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Agency Requirements on the Use of Virtual Currency/Cryptocurrency

Truist Bank (Truist) revises Agency non-AUS, Desktop Underwriter® (DU®), and Loan Product Advisor® (LPASM) requirements to address the use of virtual currency/cryptocurrency in the mortgage qualification process.

Note: For consistency with Fannie Mae and Freddie Mac, Agency non-AUS and DU requirements reflect Fannie Mae’s “virtual currency” terminology and Agency LPA requirements reflect Freddie Mac’s “cryptocurrency” terminology.

We also refresh various Agency requirements to remove outdated guidance, incorporate previously published updates, and to align with Fannie Mae and Freddie Mac’s presentation of guidance.

Effective Dates

All updates are effective immediately for existing and new loan applications on or after September 29, 2023.

Background Information

Fannie Mae SEL-2022-04 and Freddie Mac Bulletin 2021-36 announced requirements related to the use of virtual currency/cryptocurrency. In response to these publications, we reviewed impacted standard documents and identified the need to implement revisions to more closely align with Fannie Mae and Freddie Mac requirements. We also continue to identify opportunities to improve the presentation of our published Agency requirements.

Bulletin Details

Virtual Currency/Cryptocurrency

For non-AUS, DU, and LPA loans, we revised Agency requirements to address the use of virtual currency/cryptocurrency in the mortgage qualification process. Highlights of the virtual currency/cryptocurrency related requirements are as follows:

- Virtual currency/cryptocurrency that has been liquidated into U.S. dollars is acceptable for the down payment, closing costs, and reserves provided the following requirements are met:
 - there is documented evidence that the virtual currency has been liquidated into U.S. dollars and is held in a U.S. or state regulated financial institution, and
 - the funds are verified in U.S. dollars prior to the loan closing.

Note: Liquidation must be into an eligible source of funds.

Bulletin Details, continued

Virtual Currency/Cryptocurrency, continued

- Virtual currency/cryptocurrency must be from a regulated exchange (CoinBase, Robinhood, Kraken, etc.) as listed on the [Financial Crimes Enforcement Network MSB Registrant List](#) under their legal or DBA name. If the exchange is not listed within the registrant list, the virtual currency/cryptocurrency will not be allowed. (**Note:** *This requirement is a new Truist overlay.*)
- Borrower(s) must provide proof of ownership of the virtual currency/cryptocurrency for at least 12 months prior to the note date or if owned less than 12 months, must provide proof funds used to purchase the virtual currency/cryptocurrency came from an eligible source of funds. Screenshots from the exchange account are acceptable documentation. (**Note:** *This requirement is a new Truist overlay.*)
- A large deposit may be from virtual currency/cryptocurrency that was liquidated into U.S. dollars. The lender must obtain sufficient documentation to verify the funds originated from the borrower's virtual currency/cryptocurrency account in accordance with the guidance above.
- Income paid to the borrower in the form of virtual currency/cryptocurrency may not be considered when qualifying a borrower.
- Assets used to establish continuance for certain income types cannot be in the form of virtual currency/cryptocurrency.
- Monthly payments on debts secured by virtual currency/cryptocurrency must be included in the borrower's debt-to-income ratio calculation.

Note: The above referenced new Truist overlays apply for CorrAdvantage loans as well.

Agency Standards Improvement Updates

In support of our standards improvement initiative, we:

- removed non-AUS second home and non-AUS investment property transactions requirements under the "Assets as Qualifying Income", "Rental Income", and "Qualifying Ratios" subtopics (*due to the ineligibility of non-AUS second home and non-AUS investment property transactions, previously announced in Product Release Bulletin [COR21-013](#)*)
- removed outdated references and guidance related to *Form 1003 7/05 revision (6/09)* under the "Deposit on Sales Contract" and "Rental Income" subtopics
- clarified LPA "Government Bonds" requirements under the "Stocks, Stock Options, Bonds, and Mutual Funds" subtopic to state that the value of government bonds used must be based on the lower of the purchase price or current redeemable value
- refreshed requirements in the following subtopics/subsection to align with Fannie Mae and/or Freddie Mac's presentation of guidance (*intent of requirements remained the same*):
 - "Purchase Transactions"
 - "General Income Information" / LPA "Continuance" subsection

Bulletin Details, continued

Before and After Matrix

[Click here](#) to see the before and after matrix that provides a detailed overview of all standard revisions.

Revised Materials

Click [Agency Loan Standard](#), [CorrAdvantage Standard](#), and [Agency Overlay Matrix](#) to review the revised product materials.

Former Standards

See the before and after matrix provided in the Bulletin Details section of this bulletin to access the former standards.

Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Contact Correspondent Relations Coordinators at 800.382.2111, Option 1.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 3.

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