



Underwriting guidelines

General guidelines regarding applicants

- 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.
- Please see [HERE for our lending area](#).
- If you feel that a particular client and their property merit a location exception request – please connect with your BDM, Cheryl Siddorn or Kamil Zlotnik: BrokerSupport@MeridianCU.ca and ask them to review the details of your file. If your BDM is prepared to make a location exception – you would then submit the file, with that exception from your BDM referenced in your notes.
- **All applicants must complete a Membership application at the same Meridian branch and purchase a \$1 Membership share prior to funding. This appointment is**

usually scheduled within 10 business days of closing and applicants must plan accordingly to be available for this signing appointment in the 2 week period leading up to closing. No exceptions can be made.

Lending policy guidelines

Client Qualifying	Property Information	Other Parameters
<u>Qualifying Rate Policy</u>	<u>Qualifying Mortgage Properties</u>	<u>Second Position Financing</u>
<u>GDS/TDS Ratios</u>	<u>Non-Qualifying Mortgage Properties</u>	<u>Switches / Transfers / Assignments / Pre-Approvals</u>
<u>Monthly Payment for Credit Cards & Lines of Credit</u>	<u>Minimum Square Footage</u>	<u>Power of Attorney/DocuSign Rate Buy Down</u>
<u>Credit Bureau Reports</u>	<u>Loan to Value Ratios / LTV</u>	<u>Rate Commitment Periods</u>
<u>Income Confirmation</u>	<u>Conventional Financing – Sliding LTV Scale</u>	<u>Prepayment Privileges</u>
<u>Bankruptcy/Consumer Proposal</u>	<u>High End Property Policy</u>	<u>Closed Variable Rate Mortgages</u>
<u>Bridge Financing</u>		

Down PaymentsAppraisalsDocumentProperty TaxesRequirementsConstruction /Consent FormsPurchase PlusImprovements

Qualifying rate policy

High Ratio Fixed rate mortgages

- For all terms, applicants must qualify using the greater of 5.25% Benchmark or Contract Rate + 2%

Conventional Mortgages: Purchases or Refinances

Uninsurable purchases and refinances offer a 30 year amortization, with the exception of 2nd position mortgages behind an existing Meridian 1st mortgage which have a maximum amortization of 25 years.

- Insurable Mortgages must qualify at the greater of 5.25% Benchmark or Contract Rate plus 2%, over 25 years

Flex Line

- All **Flex Line** arrangements must stress test pass at the RESLOC rate plus 2% amortized over 25 years OR the Benchmark 5.25% rate (whichever is greater)

G.D.S and T.D.S ratios

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

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 approved limit 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](#)

Credit Bureau reports

- A current credit bureau (less than 30 days old) is required 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.
- Where any applicant does not have a beacon score (eg: beacon reject), please contact BrokerSupport@MeridianCU.ca to discuss your options

Bankruptcy/Consumer proposal

Bankruptcy/Consumer Proposal must be discharged for 2 years*

- 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

Bridge financing

- Available and offered through Broker Channel
- If known at the time of submission, kindly note "bridge financing is required"
- Meridian requires notice of bridge financing requirement a minimum of 15 business day prior to the new Purchase close date
- Rate starts @ Meridian Prime + 2%
- Application fee of \$250
- Maximum 90 days bridge financing offered.

Qualifying mortgage properties

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

- Residential properties 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 municipal 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).

- **Laneway/Carriage Homes must meet all of the following parameters:**
- Main home and laneway home to be on same Property Identification Number (PIN)
- Conforms to zoning (all applicable permits are in place). Appraiser to comment on conformity to zoning.
- Self-contained with a complete functional kitchen and bathroom and year-round heating source.
- Minimum 350 square feet and must not be the largest structure on property
- Has laneway / driveway access
- Unit to be located above or in the space designated for a detached garage. No other outbuildings
- Main house must be the applicants' owner-occupied principal residence
- If the laneway home is rented, owner occupied rental income policy will apply

Home Insurance policy to cover main and laneway home

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 applications through the Broker Channel. You can email businessreferrals@meridiancu.ca with the particulars regarding your deal and one of our Meridian partners will contact you as soon as possible. *Meridian does not compensate brokers for commercial / small business referrals.*

- Co-operative Housing (Co-Ops) and Co-Ownerships
- Raw / Vacant Land.
- Leased Land / Life Leased properties.
- Rooming Houses, Student Housing/Rentals.
- Bed & Breakfast.
- Mobile Homes, Trailer and Resort-style properties (eg mobile home/adult lifestyle communities).
- Pre-fabricated Homes, unless already fully affixed to the land and 100% of services in place.
- Previous Grow-Ops, whether remediated or not.
- Hotel Condos.
- Live/Work properties (regardless of % split between live & work).
- Non-conventional construction (eg dome houses).
- Rental pools and resort properties.
- Hobby Farms, including those with horses or other livestock, or even if the land is farmed by someone else.
- Converted Churches/Schoolhouses,
- Historically designated properties.
- Short-term (vacation) rental properties; AirBnB, VRBO etc

Minimum Square Footage

Live/work condos ineligible.

