



CONFORMING ELITE FIXED 30/15

Occupancy	Transaction Type	Property Type	Maximum LTV/ CLTV/HCLTV	Conforming Balance Maximum	Minimum Credit Score	Minimum Reserves	Maximum DTI
Primary	Purchase/Rate and Term	1 unit	80%	\$832,750	680	6 mos	45/49.99%**
		1 unit	89.99%*	\$832,750	720	12 mos	38%
		2 unit	80%	\$1,066,250	700	12 mos	45/49.99%**
Primary	Cash-Out Refinance†	1 unit	75%	\$832,750	680	6 mos	45%
		2 unit	70%	\$1,066,250	700	12 mos	45%
Second Home	Purchase/Rate and Term	1 unit	80%	\$832,750	700	9 mos	45/49.99%**
	Cash-Out Refinance†	1 unit	75%	\$832,750	700	12 mos	45%

* > 80 LTV is eligible for 30 Year Fixed Only. MI not required. No subordinate financing allowed.

** > 45 to 49.99 requires 720 minimum fico, ≤ 80 LTV, and ≤ \$2M purchase/rate and term only.

† Maximum Cash-Out is \$500,000. Properties owned free and clear are ineligible for cash out refinance.

All loans must receive AUS DU Approve/Eligible or LP Accept/Eligible.

Property Inspection Waivers are not allowed.

\$400,000 is the minimum loan amount.

Conforming loan limit is the maximum balance.

Secondary Valuation rules apply - see guidelines.

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Ability to Repay/QM	All loans must meet the Ability to Repay and Qualified Mortgage standards set forth in General QM Loan Definition of Reg. Z, effective April 1 2022, including the Safe Harbor Verification provisions, as codified in the official commentary to Regulation Z, comment 43(e)(2)(v)(B)-3.
Age of Documents	For new and existing construction, credit documents must be no more than 4 months old (DU) or 120 days (LPA) on the date the note is signed, including credit reports and employment, income and asset documents. Preliminary Title Policies must be no more than 90 days old on the date the note is signed.
Appraisals	All appraisals must comply with applicable regulations and standards, including but not limited to USPAP, FIRREA, AIR, and HVCC compliance. One full appraisal for transactions on loan amounts ≤ \$2,000,000. Two full appraisals for loan amounts > \$2,000,000. Property inspection waivers are not eligible. Unpermitted additions are not eligible.
Secondary Valuations	All files with a Collateral Underwriter (CU) or Loan Collateral Advisor (LCA) score > 2.5, must contain a secondary valuation product. A CDA obtained from Clear Capital is required. It is not acceptable to interchange CU/LCA scores. Fannie Mae loans require a CU score and Freddie Mac loans require a LCA score.
AUS	Loans must be underwritten through DU or LP. Approve/Ineligible or Accept/Ineligible due to loan amount only. High Balance and Conforming must be AUS Approve/Eligible or Accept/Eligible. Manual Underwrite is not permitted.
Lost Note Affidavits	Lost Note Affidavits not allowed.
Cash Out	Maximum Cash-Out of \$500k for refinances only. Properties owned free and clear are ineligible for cash out refinance.
Escrow Holdback	Escrow Holdbacks are eligible only if the funds have been disbursed and a completion certificate has been obtained prior to delivery of loan to Merchants Bank.
Escrows/Impounds	Escrow for taxes and insurance are required above 80% LTV, or as required by applicable state law.
High Cost/ High Priced	High-Cost loans are ineligible. Higher Priced Mortgage loans (HPML) transactions are ineligible. Higher Priced Covered Transactions (HPCT) are ineligible.
State Restrictions	Texas 50(a)(6) refinanced mortgages are not eligible. State of New York is also ineligible.
Multiple Properties Financed/Owned	Follow agency requirements.
Fraud Report	Complete report provided by seller checking all parties associated with a transaction. All Borrowers, Employer, Appraiser, Appraisal Company, Title Company, Title Agent, Underwriter, Buyer Real Estate Agent, Seller Real Estate Agent, Loan Processor, Loan Officer, Closer/Closing Attorney.
Credit	Minimum 7-year seasoning on all major derogatory credit events including bankruptcy, foreclosures, Deed-in-Lieu of Foreclosure, Pre-foreclosure Sale (Short Sale), or Mortgage Charge Off. Merchants Bank requires a minimum of two credit scores per borrower. Borrowers who do not meet the minimum credit score and minimum trade line requirements are considered “non-traditional” and are not eligible for sale to Merchants Bank. The lowest mid-score(s) will be the qualifying credit score. Should a borrower have two credit scores, the lower of the two will be considered the borrower’s qualifying credit score. Housing payment delinquency history to show 0*30 days in the last 24 months, 0*60 days in the last 24 months and 0*90 days in the last 24 months.
Eligible Property Types	<ul style="list-style-type: none"> • Single Family Detached Single Unit • Single Family Attached Single Unit • 2 Unit Attached • Condominiums – Warrantable and Agency Eligible • PUD’s

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Ineligible Property Types	<ul style="list-style-type: none"> • Mobile homes • Condotels • Coops • Non-warrantable Condos • Unimproved Land • Land Trusts • Condition Rating of C5 or C6 • Properties in Lava Zone 1 or 2 • Working farms or ranches • Timeshares • Manufactured Homes • Hud-184 Mortgages <p>See Product Guidelines for more information.</p>
Ineligible Borrowers	Non-Permanent Resident Aliens, Individuals classified under Diplomatic Immunity, Foreign Nationals with no residency status, Temporary Protected Status, Deferred Enforced Departure, or Humanitarian Parole are considered ineligible for sale to Merchants Bank.
Rural Properties	Maximum 40 acres. Properties over 20 acres- reduce guideline maximum LTV by 10%. See Product Guidelines for details.
First Time Home Buyer	FTHB's are allowed, capped at \$1.5m loan size. Late rental payments in previous 24 months not allowed.
Declining Market	For properties located within a declining market, maximum LTV/CLTV will be decreased by 10%.
Seasoning	Seasoned loans are not eligible for purchase by Merchants without the approval of the Lock Desk. Seasoned Loans are Loans delivered 20 days or more beyond the Closing date. If approved the Lock Desk will determine pricing.
Temporary Buydown	Currently not allowed.
Payment Recast	Not allowed.
Terms	Currently offer 30 year and 15 year terms only.