



first community mortgage



# WHOLESALE ANNOUNCEMENT 2021-40

December 20, 2021

Freddie Guideline Updates

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## **Effective Date**

Effective immediately

## **Guideline Updates:**

### **Update:**

- Due to the high level of uncertainty associated with cryptocurrency, the Guide has been updated to address uses in the Mortgage qualification process as follows:
  - Income paid to the Borrower in cryptocurrency may not be used to qualify for the Mortgage
  - For income types that require evidence of sufficient remaining assets to establish likely continuance (e.g., retirement account distributions, trust income and dividend and interest income, etc.), those assets may not be in the form of cryptocurrency
  - Cryptocurrency may not be included in the calculation of assets as a basis for repayment of obligations
  - Monthly payments on debts secured by cryptocurrency must be included in the Borrower's debt payments-to-income ratio and are not subject to the Guide provisions regarding installment debts secured by financial assets
  - Cryptocurrency must be exchanged for U.S dollars if it will be needed for the Mortgage transaction (i.e., any funds required to be paid by the Borrower and Borrower reserves)

### **Update:**

- Freddie requires the source of funds used to pay off or pay down a debt in order to qualify for the Mortgage to be documented in the Mortgage file. Freddie has updated their requirements for verification of deposits in the Borrower's asset accounts to specify that when an unverified deposit is used to pay off or pay down an existing debt in order to qualify for the Mortgage, the source of funds must be documented. This applies regardless of the deposit amount or whether the Mortgage is a purchase or a refinance transaction.

**Should you have any questions, please reach out to your  
Account Executive or Client Manager**