Outside of the GTA Condos of less than 550 Sq. Ft. will require high ratio insurance regardless of LTV

Within GTA Condos of less than 550 Sq. Ft. can be entertained without High Ratio insurance as long as the following is met:

Minimum beacon score of 680+

Units must include a private (walled) 3 pc bathroom (min.) and in-unit designated kitchen/kitchenette area (not shared with any other units).

No more than 10 years old

No Condo conversions permitted

Non-Condo Properties Smaller than 550 Sq. Ft.

Must have living space, kitchen, 3-piece bathroom and separate bedroom with a door

Full appraisal required

High ratio insurance required 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. The total aggregate LTV must not exceed the maximum stated below.

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

Type of Security	Maximum LTV
Mortgage - Owner Occupied	Up to 95% high ratio (purchases only)
	Up to 80% Conventional
Flex Line Mortgage - Owner Occupied	Up to 80% Conventional total borrowing
	Up to 70% maximum HELOC borrowing limit

Conventional financing - Sliding LTV scale

Type of Security	Beacon Score	LTVR - GTA (excluding condos)	LTVR - all other markets (including GTA condos)
Owner Occupied Residential up to 4 units	600+	80% of the first \$2.0MM, 50% of the remainder <ul style="list-style-type: none"> • Maximum Mortgage amount of \$2.25MM 	80 % of the first \$1MM, 50% of the remainder <ul style="list-style-type: none"> • Maximum Mortgage amount of \$2MM • Maximum LOC amount of \$1MM

Type of Security	Beacon Score	LTVR - GTA (excluding condos)	LTVR - all other markets (including GTA condos)
		<ul style="list-style-type: none"> • Maximum LOC amount of \$1.25MM 	<ul style="list-style-type: none"> • Condo mortgages over \$1MM on a case-by-case basis

High end property policy

Meridian's overall mortgage limit is capped at \$2,250,000.

Appraisals: Due to the difficulty of setting market values for luxury homes, 2 full appraisals from independent appraisers must be completed when:

In GTA: the total mortgage aggregate is \$2MM or higher OR \$1.5MM or greater in total mortgage borrowings with any of the following: Exception to Sliding Scale or Properties with 2-4 units.

In non-GTA, reduce the values to \$1.5MM and \$1.0MM respectively.

Should the subject property be unique, or comparable sales are difficult to obtain for the purpose of deriving value, additional field review appraisals, desk review appraisals, and/or broker price opinions may be ordered to substantiate the property's value.

When 2 appraisals are completed, Meridian will base the lending value on the lower of the two values.

Appraisals

Most conventional mortgage & Line of Credit requests must be supported by an appraisal. Brokers are responsible for the cost of the appraisal report. Full appraisals must be ordered through Nationwide Appraisal Services (NAS), Solidifi, or RPS Real Property Solutions (RPS).

AVM valuations and Market Rent appraisals must be ordered through Nationwide Appraisal Services (NAS). Ensure you select either REAVS or MPAC as these are the exclusive AVM types that are accepted.

Please note that if the purchase prices falls outside of the low to high range of an AVM, a desktop or full appraisal will be required.

For properties situated on acreage (rural residential), appraisal report to include a maximum of 10 acres plus dwelling and no out buildings.

Meridian may require additional information regarding the subject property as deemed necessary.

- Appraisal reports not initially addressed to Meridian will require an exception approval as well as a transmittal letter.

Full appraisal is required for the following:

- Properties purchased under power of sale
- Property values in excess of thresholds as defined as:
 - \$1,500,000 GTA (City of Toronto, Etobicoke, Scarborough, Vaughan, Markham, Richmond Hill)
 - \$1,000,000 Non-GTA

- Mortgage borrowing in excess of above thresholds may require 2 appraisals
- Multi-unit dwellings (2-4 units)
- Private purchases
- Non arm's length transactions
- Laneway/Carriage Homes
- 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)
- Sales through non-established brokerages such as Property Guys
- All properties over 10 acres
- No MLS listing

A full appraisal may be requested at Meridian's full discretion.

Automated Valuation Model (AVM)

Meridian is saving your clients money by offering a more flexible appraisal policy.

