

CORRESPONDENT LENDING Announcement

26-019: Updated MPP Underwriting Guide

Date: 08/10/2026

Programs: Merchants Premium Program

Merchants Bank is pleased to announce the release of our revised MPP Underwriting Guide, effective for loans on or after August 24, 2026.

As part of this update, we have reorganized and streamlined the guide to improve usability and reduce unnecessary complexity. Rather than restating agency guidelines, the revised guide now focuses on Merchants-specific requirements and overlays, resulting in a more concise resource that is easier to navigate and apply.

Expanded Eligibility

In addition to simplifying the guide, we have expanded eligibility in several areas designed to provide greater flexibility and support additional lending opportunities, including:

- Maximum loan amount increased to \$3.5 million
- Non-occupant borrowers are now permitted
- An additional desk review provider has been added to the list of eligible sources
- Gift funds are now allowed for First-Time Homebuyers (FTHB)
- Maximum loan amounts for FTHB increased to \$2M
- Updated product eligibility matrices are included in the appendix to this announcement reflecting expanded LTV/CLTV, credit score and reserve requirements

Key Underwriting Clarifications

The revised guide also includes the following updates:

- Appraisal Validity Alignment – Appraisals are transaction-specific and are valid for up to 120 days from the note date; they may be extended to 180 days from the note date with an acceptable recertification of value.
- Business Asset Reserve Requirements – Borrowers utilizing business assets to satisfy reserve requirements must be 100% owners of the business.

Our goal with these enhancements is simple: fewer overlays, greater clarity, and expanded opportunities to help you serve more borrowers while maintaining strong credit quality standards.

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We encourage you to review the updated guide including the product eligibility matrices and share any questions or feedback with your Account Executive prior to the implementation date of August 24, 2026.

Thank you for your continued partnership.

For Questions

If you have any questions regarding any information in this announcement, please contact your Merchants Account Executive or Client Manager.

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APPENDIX: Updated Product Eligibility Matrices

AUS Jumbo Elite Fixed 30/15 Matrix

Occupancy	Transaction Type	Property Type	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	Minimum Credit Score	Minimum Reserves	Maximum DTI
Primary	Purchase/ Rate and Term	1 unit, SFR, PUD, Condo	80%	\$1,000,000	680	6 mos *	45/49.99%**
			89.99%*	\$1,000,000	720	12 mos	38%
			80%	~~\$1,500,000~~ \$2,000,000	700	12 mos	45/49.99%**
			80%	~~\$2,000,000~~	720	12 mos	45/49.99%**
			80%	\$2,500,000	720	12 mos	45%
			80%	~~\$3,000,000~~ \$3,500,000	740	18 mos	45%
Primary	Purchase/ Rate and Term	2 unit	80%	\$1,000,000	700	12 mos	45/49.99%**
			75%	\$1,500,000	700	12 mos	45/49.99%**
			65%	\$1,750,000	700	12 mos	45/49.99%**
			60%	\$2,000,000	700	12 mos	45/49.99%**
Primary	Cash-Out Refinance†	1 unit, SFR, PUD, Condo	~~75%~~ 80%	\$1,000,000	680	6 mos	45%
			~~75%~~ 80%	~~\$1,500,000~~ \$2,000,000	700	12 mos	45%
			75%	~~\$1,750,000~~	720	12 mos	45%
			70%	~~\$2,000,000~~ \$2,500,000	~~720~~ 700	12 mos	45%
Primary	Cash-Out Refinance†	2 unit	70%	\$1,000,000	700	12 mos	45%
			55%	\$1,500,000	700	12 mos	45%
Second Home	Purchase/ Rate and Term	1 unit, SFR, PUD, Condo	80%	\$1,000,000	700	9 6 mos	45/49.99%**
			80%	~~\$1,500,000~~ \$2,000,000	720	12 mos	45/49.99%**
			~~70%~~ 75%	~~\$2,000,000~~ \$2,500,000	720	12 mos	45/49.99%**
			60%	\$2,250,000	740	18 mos	45%
			60%	~~\$2,500,000~~	740	18 mos	45%
			60% 70%	\$3,000,000	740	24 18 mos	45%
Second Home	Cash-Out Refinance†	1 unit, SFR, PUD, Condo	75%	\$1,000,000	700	12 6 mos	45%
			~~70%~~ 75%	~~\$1,500,000~~ \$2,000,000	700	12 mos	45%
			70%	\$2,000,000	740	18 mos	40%

*The following requirements apply for transactions with >80% LTV:

- >80% LTV is permitted on 30-year fixed loans only.
- Mortgage insurance is not required.
- Subordinate financing is not permitted.

**DTI from 45.00% to 49.99% requires a minimum 720 credit score, a maximum 80% LTV, and a loan amount not exceeding \$2,000,000 on purchase and rate/term refinance transactions only.

***The minimum Jumbo Elite loan amount is the greater of the baseline conforming loan limit or the applicable high-cost county/MSA loan limit, plus \$1.

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

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High Balance Elite Fixed 30/15 Matrix

Occupancy	Transaction Type	Property Type	Maximum LTV/CLTV/HCLTV	Maximum Loan Limit***	Minimum Credit Score	Minimum Reserves	Maximum DTI
Primary	Purchase/Rate and Term	1 unit	80%	\$1,000,000	680	6 mos *	45/49.99%**
		1 unit	89.99%*	\$1,000,000	720	12 mos	38%
		1 unit	80%	\$1,249,125	700	12 mos	45/49.99%**
		2 unit	80%	\$1,000,000	700	12 mos	45/49.99%**
		2 unit	75%	\$1,599,375	700	12 mos	45/49.99%**
Primary	Cash-Out Refinance†	1 unit	75%	\$1,000,000	680	6 mos	45%
		1 unit	75%	\$1,249,125	700	12 mos	45%
		2 unit	70%	\$1,000,000	700	12 mos	45%
		2 unit	55%	\$1,599,375	700	12 mos	45%
Second Home	Purchase/Rate and Term	1 unit	80%	\$1,000,000	700	9 mos	45/49.99%**
		1 unit	80%	\$1,249,125	720	12 mos	45/49.99%**
	Cash-Out Refinance†	1 unit	75%	\$1,000,000	700	12 mos	45%
		1 unit	70%	\$1,249,125	700	12 mos	45%

*The following requirements apply for transactions with >80% LTV:

- >80% LTV is permitted on 30-year fixed loans only.
- Mortgage insurance is not required.
- Subordinate financing is not permitted.

**DTI from 45.00% to 49.99% requires a minimum 720 credit score, a maximum 80% LTV, and a purchase or rate/term refinance loan amount not exceeding \$1,599,375.

***The following requirements apply to minimum/maximum loan amounts:

- Minimum loan amount is the baseline conforming loan limit plus \$1
- Loan amount may not exceed the applicable high-cost county/MSA loan limit or the maximum loan amount in the matrix, whichever is lower.

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

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Conforming Elite Fixed 30/15 Matrix

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%

*The following requirements apply for transactions with >80% LTV:

- >80% LTV is permitted on 30-year fixed loans only.
- Mortgage insurance is not required.
- Subordinate financing is not permitted.

**DTI from 45.00% to 49.99% requires a minimum 720 credit score, a maximum 80% LTV, and a purchase or rate/term refinance loan amount not exceeding \$1,066,250.

***The following requirement apply to minimum/maximum loan amounts:

- Minimum loan amount is \$500,000 ~~\$400,000~~.
- Loan amount may not exceed the baseline FHFA conforming loan limit or the maximum loan amount in the matrix, whichever is lower.

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