25% of total income to be used for debt servicing purposes</p>	<p><b>For Seasonal, Part-Time, Contract Employment:</b></p> <ul style="list-style-type: none"> <li>Current pay stub and 2 years T4s and most recent NOA</li> </ul> <p><b>For Bonus, Commission (with base salary), Overtime, Tips:</b></p> <ul style="list-style-type: none"> <li>2 years T4 (in addition to the fixed source confirmation above)</li> </ul> <p><b>For 100% Commission</b></p> <ul style="list-style-type: none"> <li>2 years income tax returns supported by the NOAs</li> </ul> <p><b>For Investment Income:</b></p> <ul style="list-style-type: none"> <li>2 years income tax returns supported by the NOAs</li> <li>Most recent investment statement (&lt; than 1 year old)</li> </ul>
<p><b>Self Employed</b></p> <ul style="list-style-type: none"> <li>Income generated from a business operated by the borrower and includes: <ul style="list-style-type: none"> <li>Sole proprietor</li> <li>Partnership</li> <li>Limited or incorporated company where ownership interest is <math>\geq 25\%</math></li> <li>commissioned sales people, where income tax is <b>not</b> deducted at source (eg <b>real estate sales reps</b>)</li> </ul> </li> </ul>	<p><b>For Sole Proprietor and Partnership:</b></p> <ul style="list-style-type: none"> <li>2 years personal income tax returns (including all relevant Schedules)</li> <li>2 years NOAs</li> <li>3 months of business bank statements</li> <li>Confirmation HST/Source Deductions are current (where appl.)</li> <li>Net business income can be grossed up by 15% for debt servicing purposes (in lieu of add-backs)</li> </ul> <p><b>For Limited or Incorporated Company:</b></p> <ul style="list-style-type: none"> <li>2 years personal income tax returns (including all relevant Schedules) and 2 years NOAs</li> <li>3 months of business bank statements</li> <li>2 years of prepared financial statements</li> </ul>
<p><b>Individuals who are employed in a family business</b></p>	<ul style="list-style-type: none"> <li>Two years NOAs</li> <li>Two years T1 General Jacket or Tax Summary</li> </ul> <p>The lessor of the last years income or two year average will be used for qualification purposes</p>
<p><b>Pension Income</b></p> <ul style="list-style-type: none"> <li>Government pension</li> <li>Company pension</li> <li>Disability pension (must have written confirmation that it is permanent)</li> </ul>	<p><b>Require one of the following:</b></p> <ul style="list-style-type: none"> <li>3 months bank statements showing direct deposit</li> <li>Recent pension stub/pension statement (dated within 60 days of application)</li> </ul> <p><b>Along with one of the following:</b></p> <ul style="list-style-type: none"> <li>Most recent personal income tax return</li> <li>Most recent NOA</li> </ul>



APPENDIX A CONTINUED

SUPPLEMENTAL INCOME SOURCE	REQUIRED DOCUMENTATION
<p><b>Child/Spousal Support</b></p>	<p><b>Supplemental income combined cannot exceed 30% of regular income required to service the deal and requires the following:</b></p> <ul style="list-style-type: none"> <li>• Signed and witnessed Separation Agreement</li> <li>• 1 year of bank statements showing demonstrated receipt</li> <li>• Meridian does not subtract child support from income; they must show as a liability on the application</li> </ul>
<p><b>Child Tax Credit</b></p>	<p><b>Supplemental income combined cannot exceed 30% of regular income required to service the deal and requires the following:</b></p> <ul style="list-style-type: none"> <li>• Confirmation of children’s ages (must be 12 years of age and under)</li> <li>• CRA statement outlining monthly entitlement</li> <li>• Bank statement confirming receipt of income</li> </ul>
<p><b>Parental Leave</b></p>	<p><b>100% of income can be used providing a letter from the employer confirms the following:</b></p> <ul style="list-style-type: none"> <li>• Position Borrower is returning to</li> <li>• Return date</li> <li>• Income upon return</li> </ul>
<p><b>Foster Care Income</b></p>	<p><b>Supplemental income combined cannot exceed 30% of regular income required to service the deal and requires the following:</b></p> <ul style="list-style-type: none"> <li>• Confirmation of minimum 2 years foster care income</li> <li>• Income letter contract confirming tenure and current status from Ministry supported by current pay stub</li> </ul>
<p><b>Investment Income</b></p>	<ul style="list-style-type: none"> <li>• Most recent investment statement</li> <li>• Two years T1 General Jacket or Tax Summary</li> <li>• Two years NOAs</li> </ul> <p><b>Note:</b> Income should be expected to continue based on the value of the asset  <b>Note: <u>Dividend Income</u></b> used to qualify is the NET Dividend Income from the T1, <b>NOT</b> the grossed-up figure</p>

