



MFM Bulletin: 026-2021

Date: December 14, 2021

Subject: Freddie Mac Changes

Freddie Mac has issued Bulletin 2021-36 with the following changes:

REFI Possible program updates

As announced in the previous bulletin, the following enhancements are effective January 31, 2022.

- Increasing Borrower income eligibility from 80% to 100% of the area median income
- Removing the requirement that the Mortgage being refinanced be seasoned no more than 120 months. The minimum 12-month seasoning requirement will continue to apply.

LPA messages will be updated to reflect these two changes

Cryptocurrency

Due to the high level of uncertainty associated with cryptocurrency, Freddie Mac has updated the Guide to address its 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 payment-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 and deposited into the borrowers traditional bank account if needed for the Mortgage transaction (i.e., any funds required to be paid by the Borrower and Borrower reserves).

MFM will apply these guidelines to Fannie Mae loans also.

Financing real estate taxes in a "no cash-out" refinance Mortgage

Freddie Mac has clarified that the proceeds of a "no cash-out" refinance Mortgage may be used to pay prepaid real estate taxes which includes taxes will be placed in escrow accounts and current taxes due on the property.

Delinquent taxes are considered cash out and can be paid with the maximum disbursement of cash out proceeds of up to the greater of 1% of the new refinance Mortgage or \$2,000. Any amount of



delinquent taxes over and above this amount must be paid in cash by the borrower at closing OR the loan must be a cash out refinance.

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. We have updated our 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.