

BULLETIN



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BROKER / WAREHOUSE LINES / NON-DELEGATED CORRESPONDENT

Friday, August 29, 2025

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NOTICE TO ALL CUSTOMERS

Important Agency Updates

FLCBank is notifying customers of various updates and changes in the loan programs listed below.

7/6 and 10/6 ARM – Conventional Loans

We have been made aware of guidance affecting FNMA and FHLMC 7/6 and 10/6 ARM loans with state-based restrictions. The grid below describes the changes in our Fannie Mae and Freddie Mac 7/6 and 10/6 ARM information and HPML eligibility accordingly. These changes are effective immediately.

Fannie Mae 7/6 and 10/6 ARM	Freddie Mac 7/6 and 10/6 ARM
<p>Qualifying Rate:</p> <ul style="list-style-type: none">7/6 and 10/6 ARM: No less than the Note Rate <p>Exception: 7/6 and 10/6 ARMs in IL, MA, MD (Purchase only), NM and PA require qualifying rate at the greater of the note rate or the fully indexed rate (index rate + margin).</p> <p>Note: Loans where the fully-indexed rate must be used for qualification purposes require a manual underwrite and are ineligible for financing at FLCBank.</p>	<p>Qualifying Rate:</p> <ul style="list-style-type: none">7/6 and 10/6 ARM**:<ul style="list-style-type: none">The Note Rate for Mortgages that are <u>not</u> Higher-Priced Covered Transactions (HPCTs) or Higher-Priced Mortgage Loans (HPMLs), orThe greater of the Note Rate or the Fully Indexed rate for Mortgages that are HPCTs or HPMLs. <p>Exception: 7/6 and 10/6 ARMs in IL, MA, MD (Purchase only), NM and PA require qualifying rate at the greater of the note rate or the fully indexed rate (index rate + margin). The Qualifying rate in LPA may need to be adjusted to comply with this requirement.</p> <p>**An "Accept" recommendation by LPA may differ from the eligibility for the purpose of meeting QM requirements. As a result, all loans must also meet QM requirements regardless of the AUS eligible determination.</p>
<p>Additional restriction</p> <p>Fannie Mae and Freddie Mac do not accept HPML or HPCT ARM loans with an initial fixed rate period less than seven years; therefore, 5/6 ARMs cannot be HPML/HPCT.</p>	

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American National Standards Institute (ANSI) language Measuring Terminology Requirement

Fannie Mae and Freddie Mac updated their selling guide revising appraisal requirements for measuring, calculating and reporting square footage of the dwelling by incorporating updated American National Standards Institute (ANSI®) language.

Furthermore, legacy terms like gross living area and basement were replaced with above-grade and below-grade finished area. The reference “GXX001-” exception code has also been removed, requiring appraisers to fully comply with the ANSI Standard, including any required declarations.

Fannie Mae and Freddie Mac continue to allow the use of an alternate measuring standard when mandated by state law or regulatory requirement; however, they no longer allow any other exceptions to the ANSI standard.

FLCBank adheres to these appraisal requirements which must be complied with on all conventional loan applications dated on or after September 8, 2025.

New Uniform Residential Appraisal Report (URAR) and Uniform Appraisal Dataset (UAD) version 3.6

FLCBank is not participating in the GSE’s Limited Production Period of the new Uniform Residential Appraisal Report (URAR) and Uniform Appraisal Dataset (UAD) version 3.6.

Fannie Mae Updates to DU Version 12.0

Fannie Mae is updating Desktop Underwriter (DU) Version 12.0 for loans submitted or resubmitted to DU on or after Sept. 27, 2025, as follows:

- Restricted Stocks will be added as an “income type” in DU and the lender *must* enter the applicable amount in Section 1e. Income from Other Sources in the URLA and write in the Description “Restricted Stock”

Example

Income Source	Monthly Income
Other	
Description	
Restricted Stock	

Freddie Mac Updates to LPA Version 6.0

Freddie Mac is updating Loan Product Advisor (LPA) Version 6.1 for loans submitted or resubmitted to LPA on or after September 28, 2025, by providing new messages that may enhance the borrower’s ability to qualify:

- New Opportunity Message Sections: Get clearer insight into potential missed opportunities (rent payment history, positive cash flow, or Home Possible for your borrowers).
- New Employment/Income Grid: Get a clearer look at income data submitted to LPA and eligibility for representation and warranty (R&W) relief.
- Enhanced Asset Message Grid: Easily identify assets by borrower and compare information submitted to LPA.

Condominium Projects Requirement Reminder – Conventional Loans

FLCBank would like to remind customers of the information communicated via Bulletin AC-0417 regarding Fannie Mae and Freddie Mac updated Condominium Project Review requirements.

The updates introduce projects that are terminating or involved in insolvency proceedings as an ineligible project type which are defined as:

- A project must not be the subject of an action that would cause the project to cease to exist, including termination, deconversion, or dissolution of the project's legal structure.
- A project must not be the subject of a voluntary or involuntary bankruptcy, insolvency, liquidation, or receivership proceeding, or any substantially similar action under state or federal law.
- This includes any project that has been voted on or is in the process of voting on any of the actions or proceedings described above.

These requirements apply to all mortgages secured by a condominium unit regardless of the project review type including loans eligible for Project Review Waiver/Exempt from Review category and must be complied with starting with new loan applications submitted to FLCBank on or after September 1, 2025.

If you have any questions, please contact your [Account Executive or Client Relations Representative](#).