RENTAL INCOME	REQUIRED DOCUMENTATION
<p><b>Rental Income</b></p>	<p><b>Owner Occupied with Rental Component (full PIT payment to be factored in)</b></p> <ul style="list-style-type: none"> <li>• 50% of gross rent can be added as income</li> <li>• Rent to be confirmed via T1 General, Statement of Real Estate Rentals</li> </ul> <p style="text-align: center;"><b>OR</b></p> <ul style="list-style-type: none"> <li>• Where rental income in place less than 1 year, Market Rent Opinion from NAS required to confirm monthly gross rent</li> </ul> <p style="text-align: center;"><b>Non-Owner Occupied</b></p> <ul style="list-style-type: none"> <li>• All rental income calculations must be completed using the Retail Statement of Real Estate Rentals</li> <li>• For existing rental properties, T1 General including Statement of Real Estate Rentals must be obtained</li> <li>• For purchases or rental properties not yet owned for one year, Market Rent Opinion from NAS required to confirm monthly gross rent</li> </ul>

APPRAISALS/AVM	PARAMETERS											
<b>Appraisals</b>	<p><b>Full appraisal is required for the following:</b></p> <ul style="list-style-type: none"> <li>• Properties purchased under power of sale</li> <li>• Property values in excess of thresholds as defined as: <ul style="list-style-type: none"> <li>○ \$800,000 GTA (City of Toronto, Etobicoke, Scarborough, Vaughan, Markham, Richmond Hill)</li> <li>○ \$650,000 Non-GTA</li> </ul> </li> <li>• Multi-unit dwellings (2-4 units)</li> <li>• Private purchases</li> <li>• Non arm’s length transactions</li> <li>• All zonings other than residential or rural/agricultural (rural valuations are limited to house and a maximum of 10 acres, no value given for outbuildings or excess acreage)</li> <li>• Sales through non-established brokerages such as Purplebricks or Property Guys</li> <li>• Purchase of a property in excess of \$10,000.00 over list price</li> <li>• New Construction/Pre Build Offers to Purchase</li> </ul>											
<b>AVM</b>	<p><b>Property Valuation Requirements</b></p> <table border="1" data-bbox="448 821 1492 1402"> <thead> <tr> <th></th> <th><u>AVM</u></th> <th><u>Full Appraisal</u></th> </tr> </thead> <tbody> <tr> <td><u>Purchase</u> Owner-Occupied</td> <td> <b>Up to 80% LTV</b>  <ul style="list-style-type: none"> <li>• 640+ beacon scores</li> </ul> <b>Up to 70% LTV</b>  <ul style="list-style-type: none"> <li>• 600-639 beacon scores</li> </ul> <b>Up to 65% LTV</b>  <ul style="list-style-type: none"> <li>• 550-599 beacon scores</li> </ul> <b>Up to 50% LTV</b>  <ul style="list-style-type: none"> <li>• Beacon scores &lt; 550</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>• LTVs greater than parameters based on beacon score</li> <li>• All properties/scenarios listed under section 18.4</li> </ul> </td> </tr> <tr> <td><u>Purchase</u> Non-Owner Occupied</td> <td> <b>Up to 75% LTV</b>  <ul style="list-style-type: none"> <li>• 680+ beacon scores</li> </ul> <b>Up to 70% LTVs</b>  <ul style="list-style-type: none"> <li>• 640-679 beacon scores</li> </ul> <b>Up to 60% LTV</b>  <ul style="list-style-type: none"> <li>• 550-639 beacon score</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>• Beacon scores &lt; 550</li> <li>• LTVs greater than parameters based on beacon score</li> <li>• All properties/scenarios listed under section 18.4</li> </ul> </td> </tr> </tbody> </table>				<u>AVM</u>	<u>Full Appraisal</u>	<u>Purchase</u> Owner-Occupied	<b>Up to 80% LTV</b> <ul style="list-style-type: none"> <li>• 640+ beacon scores</li> </ul> <b>Up to 70% LTV</b> <ul style="list-style-type: none"> <li>• 600-639 beacon scores</li> </ul> <b>Up to 65% LTV</b> <ul style="list-style-type: none"> <li>• 550-599 beacon scores</li> </ul> <b>Up to 50% LTV</b> <ul style="list-style-type: none"> <li>• Beacon scores &lt; 550</li> </ul>	<ul style="list-style-type: none"> <li>• LTVs greater than parameters based on beacon score</li> <li>• All properties/scenarios listed under section 18.4</li> </ul>	<u>Purchase</u> Non-Owner Occupied	<b>Up to 75% LTV</b> <ul style="list-style-type: none"> <li>• 680+ beacon scores</li> </ul> <b>Up to 70% LTVs</b> <ul style="list-style-type: none"> <li>• 640-679 beacon scores</li> </ul> <b>Up to 60% LTV</b> <ul style="list-style-type: none"> <li>• 550-639 beacon score</li> </ul>	<ul style="list-style-type: none"> <li>• Beacon scores &lt; 550</li> <li>• LTVs greater than parameters based on beacon score</li> <li>• All properties/scenarios listed under section 18.4</li> </ul>
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Rate & Comp structure current as of:

February 17, 2021 (Subject to change without notice)