Most conventional mortgage & Line of Credit requests must be supported by an appraisal. However, in some cases an Automated Valuation Model (AVM) Report may be considered in lieu of a full appraisal dependent on purchase price, beacon score and LTV (see below). Full Appraisal may be required at Underwriter's discretion or where the purchase price does not fall within the low to high range of the AVM report.

Property valuation requirements: For Owner Occupied principal residences, regardless of value, if LTV is less than 50% and beacon score is 600 or above, we'll move to AVM instead of full appraisal.

AVM

Full Appraisal

Purchase

Owner Occupied

Up to 80% LTV

- 640+ beacon scores

Up to 70% LTV

- 600-639 beacon scores

- LTVs greater than parameters based on beacon score

- All properties/scenarios listed above

RefinanceOwner Occupied
(mortgage refinance or
combination of
mortgage/HELOC)

Up to 70% LTV

- 640+ beacon scores

Up to 65% LTV

- 600-639 beacon scores

- LTVs greater than parameters based on beacon scores

- All properties/scenarios listed above

Property taxes

Property taxes are to be determined via the most recent property tax bill, municipal records or listing. For new builds, one of the following methods may be used to determine property tax:

- Builder's estimate (letter given to purchaser from Builder)
- Average of property tax from two comparable MLS listings

- Appraisal

In absence of one of the above methods, 0.75% of the purchase price is to be used.

Down payments

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. The donor must be an immediate family member (defined as Mother, Father, Child, Brother, Sister, Grandparent, Legal Guardian, or Legal Dependent).

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, Meridian requires that the existing home be sold firm with all conditions met 15 days prior to closing.

Title insurance

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

Switches / Transfers / Assignments / Pre-approvals

- Meridian will accept transfer of First Position Standard Charge (non-collateral) mortgages which meet ALL Insurable criteria. For full guidelines click on link:
[Mortgage Transfer Program](#)

- If the mortgage does not meet all criteria they are treated as refinances with full appraisals and with the clients supplying the lawyer, at their cost.
- 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 120 days only.

Power of Attorney

POA signatures are not acceptable.

Rate buy down

Brokers have the option for rate buy down to a maximum of 15 bps rate reduction on any 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 commission fee.

Rate Holds

Meridian's rate commitment period is 120 days for both Purchases (re-sale & new-builds) and Refinances.

Brokers will submit a Rate Hold for a specific mortgage product and term.

Quick overview and tips for submitting a Rate Hold request:

- We do not underwrite pre-approvals or review rate hold requests for eligibility.
- Ensure that the Deal Purpose (Purchase/Refi/ETO/Transfer etc), Amortization, Term, Mortgage Amount and approximate LTV are entered accurately.
- When submitting a rate hold request, you must select "Preapproval" for application type. Confirm in the note section, the product, term and rate you are holding. You will receive a decline notification - this is normal.
- An automated response will also be sent by email (no-reply@meridiancu.ca) confirming your rate hold.
- No credit bureau is required to submit a rate hold.
- No premiums are added to rates.
- When you submit the live deal, re-submit ensure you select "Approval" as your application type and update the application information for the product and borrowers.
- Only one valid rate hold can be held, if multiple rate holds are submitted, the most recent rate hold will override any previous rate hold submissions.
- If any of the below criteria are not met, the application will receive prevailing rates as of the live deal submission date.
- Rate holds are not available for Purchase Plus Improvements deals. For these applications, the 120 day rate commitment period begins on date of live deal submission.
- Collapsed / declined applications for any reason other than rate hold - does not constitute a rate hold.

Rate Holds are available for live deals which meet all of the following conditions:

- Mortgage must be fully approved and funded within 120 days of the Rate Hold request.

- The requested mortgage amount for your live deal must remain the same. A 10% maximum variance (higher or lower) is permitted.
- The selected product and term length for your live deal must remain the same.
- Mortgage application must meet the applicable criteria for the rate & product selected.

Prepayment privileges

Members are 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.

The penalty calculation is based on the Floor/Posted rate for the existing mortgage and the Posted rate at the time of the payout for the years left to maturity

Variable Rate Mortgages (VRM)

Features of the Variable Rate Mortgage (VRM)

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

Documentation requirements

Application documents are to be uploaded to the Document Portal.

Meridian requires the following documents **up front** for all applications:

- Income documents as set out in the [Income Confirmation](#) page
- Purchase Agreement & MLS (where applicable for Purchases)
- Down Payment confirmation (for Purchases)
- Separation Agreement (where applicable for existing and new to separate)

Consent Forms

Meridian does not provide Consent Forms for brokers to obtain information on behalf of Members.

Meridian requires signed Consent from all applicants prior to underwriting

Portability / Assumability

Meridian's mortgages are portable to another residential property in Ontario

Meridian's mortgages are assumable with qualification