



WHOLESALE BULLETIN

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21W-097

Attention: Valued Broker Partners

December 20, 2021

Please take a moment to read the important information contained in this bulletin.

Included in this Bulletin: Freddie Mac Changes – Freddie Mac Bulletin 2021-36

Effective December 1, 2021, Freddie Mac has announced the following changes to their underwriting guides –

Cryptocurrency

Due to the high level of uncertainty associated with cryptocurrency, Freddie Mac has updated their Selling Guide to address its uses for qualifying purposes as follows:

- Income paid to the Borrower in cryptocurrency may not be used as qualifying income.
- 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.), the 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 to income ratio (DTI) and are not subject to Freddie 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).

Financing real estate taxes in a “No Cash Out” refinance

The proceeds of a “no cash out” refinance may be used to pay related Closing Costs, which include prepaid real estate taxes.

- Prepaid real estate taxes are an allowable Closing Cost that may be paid from the proceeds of the refinance, AND

- Real estate taxes that exceed the prepaid amount and are financed in 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 \$2,000.00.

Documentation of source of funds used to pay off or pay down debts

Freddie Mac 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 Mac has updated their requirements for verification of deposits in the Borrower's asset account 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 refinance transaction.

If you have any questions, contact your local Account Executive, Production Coordinator, Regional Vice President, or Brian Daily, SVP Wholesale: Brian.Daily@mwfinc.com, 909-255-8332.

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