**INCOME QUALIFYING**

		Income Qualified PURCHASE						Income Qualified REFINANCE			
		Qualified @ BOC Rate and meeting all insurable criteria <sup>1</sup> credit score > 600 NO switches / transfers in		Qualified @ Contract Rate and/or not meeting any one of the insurable criteria <sup>1</sup> credit score > 600		High-Ratio Special > 80% LTV Qualifying at BOC Rate NO switches / transfers in		Qualified @ BOC Rate & 25 year amortization credit score > 600		Qualified @ Contract Rate and/or a 30 year amortization credit score > 600	
PRODUCT	TERM	RATE	COMP <sup>9</sup>	RATE	COMP	RATE	COMP	RATE	COMP <sup>9</sup>	RATE	COMP
Fixed Rate Closed Mortgage <sup>2</sup>	5 year	1.79%	80 bps	2.19%	70bps	1.60%	110 bps	2.19%	80bps	2.59%	70bps
	4 year	3.89%	70bps	4.29%	55bps			4.29%	70bps	4.69%	55bps
	3 year	2.19%	50bps	2.59%	40bps			2.59%	50bps	2.99%	40bps
	2 year	2.19%	40bps	2.59%	30bps			2.59%	40bps	2.99%	30bps
	1 year	3.09%	25bps	3.49%	20bps			3.49%	25bps	3.89%	20bps
VRM Closed Mortgage <sup>2</sup>	5 year	P <sup>5</sup> - .65%	75bps	P <sup>5</sup> +.50%	60bps	P <sup>5</sup> -1.10%*	75bps	P <sup>5</sup> +.82%	75bps	P <sup>5</sup> +.92%	60bps
FLEX LINE <sup>3</sup> - Mortgage portion <sup>9</sup>	1-5 yr Fixed & 5yr VRM	as above	add 20 bps to above					as above	add 20 bps to above		
Construction/Purchase + Improvements <sup>6</sup>	5 year	see note <sup>6</sup>	70bps	see note <sup>6</sup>	70bps			see note <sup>6</sup>	70bps	see note <sup>6</sup>	70bps
Builder 1 year rate cap <sup>3</sup>	5 year	3.54%	30bps	4.09%	25bps			n/a	30bps	n/a	25bps

**INCOME QUALIFYING - HELOC<sup>4</sup>**

		PURCHASE credit score > 600		REFINANCE credit score > 600	
PRODUCT	TERM	RATE	COMP	RATE	COMP
HELOC <sup>4</sup> and Flex Line HELOC <sup>5</sup> portion	n/a	P <sup>5</sup> +.50%		P <sup>5</sup> +.50%	50bps

**NON- INCOME QUALIFYING<sup>7</sup>**

using contract rate to qualify

		PURCHASE credit score > 600		REFINANCE credit score > 600	
PRODUCT	TERM	RATE	COMP	RATE	COMP
Fixed Rate Closed Mortgage <sup>2</sup>	5 year	3.09%	90bps	3.29%	90bps
	4 year	5.19%	70bps	5.39%	70bps
	3 year	3.49%	50bps	3.69%	50bps
	2 year	3.49%	40bps	3.69%	40bps
	1 year	4.39%	25bps	4.59%	25bps
VRM Closed Mortgage <sup>2</sup>	5 year	P <sup>5</sup> +.82%	75bps	P <sup>5</sup> +.132%	75bps
Construction/Purchase Plus <sup>6</sup>	5 year	see note <sup>6</sup>	70bps	see note <sup>6</sup>	70bps
Builder 1 year rate cap <sup>3</sup>	5 year	4.49%	25bps	n/a	25bps
HELOC <sup>4</sup>	n/a	P <sup>5</sup> + 1.05%	50bps	P <sup>5</sup> + 1.45%	50bps



David Johnson | Business Development Manager  
Meridian™  
Your money. Your way. Imagine that.™

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Fax: (416) 597-5067

Email Address  
david.johnson@meridiancu.ca

**1 Conventional Insurable Purchase Criteria**

- Principal Residences Only
- Purchase price below \$1,000,000
- Mortgage request <\$800K
- 25 year AM or less
- Max GDS of 39% and Max TDS of 44% using BOC to qualify
- Minimum credit score of 600 for ALL applicants
- Verifiable Income applicants ONLY

- NO pre-approvals, Switches or Transfers, Rate holds available for 90 days unless otherwise noted
- LIVE DEALS only - rate valid for 90 days from time of approval for Resale and 120 days from time of approval for New Construction
- No Quick Closings - minimum 10 business days required from our receipt of signed back commitment to closing day
- NOTE - this is a full feature Meridian Mortgage with 20% repayment option, portable and assumable
- Rate buy-downs permitted on all fixed terms (up to 15bps MAX, every 5bps buy-down will cost 20bps off in commission)

**2** For Rentals, non-owner occupied/cottage & second homes and second position Mortgages/LOCs, add 40bps to each that apply.

**3** Our 1 year builder rate cap has a \$500.00 application fee which is required prior to issuing a commitment; this is refundable when the file is funded with Meridian

**4** HELOC referral is paid on the balance drawn from the LOC on the 90th day following registration. Commission is capped @ \$2,500

**5** MCU Prime is currently 2.45% (subject to change at any time)

**6** Retail Branch will determine the applicable 5 year fixed or variable Rate following review of the application.

Compensation for Purchase Plus applications will be based on the term chosen, to a maximum of 70 bps

**7** 30 year amortization is available for all BFS/NIQ files with a 10bps rate premium added

**8** This is a combo product, where a MTG & HELOC are available together. See the details on our broker website. It is registered as a **collateral charge**. **9** For mortgages registered under our Flex Line, both Purchases and Refinances must qualify using BOC Rate. For broker compensation, add an 20 bps in commission for the term chosen

**Additional Rate increment and/or Lender Fee ranging from 0% to 1.50% may apply on certain NIQ/BFS & certain Income Qualifying applications.**

\* For the High-Ratio Purchase VRM Rate Special, the mortgage payment will be set based on a 1% higher rate than the actual rate being charged. This is because we do not amend the mortgage payment each time the Prime Rate changes.

