

NOTICE TO ALL CUSTOMERS

IMPORTANT Freddie Mac Product Updates

FLC Bank is providing a summary of recent credit policy updates announced by Freddie Mac via Bulletins [2026-3](#) and [2026-4](#). This bulletin notifies customers of these updates and outlines the required implementation timelines.

Effective Immediately

- Minimum Credit Score for Second Homes and Investment Properties
The requirement for a Mortgage to have a minimum Indicator Score of 720 when the subject property is a Second Home or Investment Property and each Borrower individually, and all Borrowers collectively, will be obligated on seven to ten financed properties, including the subject property and the Borrower's Primary Residence has been removed.
- Updated Loan Product Advisor (LPA) Reserves Language
The language for Loan Product Advisor (LPA) mortgages has been simplified to state that the reserves required to be verified is the amount indicated on the Feedback Certificate.
- Income Commencing After the Note Date
Added clarification specifying that a probationary period of time after employment starts (i.e., 90-day probationary, training or orientation period) is not considered a contingency of the employment offer.
- Gift of Equity
Added requirements when proceeds of a gift of equity exceed the amount needed for closing. The gift of equity may only be:
 - Used to pay off or pay down the Borrower's debt at closing when paid by the property seller to the Creditor on the Closing Disclosure, and/or
 - Applied as a principal curtailment
- Automobile Lease Payments
Added specificity for the treatment of an automobile lease payment to state that when the remaining balance is paid off/prepaid, the monthly lease payment may be excluded from the debt payment-to-income ratio.

Please contact your [Account Executive or Client Relations Representative](#) if you have any questions.