

**MERIT SECURITIES CORPORATION**  
**MERIT Series 12-2**

Closing Date :	3/26/99
Underwriter :	Lehman Brothers
Master Servicer :	Dynex
Trustee :	Chase Bank of Texas
Collateral Type :	ARM / FIXED

Reporting Month :	Jan-01
Pricing Speed :	35% CPR
Closing Collateral Balance :	\$1,081,624,914
Current Collateral Balance :	\$578,821,318
Payment Frequency :	Monthly/ 28th

**SUMMARY OF STRUCTURE**

Class	Cusip	Priority	Current Coupon	Original Avg Life	Original Balance	Current Factor	Current Balance	Credit Rating
2A-1	589962CE7	Senior	0.000%	0.4	\$290,000,000	0.00000000	\$0	AAA, AAA
2A-2	589962CF4	Senior	6.315%	2.4	\$690,369,000	0.70299727	\$485,327,525	AAA, AAA
2B-1	589962CJ6	Subordinate	9.215%	8.0	\$13,467,000	1.00000000	\$13,467,000	BBB, BBB
2M-1	589962CG2	Subordinate	6.515%	5.9	\$26,933,000	1.00000000	\$26,933,000	AA, AA
2M-2	589962CH0	Subordinate	6.915%	6.9	\$26,933,000	1.00000000	\$26,933,000	A, A

Type of Dwelling Unit (1)		
	Issuance	Current
Single Family Detached	76.16 %	75.22 %
Single Family Attached	11.05 %	11.99 %
Low Rise Condominium	3.89 %	3.49 %
Cooperative	3.36 %	4.31 %
Planned Unit Development	1.86 %	1.56 %
Condominium	1.65 %	1.76 %
High Rise Condominium	0.43 %	0.43 %
2-4 Single Family	0.38 %	0.28 %
Townhouse	0.35 %	0.32 %
Deminimus PUD	0.27 %	0.29 %
Manufactured Housing	0.25 %	0.26 %
Land Only	0.05 %	0.09 %

Loan Purpose (1)		
	Issuance	Current
Purchase	42.41 %	41.66 %
Refinance	28.84 %	28.66 %
Cash-out Refinance	28.44 %	29.67 %

Geographic Distribution (1)		
	Issuance	Current
CA	44.52 %	39.70 %
NY	7.64 %	8.99 %
MD	5.54 %	6.47 %
FL	5.10 %	5.24 %
Other	37.21 %	39.60 %

Collateral Information		
	Issuance	Current
WAC	8.54 %	9.50 %
WAM	290.7	269.0
Avg Original LTV	74.16 %	73.38 %
Avg Balance	\$180,599	\$174,021
Number of Loans	5970	3326

Gross Margin For Arms (1)		
	Issuance	Current
-88--39BP	0.51 %	0.56 %
-38-11 BP	10.88 %	12.86 %
162-211 BP	9.78 %	12.57 %
212-261 BP	6.62 %	8.50 %
262-311 BP	42.31 %	39.83 %
312-361 BP	15.21 %	12.94 %
362-411 BP	5.67 %	5.04 %
412-461 BP	0.93 %	0.96 %
462-511 BP	1.18 %	0.96 %
512-561 BP	2.27 %	2.14 %
562-611 BP	2.18 %	1.81 %
612-661 BP	1.20 %	0.78 %
662-711 BP	0.88 %	0.63 %
712-761 BP	0.32 %	0.37 %
762-811 BP	0.03 %	0.04 %
812-861 BP	0.00 %	0.00 %
862+ BP	0.00 %	0.00 %
WA Gross Margin	2.76 %	2.61 %
WA Net Margin	2.76 %	2.61 %

Original LTV Distribution (1)		
	Issuance	Current
<= 50.00%	8.47 %	9.48 %
50.01% - 60.00%	6.17 %	7.14 %
60.01% - 70.00%	17.04 %	18.12 %
70.01% - 80.00%	40.26 %	39.58 %
80.01% - 90.00%	16.68 %	15.63 %
>= 90.01%	11.06 %	10.05 %

Arm Adjustment Information (2) - First Twelve Reset Dates			
Reset Date	Balance	% Balance	GWAC
3/1/01	\$64,714,200	11.18%	9.92 %
4/1/01	\$59,686,741	10.31%	9.76 %
5/1/01	\$70,151,202	12.12%	9.66 %
6/1/01	\$56,527,167	9.77%	9.61 %
7/1/01	\$63,790,720	11.02%	9.52 %
8/1/01	\$58,309,185	10.07%	9.64 %
9/1/01	\$8,996,098	1.55%	8.91 %
10/1/01	\$13,177,082	2.28%	8.94 %
11/1/01	\$8,825,760	1.52%	9.12 %
12/1/01	\$17,079,681	2.95%	8.82 %
1/1/02	\$16,288,395	2.81%	9.06 %
2/1/02	\$9,831,839	1.70%	8.70 %
WA Months to roll (ARM Loans only)	4.7		

Current Delinquency Information for Direct Loans				
Label Name	#Loans	%Pool	Balance	%Pool
30+ Days	39	1.17 %	\$6,205,316	1.07 %
60+ Days	22	0.66 %	\$2,733,768	0.47 %
90+ Days	59	1.77 %	\$6,317,376	1.09 %
Foreclosure	37	1.11 %	\$7,330,181	1.27 %
REO	13	0.39 %	\$3,158,397	0.55 %
Totals	170	5.11 %	\$25,745,038	4.45 %

Current Delinquency Information for Indirect Loans				
Label Name	#Loans	%Pool	Balance	%Pool
30+ Days	56	1.68 %	\$7,695,371	1.33 %
60+ Days	14	0.42 %	\$1,496,926	0.26 %
90+ Days	38	1.14 %	\$6,882,218	1.19 %
Foreclosure	24	0.72 %	\$3,909,207	0.68 %
REO	8	0.24 %	\$889,307	0.15 %
Totals	140	4.21 %	\$20,873,029	3.61 %

Credit Loss Coverage				
	Issuance	Cover %	Current	Cover %
Over Collateralization	\$33,922,914	3.14 %	\$26,160,793	4.52 %

Approximate CPR Prepayment Information				
1 MONTH	3 MONTH	6 MONTH	12 MONTH	LIFE
28 %	25 %	26 %	24 %	26 %

( 1 ) Percentages reflect distribution by loan balance .

( 2 ) Approximately 22 % of the mortgage loans are fixed rate with a WA Gross rate of 9.29%