Meridian is the largest Credit Union in Ontario delivering a full range of financial services to individuals and businesses.

## *What do we offer our selected Mortgage Brokers?*

### **Niche Products to help you grow your business!**

- **Investment Properties:** Business for Self and Salaried clients – 80% LTV (*first & second mortgages*) for purchase & refinances with NO insurance premiums
- **Lines of Credit:** Business for Self (80% LTV) and Salaried clients (80% LTV) (*first and second position* against principal residence and rentals).
- **Construction financing / Draw Mortgages:** Interest only payment over the construction time. Once construction begins, we can lend up to 80% of Land value for first draw
- We support your ability to do good business with:
  - ✓ Common sense lending practices – seasoned underwriters
  - ✓ Competitive Rates and Referral payment
  - ✓ A strong emphasis on your clients' satisfaction leading to increased referrals back to you.

David Johnson | Business Development Manager

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Meridian

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Email Address

[david.johnson@meridiancu.ca](mailto:david.johnson@meridiancu.ca)

## Meridian Mortgage Broker Services – Commitment statement

Our team consists of talented professionals providing the highest quality of service to selected Broker partners and their clients. We understand the value and importance in earning a long term trusting relationship and as such, commit that we will respect our working relationship with our Broker partners and will always act with fairness, honesty, transparency, responsiveness and integrity in everything we do for you and your clients.

<b>Jill Hendry x 2656</b> Senior Manager <a href="mailto:Jill.Hendry@meridiancu.ca">Jill.Hendry@meridiancu.ca</a>	<b>David Johnson x 2521</b> Business Development Manager <a href="mailto:David.johnson@meridiancu.ca">David.johnson@meridiancu.ca</a>	3280 Bloor St West (416) 597-4444
<b>Chris Fontana x 2601</b> Senior Mortgage Specialist <a href="mailto:Chris.Fontana@meridiancu.ca">Chris.Fontana@meridiancu.ca</a>		
<b>UNDERWRITING TEAM</b>		
<b>Linda Montgomery x 2690</b> Senior Broker Underwriter <a href="mailto:linda.Montgomery@meridiancu.ca">linda.Montgomery@meridiancu.ca</a>	<b>Mary Jo Loucano x 2797</b> Senior Broker Underwriter <a href="mailto:maryJo.loucano@meridiancu.ca">maryJo.loucano@meridiancu.ca</a>	
<b>Litsa Paschos x 2549</b> Broker Underwriter <a href="mailto:Litsa.Paschos@meridiancu.ca">Litsa.Paschos@meridiancu.ca</a>	<b>Carrie Habkirk x 2669</b> Broker Underwriter <a href="mailto:Carrie.Habkirk@meridiancu.ca">Carrie.Habkirk@meridiancu.ca</a>	
<b>Sally Fernandes X 2676</b> Broker Underwriter <a href="mailto:Sally.Fernandes@meridiancu.ca">Sally.Fernandes@meridiancu.ca</a>	<b>Cathy Zhang x2787</b> Broker Underwriter <a href="mailto:Cathy.Zhang@meridiancu.ca">Cathy.Zhang@meridiancu.ca</a>	
<b>Muffy Warkentin 416-597-4468</b> Broker Underwriter <a href="mailto:muffy.warkentin@meridiancu.ca">muffy.warkentin@meridiancu.ca</a>		
<b>ADMINISTRATION TEAM</b>		
<b>Parker Griffin x 2539</b> Mortgage Broker Representative <a href="mailto:parker.griffin@meridiancu.ca">parker.griffin@meridiancu.ca</a>	<b>Mai-Lynn Chik x 2578</b> Mortgage Broker Representative <a href="mailto:mai-lynn.chik@meridiancu.ca">mai-lynn.chik@meridiancu.ca</a>	
<b>Shamim Nuri x 2751</b> Mortgage Broker Representative <a href="mailto:shamim.nuri@meridiancu.ca">shamim.nuri@meridiancu.ca</a>		

Applications can be sent to Meridian  filogix

We also offer a Central email [BrokerMortgage.Requests@Meridiancu.ca](mailto:BrokerMortgage.Requests@Meridiancu.ca)

Fax# (416) 597-5067

**Referral Payments** will be processed and forwarded to your office by cheque or EFT within two weeks from date of funding.

