

Monday, December 6, 2021
Bulletin #2021-AC-046C

NOTICE TO ALL CUSTOMERS

Freddie Mac Underwriting Updates

Freddie Mac published [Bulletin 2021-36](#) on December 1, 2021 addressing several updates to its Credit Underwriting requirements that include:

- **Cryptocurrency:** Due to the high level of uncertainty associated with cryptocurrency, the following updates must be followed:
 - Income paid to the Borrower in cryptocurrency may not be used to qualify for the Mortgage.
 - Income derived from cryptocurrency assets such as retirement account distributions, trust income, and dividend and interest income, etc., cannot be used to qualify for the Mortgage.
 - Cryptocurrency may not be included in the calculation of assets as a basis for repayment of obligations.
 - Monthly payments on debts secured by cryptocurrency cannot be excluded from the Borrower's debt payment-to-income ratio.

Note: There is no change in policy regarding the acceptability of cryptocurrency for down payment, reserves, and/or closing costs with proof of liquidation (must be exchanged for U.S. dollars if it will be needed for the Mortgage transaction)

- **Financing Real Estate Taxes on the No Cash-Out Refinance Program:** The proceeds of a "no cash-out" refinance may be used to pay Closing Costs and prepaid real estate taxes (prepaid real estate taxes are an allowable closing cost that may be paid from the proceeds of the refinance); however, real estate taxes that exceed the prepaid amount and are financed into the new mortgage are subject to the maximum disbursement of cash-out proceeds up to the greater of 1% of the new refinance Mortgage or \$2,000.
- **Documenting Source of Funds used to pay off or pay down debts:** The source of funds used to pay off or pay down a debt in order to qualify for the Mortgage must be documented, with this update, Freddie Mac has updated their requirements for verification of deposits in the Borrower's bank accounts to specify that when an *unverified deposit* is used to pay off or pay down an existing debt in order to qualify, the source of funds must be documented regardless of the deposit amount or whether the Mortgage is a purchase or a refinance transaction.

FLC Bank's Freddie Mac Underwriting Guidelines have been updated accordingly and may be accessed on our website.

To access our most recently updated Temporary Policies Related to COVID-19 (**version 44**) please [click here](#).