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Wholesale Announcement

Guideline Clarifications and Updates

Guideline Clarifications

The following are clarifications of existing guidelines. These are not changes.

Closed End Second		
Topic	**Previous Guideline**	**New Guideline**
Business Purpose	The following language has been added to the Closed End Second guidelines for clarification: The Closed End Second product is not a business purpose loan	

Edge and Access DSCR		
Topic	**Previous Guideline**	**New Guideline**
Cash-Out Explanation Letter	The following language has been added to both Edge and Access guidelines on the DSCR matrix, in order to be clear and consistent: A cash-out explanation letter from the Borrower is required. The cash-out letter must explain that all cash out proceeds will be used for business purposes.	

Wholesale Closed End Second Update

The following update is effective immediately.

Arc Home Closed End Second		
Topic	**Previous Guideline**	**New Guideline**
Acceptable AVM's	• AVM's must be provided from one of the below vendors, with an acceptable score as indicated: ○ Black Knight Collateral Analytics – FSD < 0.26 ○ Clear Capital – FSD < 0.13 ○ CoreLogic/Cotality – FSD < 0.22 ○ Any provider from Clear Capital's AVM Cascade ○ House Canary – FSD < 0.14 ○ Veros/Verovalue – FSD < 0.16	• AVM's must be provided from one of the below vendors, with an acceptable score as indicated: ○ Black Knight Collateral Analytics – FSD < 0.26 ○ Clear Capital – FSD < 0.13 ○ CoreLogic/Cotality – FSD < 0.22 ○ Any provider from Clear Capital's AVM Cascade ○ House Canary – FSD < 0.14 ○ Veros/Verovalue – FSD < 0.16 ○ Quantarium – FSD < 0.15

Edge & Access Alt Income Update

The following update is effective for loans.

Edge & Access Alt Income		
Topic	**Previous Guideline**	**New Guideline**
Rental Income on Departing Residence Using Bank Statement Income	○ Rental income may be considered on a departing residence with the following documentation: ▪ Copy of current lease agreement which states the monthly rental amount and terms of the lease, and ▪ Copies of the security deposit and first month's rent check with proof of deposit for new executed agreement ▪ A recently completed appraisal Form 1007 or 1025 (as applicable) can be used to determine gross market rent when a current lease, copies of security deposit and first month's rent check are not available ▪ Calculate using 75% of the lease agreement or market rent (if applicable) less PITIA. Rental income can only be used to offset the PITIA of the related property • Positive income from departing residence will be included in overall qualifying income • Rental loss from departing residence will be included in liabilities	○ Rental income may be considered on a departing residence with the following documentation: ▪ Copy of current lease agreement which states the monthly rental amount and terms of the lease, and ▪ Copies of the security deposit and first month's rent check with proof of deposit for new executed agreement ▪ A recently completed appraisal Form 1007 or 1025 (as applicable) can be used to determine gross market rent when a current lease, copies of security deposit and first month's rent check are not available ▪ Calculate using 75% of the lease agreement or market rent (if applicable) less PITIA. ~~Rental income can only be used to offset the PITIA of the related property~~ • Positive income from departing residence will be included in overall qualifying income • Rental loss from departing residence will be included in liabilities

Freddie Mac Update

The following update is effective for loans registered on or after **November 6, 2026**.

Freddie Mac		
Topic	**Previous Guideline**	**New Guideline**
Accumulated Assets as Income Freddie Mac Selling Guide Section 5307.1 Mortgage Eligibility Requirements	The assets described in this Section 5307.1 may only be used to qualify the Borrower if the Mortgage meets all of the following requirements: ▪ The Mortgage is secured by a 1- or 2-unit Primary Residence or a second home ▪ The Mortgage is either a purchase transaction Mortgage, "no cash-out" refinance Mortgage or Freddie Mac Enhanced Relief Refinance® Mortgage ▪ The Mortgage has a maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratio of 80%, unless the Mortgage is a Freddie Mac Enhanced Relief Refinance Mortgage, in which case the maximum ratios in Section 4304.3 apply	The assets described in this Section 5307.1 may only be used to qualify the Borrower if the Mortgage meets all of the following requirements: ~~• The Mortgage is secured by a 1- or 2-unit Primary Residence or a second home~~ ~~• The Mortgage is either a purchase transaction Mortgage, "no cash-out" refinance Mortgage or Freddie Mac Enhanced Relief Refinance® Mortgage~~ ~~• The Mortgage has a maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratio of 80%, unless the Mortgage is a Freddie Mac Enhanced Relief Refinance Mortgage, in which case the maximum ratios in Section 4304.3 apply~~ ▪ The Mortgage must be an Accept Mortgage ▪ The Mortgage is either a purchase transaction Mortgage or a "no cash-out" refinance Mortgage

Accumulated Assets as Income Freddie Mac Selling Guide Section 5307.1 Minimum Asset Value and Calculation Method for Determining the Qualifying Amount to be used as Borrower's Income	**Asset calculation method** **Step 1** Determine the total eligible documented asset amount. **Step 2** Subtract all of the following from the total eligible documented assets: ▪ Any funds required to be paid by the Borrower to complete the transaction (e.g., Down Payment and Closing Costs), ▪ Any gift funds and borrowed funds ▪ Any portion of assets pledged as collateral for a loan or otherwise encumbered Net eligible assets: The resulting figure is the "net eligible assets." Step 3 Divide the "net eligible assets" by 240. Qualifying asset amount: The resulting figure is the "qualifying asset amount" used to establish the DTI ratio.	Minimum Net Eligible Asset Value: The net eligible asset amount calculated in accordance with Section 5307.1(b)(ii) below must be at least $30,000. **Asset calculation method** Step 1 Determine the total eligible documented asset amount from retirement assets, depository accounts and securities, as follows: Refer to Section 5307.1(c)(i) to determine eligible amount from retirement assets Refer to Section 5307.1(c)(ii) to determine eligible amount from depository accounts Refer to Section 5307.1(c)(iii) to determine eligible amount from securities Step 2 Subtract all of the following from the total eligible documented assets: Any funds required to be paid by the Borrower to complete the transaction (e.g., Down Payment, Closing Costs) Borrower required reserves Any gift funds Any borrowed funds Any portion of assets pledged as collateral for a loan or otherwise encumbered Net eligible assets: The resulting figure is the "net eligible assets." "Net eligible assets" must be at least $30,000. Step 3 Divide the "net eligible assets" by 180. Qualifying amount: The resulting figure is the "qualifying amount" used as Borrower's income.

Freddie Mac		
Topic	**Previous Guideline**	**New Guideline**
Accumulated Assets as Income Freddie Mac Selling Guide Section 5307.1 Exceptions to Account Ownership and Value Variation Requirements	Silent	Exceptions to account ownership and value variation requirements The 12-month account ownership requirements in Section 5307.1(c)(ii) for depository accounts and Section 5307.1(c)(iii) for securities do not apply when the account(s) is funded from the following sources and the requirements of this Section 5307.1(c)(iv) are met: ▪ Lump-sum distribution funds not deposited into an eligible retirement asset ▪ Assets from the sale of the Borrower's business ▪ Assets from the sale of the Borrower's real property The value variation requirement for increases in Section 5307.1(c)(ii) for depository accounts does not apply when the account(s) is funded from the following sources and the requirements of this Section 5307.1(c)(iv) are met: ▪ Lump-sum distribution funds not deposited into an eligible retirement asset ▪ Assets from the sale of the Borrower's business ▪ Assets from the sale of the Borrower's real property

We appreciate your business!