Your firm has a choice to receive payments in one of two ways:

- **EFT Payment** - To ensure uninterrupted delivery of your commission payments, Meridian offers EFT payment service directly into your business bank account. This service eliminates delays in postal delivery or lost / misplaced paper cheques. Your firm will receive an automated email from our Payment System advising that the EFT has been initiated. A detailed Referral Statement of all funded deals will be mailed to your office prior to the bank deposit. To avail your firm of this service, please send our Accounts Payable team a copy of your void business cheque by fax to 905-988-1390 including your firm name & address as well as the email address and contact information for the individual(s) responsible for lender referral payments.
- **Paper Cheques** along with detailed Referral Statement are delivered via courier two weeks from date of funding.

## BFS (Non Income Qualifying)

Product / Property	Features	Restrictions
<p><u>Examples of Eligible Applicants:</u> Business Owners, Realtors, Insurance/Investment Advisors, Contractors, Mortgage brokers</p> <p>Purchases, Refinances, Owner &amp; Non-owner occupied</p> <ul style="list-style-type: none"> <li>• Single family detached and semi-detached</li> <li>• Single family townhouses and row houses (freehold)</li> <li>• Duplexes and Triplexes</li> <li>• Registered condominium unit including: high-rise, townhouses and stacked townhouses located in urban centers</li> <li>• Properties on well water and septic tanks will be considered, provided this is normal for the area.</li> <li>• For properties situated on acreage, appraisal report to include a maximum of 10 acres plus dwelling and no out buildings (conventional)</li> <li>• All residential properties must be of reasonable size. Minimal for all condominiums 550 square footage of living space</li> <li>• Seasonal year round access – generally accepted locations for seasonal dwellings to include the Muskoka, Halliburton and the Kawartha regions. In addition all of the Niagara region may be considered. For southwestern Ontario, locations such as Georgian Bay, the Bruce Peninsula to Lake Huron</li> </ul>	<p><u>Mortgage Types:</u></p> <ul style="list-style-type: none"> <li>• 1-5 yr fixed rate closed, 5 yr VRM closed</li> <li>• Standard Rate guarantee 90 days (new construction 120 days)</li> <li>• 120 Day Rate Guarantee available on re-sale purchases with .25 bps increment.</li> </ul> <p><u>Amortization:</u></p> <p>1<sup>st</sup> Mortgage</p> <ul style="list-style-type: none"> <li>• <b>Conventional</b> up to 30 years amortization</li> <li>• <b>Investment</b> up to 30 year amortization</li> </ul> <p>2<sup>nd</sup> Mortgage</p> <ul style="list-style-type: none"> <li>• Fixed Conventional up to 20 years amortization</li> </ul> <p><u>Payments:</u></p> <ul style="list-style-type: none"> <li>• Weekly, bi-weekly and monthly payments</li> <li>• Prepayment privilege: up to 20% of the original principal amount or up to 20% increase in payment annually aggregate. The aggregate of the 2 prepayment options cannot exceed 20% per calendar year.</li> </ul> <p><u>Limits:</u></p> <p>1<sup>st</sup> Mortgage</p> <ul style="list-style-type: none"> <li>• PURCHASES – Up to 80% financing</li> <li>• REFINANCES – Up to 80% financing</li> <li>• Conventional Loan to Value driven by beacon score</li> </ul> <p>2<sup>nd</sup> Mortgage</p> <ul style="list-style-type: none"> <li>• Up to 80% financing</li> <li>• Conventional Loan to Value driven by beacon score</li> <li>• Meridian will register behind non collateral charges behind other Financial Institutions (<i>see underwriting guideline for complete list</i>)</li> </ul> <p><b><i>Rate Increment &amp; Application Fee:</i></b></p> <p><b><i>Meridian will apply a rate increment and/or an application fee ranging from 0% to 1.50% on BFS &amp; Verifiable Income applicants.</i></b></p>	<p><u>Mandatory:</u></p> <ul style="list-style-type: none"> <li>• Mortgages must be title insured</li> <li>• Full Appraisal Reports required on all non-insured properties regardless of Loan to Value Ratios</li> <li>• Minimum mortgage amount of \$30,000</li> <li>• Property must be residential</li> <li>• All properties must have a minimum of 100 AMP service</li> </ul> <p>2<sup>nd</sup> Mortgage</p> <ul style="list-style-type: none"> <li>• All above and:</li> <li>• Not Portable or assumable</li> <li>• High Ratio product not available for stated income borrowers</li> </ul> <p><u>Ineligible Properties:</u></p> <ul style="list-style-type: none"> <li>• See the full list in our Underwriting Guidelines</li> </ul>

