

Announcement # 22-39

Date: June 06, 2022

Fannie Mae and Freddie Mac Cryptocurrency & Foreign Asset Requirements when Used as Source of Funds for Closing and Reserves

Cryptocurrency

Both Fannie Mae and Freddie Mac require that cryptocurrency (i.e. virtual currency) may only be used as funds for closing and reserves if it has been exchanged into U.S. dollars and is held in a U.S. or state regulated financial institution. There must be sufficient documentation to verify that the funds originated from the borrower's cryptocurrency account.

Effective immediately, Pennymac's acceptable documentation to use those funds include the following:

- Documentation from Cryptocurrency exchange account verifying the borrower as the Legal Owner and not the nickname of the account, AND
- Previous borrower bank statement showing funds going into the same Cryptocurrency exchange account that the large deposit came from, OR
- 1099-B/MISC from the same Cryptocurrency exchange account that the large deposit came from, plus the borrower's Tax Returns reflecting the 1099 gain/loss.

Foreign Assets

Fannie Mae and Freddie Mac require that all income and asset documents of foreign origin be completed in English, or the documents must include a translation, attached to each original document and warrant the translation is complete and accurate.

Effective immediately, Pennymac is requiring a certification of translation aka Certificate of Accuracy to be provided with any translated document to ensure the validity of the translation.

The Certificate of Accuracy is to be completed by the translator and must include all the following:

- A statement affirming that the translation is true, accurate, complete and correct and was performed to the best of the translator's ability.
- Identification of the translated document and language i.e. name of the document(s) and what language the document(s) is being translated from.
- The translator's name, signature, and date
 - The translator may not be an interested party in the transaction or related to the borrower(s).
 - Translation from google translator or similar apps is not allowed.

Please contact your Sales Representative with any questions.