## Lines of credit

Product / Property	Features	Restrictions
<p>Purchases, Refinances, Equity Draws for personal investment purposes, home improvements</p> <ul style="list-style-type: none"> <li>• <b><u>Owner Occupied principal residences and rental properties</u></b></li> <li>• Single family detached and semi-detached</li> <li>• Single family townhouses and row houses (freehold)</li> <li>• Duplexes and Triplexes</li> <li>• Registered condominium unit including: high-rise, townhouses and stacked townhouses located in urban centers</li> <li>• Properties on well water and septic tanks will be considered provided this is normal for the area</li> <li>• For properties situated on acreage, appraisal report to include a maximum of 10 acres plus dwelling and no out buildings (conventional)</li> <li>• All residential properties must be of reasonable size. Minimal for all condominiums 550 square footage of living space</li> </ul>	<ul style="list-style-type: none"> <li>• Meridian Lines of Credit (LOC) may be registered in either First or Second position</li> <li>• Maximum loan to value ratio is <u>up to</u> 80% (First or Second Position) for income qualifying applicants and <u>up to</u> 80% for Non-income applicants</li> <li>• Minimum 600 beacon score(s) for all applicants</li> <li>• All LOCs registered must be title insured</li> <li>• <b>LOCs are not available for business use or debt consolidation purposes</b></li> <li>• Full Appraisal Reports required on all properties regardless of Loan to Value Ratios</li> <li>• Benefit to clients by allowing 2 prime rate increases before LOC interest rate changes</li> </ul> <p><i>Beacon scores will determine maximum LTV</i></p> <p><b><u>Rate Increment &amp; Application Fee:</u></b></p> <p><i>Meridian will apply a rate increment and/or an application fee ranging from 0% to 1.50% on BFS &amp; Verifiable Income applicants.</i></p>	<p><b><u>Mandatory:</u></b></p> <ul style="list-style-type: none"> <li>• Property must be residential</li> <li>• Mortgages <b>must</b> be title insured</li> <li>• Minimum mortgage amount of \$30,000</li> <li>• Not Portable or assumable</li> <li>• No second LOCs behind existing private first mortgages or collateral products</li> <li>• Full Appraisal Reports required on all non-insured properties regardless of L/V Ratios</li> <li>• All properties must have a minimum of 100 AMP service</li> <li>• Building must meet all applicable Fire Code Regulations and Zoning By-Laws.</li> </ul> <p><b><u>Ineligible Properties:</u></b></p> <ul style="list-style-type: none"> <li>• See the full list in our Underwriting Guidelines</li> </ul>

# There's a better way to mortgage with Meridian

Whether your clients are first time homebuyers, using the equity in their current home as a convenient and economical way to borrow, or buying a vacation property, Meridian has a mortgage to suit their needs.

## First and Second Mortgages

Product / Property	Features	Restrictions
<p>Purchases, Refinances, Equity Draws</p> <ul style="list-style-type: none"> <li>Owner &amp; Non-owner occupied</li> <li>Single family detached and semi-detached</li> <li>Single family townhouses and row houses (freehold)</li> <li>Duplexes and Triplexes</li> <li>Registered condominium unit including: high-rise, townhouses and stacked townhouses located in urban centers</li> <li>Properties on well water and septic tanks will be considered provided this is normal for the area.</li> <li>For properties situated on acreage, appraisal report to include a maximum of 10 acres plus dwelling and no out buildings (conventional)</li> <li>All residential properties must be of reasonable size. Minimal for all condominiums 550 square footage of living space</li> <li>First mortgages are portable and assumable</li> <li>Seasonal year round access – generally accepted locations for seasonal dwellings to include the Muskoka, Halliburton and the Kawartha regions. In addition all of the Niagara region may be considered. For southwestern Ontario, locations such as Georgian Bay, the Bruce Peninsula to Lake Huron</li> </ul>	<p><u>Mortgage Types:</u></p> <ul style="list-style-type: none"> <li>1 &gt; 5 yr fixed rate closed</li> <li>5 yr variable rate closed</li> <li>Standard Rate guarantee 90 days (new construction 120 days)</li> <li>120 Day Rate Guarantee available on re-sale purchases with .25 bps increment.</li> </ul> <p><u>Amortization:</u></p> <p>1<sup>st</sup> Mortgage</p> <ul style="list-style-type: none"> <li><b>Insured</b> up to 25 year amortization</li> <li><b>Conventional</b> up to 30 years amortization</li> <li><b>Investment</b> up to 30 year amortization</li> </ul> <p>2<sup>nd</sup> Mortgage</p> <ul style="list-style-type: none"> <li>Fixed Conventional up to 20 years amortization</li> </ul> <p><u>Payments:</u></p> <ul style="list-style-type: none"> <li>Weekly, bi-weekly and monthly payments</li> <li>Prepayment privilege: up to 20% of the original principal amount or up to 20% increase in payment annually. The aggregate of the 2 prepayment options cannot exceed 20% per calendar year.</li> </ul> <p><u>Limits:</u></p> <p>1<sup>st</sup> Mortgage</p> <ul style="list-style-type: none"> <li>PURCHASES – Up to 95% financing through Genworth, CMHC</li> <li>REFINANCES – Up to 80% financing</li> <li>Conventional Loan to Value driven by beacon score</li> </ul> <p>2<sup>nd</sup> Mortgage</p> <ul style="list-style-type: none"> <li>Up to 80% financing</li> <li>Conventional Loan to Value driven by beacon score</li> <li>Meridian will register behind non collateral charges from other FIs (<i>see underwriting guideline for complete list</i>)</li> </ul> <p><u>Rate Increment &amp; Application Fee:</u></p> <p>Meridian will apply a rate increment and/or an application fee ranging from 0% to 1.50% on BFS &amp; Verifiable Income applicants.</p>	<p><u>Mandatory:</u></p> <ul style="list-style-type: none"> <li>Mortgages must be title insured</li> <li>Full Appraisal Reports required on all non-insured properties regardless of Loan to Value Ratios</li> <li>Minimum mortgage amount of \$30,000</li> <li>Property must be residential</li> <li>All properties must have a minimum of 100 AMP service</li> <li>Building must meet all applicable Fire Code Regulations and Zoning By-Laws.</li> </ul> <p>2<sup>nd</sup> Mortgage</p> <ul style="list-style-type: none"> <li>All above and:</li> <li>Not Portable or assumable</li> <li>High Ratio product not available for stated income borrowers</li> </ul> <p><u>Ineligible Properties:</u></p> <ul style="list-style-type: none"> <li>See the full list in our Underwriting Guidelines</li> </ul>



# Best financing arrangement available in the market today for the “self-build client”

The features and benefits of Meridian's Self Build mortgage are without compare. The arrangement is flexible, intuitive and once your clients hear about what is possible – they won't go anywhere else for financing the construction of their dream home!

## Self-build / Managed build mortgages

General details	Benefits of Product	Restrictions
<p>Self-Build, Managed Builds, home improvements</p> <ul style="list-style-type: none"> <li>Self-Build financing applications must be documented with cost estimates and evidence that the borrower has the necessary experience to complete the project</li> <li>Meridian forms are provided for all self-build projects that must be completed prior to the commitment of any funds</li> <li>Required documentation includes:               <ul style="list-style-type: none"> <li>✓ Insurance coverage</li> <li>✓ Building permits</li> <li>✓ Appraisal / inspections and final inspection</li> <li>✓ Occupancy permit</li> </ul> </li> </ul> <p><b>Process for application / financing:</b></p> <ul style="list-style-type: none"> <li>Self-Build financing arrangements are submitted <b>first</b> to the Meridian Broker Underwriting Unit who in turn will pass the application details and Broker contact information to professional staff at the Meridian branch best located to service your client and their build.</li> <li>Meridian Branch staff will connect with your client and you to gather full details required for the adjudication and, will in turn be responsible for servicing of the construction draws. The branch will continue to work directly with your clients and will keep you informed as to the progress</li> <li>5yr Fixed rate or 5yr Closed VRM only</li> <li>Meridian will charge your client 85bps arrangement fee to a max of \$3,000 and this includes up to 4 draws. This fee does not include appraisal or required inspection fee NOTE – no additional broker fees are permitted to be charged to client/Members.</li> </ul>	<ul style="list-style-type: none"> <li>Throughout construction the mortgage is <u>INTEREST only</u> payments until either the interest adjustment date is reached – or the property is 100% complete</li> <li>INTEREST RATE from the first draw is the negotiated mortgage rate for the term of the mortgage</li> <li>Only <u>ONE</u> Registration for the mortgage regardless of the stage of advances</li> <li><u>UNLIMITED DRAWS</u> based on needs.</li> <li>A \$100 fee per draw (over 4) applies</li> <li>High Ratio mortgage are generally kept within 80% LTV throughout construction. Once home is complete, the mortgage is funded to the high ratio LTV approved and the premium is then paid to insurer. This results in a large draw at construction end – with the benefit of a cheaper High Ratio premium from the insurer</li> </ul> <p><b>Advances:</b></p> <ul style="list-style-type: none"> <li>The first construction advance can be up to 80% of the land value</li> <li>The construction lien holdback applies to any money used for improvements to the property. Therefore, if the property is already owned the 10% construction lien holdback applies to the first advance</li> <li>Balance of funds is advanced according to an appraiser's inspection &amp; percentage complete.</li> <li>Each advance is contingent upon the total mortgage approved and is calculated based on the percentage complete – less the 10% holdback, inspection fee and previous funds already advanced</li> <li>Once the solicitor indicates that the sub-search is clear, funds can be advanced</li> <li>The construction lien holdback will be released 60 days after the final draw and after occupancy permit has been provided, subject to solicitor sub-search confirming no registered liens</li> </ul> <p><b>NOTE:</b> A Project Monitor will be required in all cases where the funds for construction exceed \$800,000, Member experience is limited or the project is considered to be high risk. Meridian reserves the right to require a Project Monitor in all cases, as deemed necessary.</p>	<p><b>Mandatory:</b></p> <ul style="list-style-type: none"> <li>Property must be residential</li> <li>Mortgages <b>must</b> be title insured</li> <li>Require a signed building contract vetted by solicitor</li> <li>Building Lot must be registered to client/Member</li> <li>Where property is registered to builder/developer until completion, a takeout mortgage will be done at completion</li> <li>IF a licensed Builder is completing the home – the home must be registered with TARION.</li> <li>IF the homeowner is coordinating the build with independent contractors, it will be considered a self-build and not for resale.</li> </ul> <p><b>Timelines:</b></p> <ul style="list-style-type: none"> <li>Follows construction contract for builder mortgages</li> <li>6 Months for self-build</li> </ul>

## CONSTRUCTION MORTGAGE SCENARIOS

**Requirements: 1) the property will be a principal residence 2) if hiring a Builder to complete the construction, the builder is Tarion registered**

<p><b>Scenario 1:</b></p> <p>Mr. Smith wishes to buy vacant land, then build his own home on it.</p>	<p>You need to think of this in two parts:</p> <p><u>Part 1:</u> Purchase the vacant lot. We do not offer <b>lot loans</b> to brokers through the broker channel. You can refer your client to one of our retail branches for that. Typically, we'll lend a <i>maximum</i> of 50% LTVR on raw land, but it's the branch's decision re LTVR, rate etc. You are not compensated for this initial referral.</p> <p><u>Part 2:</u> Once the land is in Mr. Smith's name and he has his plans and permits in place, then you can initiate the Construction Mortgage process. <b>All the details can be found on page 6 of the Broker Brochure and on our <a href="#">broker website</a>.</b> Once the first draw is ready to be advanced, we will lend up to 80% of the value of the land, which would then be used to payout the existing lot loan plus the invoice for the work done to date.</p>
<p><b>Scenario 2:</b></p> <p>Mr. and Mrs. Singh own a vacant lot already. It is financed by way of a private mortgage and wish to start construction</p>	<p>Since Mr. &amp; Mrs. Singh already own a lot, and if they have their plans and permits in place, then you can initiate the Construction Mortgage process.</p> <p>Once the first draw is ready to be advanced, we will lend up to 80% of the value of the land, which would then be used to payout the existing private mortgage plus the invoice for the construction/land preparation work done to date.</p>
<p><b>Scenario 3:</b></p> <p>Ms. Jones has inherited a free &amp; clear lot, and now wishes to build her dream home</p>	<p>Again, since Ms. Jones already owns the lot, and if she has her plans and permits in place, then you can initiate the Construction Mortgage process.</p> <p>Once the first draw is ready to be advanced, we will lend up to 80% of the value of the land, which would then be used to pay off the invoice for the construction/land preparation work done to date, with the remainder available to pay the builder or contractor for materials etc. required for subsequent stages of construction.</p>
<p><b>Scenario 4:</b></p> <p>Mr. &amp; Mrs. Chan wish to buy an existing property, tear down the house and build a new home in its place</p>	<p>We would also think of this in two parts:</p> <p><u>Part 1:</u> The lot is technically not 'vacant', but since we know that the clients will be tearing the existing home down it affects the value. Once the structure is removed, only the land value remains. As such, we must treat this in the same manner as scenario 1 above, with the maximum 50% LTVR in effect</p> <p><u>Part 2:</u> same as scenario 1 above</p>

**To: Meridian Credit Union  
Gift Letter**

This letter serves to confirm that the undersigned is making a gift in the amount

Of: \_\_\_\_\_

To: \_\_\_\_\_  
(Name)

to assist him/ her in the purchase of the property described below. I/ We also acknowledge that you are relying upon this statement in deciding whether or not to lend the Purchaser(s) money to complete the purchase.

**Name of Borrower:**

**Relationship of Donor to Borrower:**

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Name of Donor:**

\_\_\_\_\_  
\_\_\_\_\_

**Property to be Purchased:** \_\_\_\_\_

**Civic Address:** \_\_\_\_\_  
\_\_\_\_\_

This is an outright gift with no repayment expected or implied, either in the form of cash or by future services by the recipient.

No part of the gift is being provided by any Third Party having any interest (direct or indirect) in the sale of the subject property.

This letter must be supported with donor statement(s) confirming the availability of the funds being gifted.

\_\_\_\_\_  
**Signature of Borrower**

\_\_\_\_\_  
**Signature of Donor**

\_\_\_\_\_  
**Address and Telephone Number**

\_\_\_\_\_  
**Date**

# Horizon Credit Program

<b>Purpose</b>	Purchase and Refinance		
<b>Property</b>	Owner Occupied Primary residence (including those with legal rental component) Full appraisal through NAS required		
<b>Markets</b>	Within a 1 hour drive to one of Meridians 90 Retail branch locations from Ottawa to Windsor <a href="http://www.meridiancu.ca/Contact-Us/Find-a-Branch-or-ABM.aspx">www.meridiancu.ca/Contact-Us/Find-a-Branch-or-ABM.aspx</a>		
<b>Income &amp; Ratios</b>	<b>Verifiable</b> Income satisfying Debt Service ratios of <b>39 GDS / 44 TDS</b> using <b>Contract rates</b> noted below See Underwriting Guidelines for Required Income Documentation		
<b>Mortgage Types</b>	1st Conventional Charge Fixed Rate - Closed Mortgages Only		
<b>Beacon</b>	<b>550 to 599</b>	<b>Under 550</b> any bankruptcies and consumer proposals discharged <b>LESS than 2 years are considered here</b>	
<b>Amortization Max LTV &amp; \$</b>	25 YR AMM, Up to 80% LTV, Max \$800K 30 YR AMM, Up to 75% LTV, Max \$800K	25 YR AMM, Up to 80% LTV, Max \$800K 30 YR AMM, Up to 75% LTV, Max \$800K	
<b>1 Yr Closed</b>	paying 65 bps	3.69%	4.19%
<b>2 Yr Closed</b>	paying 70 bps	3.84%	4.34%
<b>3 Yr Closed</b>	paying 75 bps	3.99%	4.49%
<b>Application Fee</b>	<b>1%</b>		
February 1, 2021	Program and rates subject to change Please see Meridian Underwriting Guidelines for additional information		



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