

United States Senate

WASHINGTON, DC 20510

July 24, 2025

The Honorable William J. Pulte
Director
Federal Housing Finance Agency
400 7th Street SW
Washington, D.C. 20219

Dear Director Pulte:

We write today to request information regarding your recent directive to Fannie Mae and Freddie Mac (collectively, “the Enterprises”) to consider cryptocurrency assets in their underwriting guidelines for single-family mortgage loan risk assessments.¹ Cryptocurrencies have historically “display[ed] volatilities that are higher than those of most traditional assets,”² including those that mortgage lenders currently consider in the underwriting process – “raising concerns among consumer advocates that this lightly regulated and highly volatile investment asset is being tied to something as vital to the economy as the housing market.”³ Therefore, it is essential that Congress and the public better understand the Federal Housing Finance Agency’s (FHFA) decision-making process to fully assess the potential risks and benefits of your order and its implications for the U.S. housing market and financial system.

Under current policy, neither the Enterprises, nor any other channel for federally-backed, insured, or guaranteed mortgages, permit mortgage lenders to consider cryptocurrency when determining whether they can afford a mortgage, unless that cryptocurrency has been converted to U.S. dollars and is accompanied by appropriate documentation.⁴ With regard to mortgage lending, Fannie Mae found that the use of cryptocurrency for deposits, payments, or collateral was among the “least appealing application[s]” of blockchain, citing crypto volatility as a key potential barrier to lender adoption.⁵ Yet, your June 25th “Order Issuing Directive to Consider Cryptocurrency as an Asset for Single-Family Loans Delivered to Fannie Mae and Freddie Mac”

¹ Post on X by William J. Pulte, June 25, 2025, <https://x.com/pulte/status/1937944964656152800>.

² Federal Reserve Bank of New York, “*The Financial Stability Implications of Digital Assets*,” November 2024, https://www.newyorkfed.org/medialibrary/media/research/epr/2024/EPR_2024_digital-assets_azar.pdf.

³ New York Times, “Crypto Industry Moves Into the U.S. Housing Market,” Matthew Goldstein, June 26, 2025, <https://www.nytimes.com/2025/06/26/business/crypto-industry-housing-market.html>; *See also*: Forbes, “How Volatile Is Bitcoin Compared To Other Assets,” Andrey Sergeenkov, November 2, 2024, <https://www.forbes.com/sites/digital-assets/2024/08/16/how-volatile-is-bitcoin-compared-to-other-assets/>; *See also* Fidelity Digital Assets, “A Closer Look at Bitcoin’s Volatility,” Zack Wainwright, May 1, 2024, <https://www.fidelitydigitalassets.com/research-and-insights/closer-look-bitcoins-volatility..>

⁴ Fannie Mae, “Selling Guide (B3-4.1-04, Virtual Currency),” <https://selling-guide.fanniemae.com/sel/b3-4.1-04/virtual-currency>; *See also*: Freddie Mac, “Seller/Servicer Guide (5501.3, Borrower personal funds),” <https://guide.freddiemac.com/app/guide/section/5501.3/highlight/cryptocurrency>; *See also*: NewRez, “FHA Underwriting Guide (2G.5, Unacceptable Asset Sources),” <https://corr.newrezcorrespondent.com/documents/web/contenteditor/docs/Exhibits/NewRez%20Underwriting%20Guide%20-%202G%20FHA%20Assets%20COR.pdf>; *See also*: NewRez, “VA Underwriting Guide (3G.4, Unacceptable Asset Sources),” <https://www.newrezwholesale.com/media/o5qny1q0/newrez-underwriting-guide-all-chapters-0405021-v212-dtc-r-jv-whs.pdf>; *See also*: Department of Agriculture, “Chapter 5: Origination and Underwriting Overview,” June 28, 2023, <https://www.rd.usda.gov/media/file/download/3555-1chapter05.pdf>.

directs each Enterprise to “prepare a proposal for consideration of cryptocurrency as an asset for reserves in their respective single-family mortgage loan risk assessments, without conversion of said cryptocurrency to U.S. dollars.”⁶ Expanding underwriting criteria to include the consideration of unconverted cryptocurrency assets could pose risks to the stability of the housing market and the financial system.

While the Enterprises currently allow for the consideration of some unconverted asset types, such as vested stocks, crypto is “far from being as large and liquid as other financial markets that professional investors would normally participate in,” which include assets currently permitted by the Enterprises.⁷ While the volatility of some cryptocurrency assets has improved in recent periods relative to traditional assets,⁸ such as the response of Bitcoin to the market shocks of tariffs, this represents a “rare reversal of historical volatility trends[...]in which the digital asset typically experiences larger price swings.”⁹ In 2024, by one investment firm’s measure, Bitcoin’s volatility was “3.9 times and 4.6 times that of gold and global equities, respectively.”¹⁰ To the extent that historical volatility and liquidity persists even as the market matures, a borrower using crypto faces an increased risk that they may not be able to exit a crypto position and convert to cash at a price that would allow them to buffer against risk of mortgage default. Crypto is also subject to heightened risks of loss due to scams, cyber hacks, or physical theft, which could leave homeowners vulnerable to losing their crypto assets with little hope of recovery.¹¹

We also have concerns about how FHFA and the Enterprises will prevent potential conflicts of interest among stakeholders with financial ties to the crypto industry—including but not limited to President Trump and his family—that could unduly influence their proposals.¹² Your order states that “each Enterprise must submit and receive approval from its Board of Directors” before

⁵ Fannie Mae, “Mortgage Lender Sentiment Survey: Special Topics Report,” Q4 2021, <https://www.fanniemae.com/media/43166/display>; See also: Fannie Mae, “Mortgage lenders discuss the intersection of blockchain and housing finance,” Ryan Jackson, March 21, 2022, https://www.fanniemae.com/research-and-insights/perspectives/intersection-blockchain-and-housing-finance?utm_source=chatgpt.com.

⁶ Post on X by William J. Pulte, June 25, 2025, <https://x.com/pulte/status/1937944964656152800>.

⁷ Corporate Finance Institute, “Liquidity in Cryptocurrency,”

<https://corporatefinanceinstitute.com/resources/cryptocurrency/liquidity-in-cryptocurrency/>; See also: S&P Global, “A dive into liquidity demographics for crypto asset trading,” Cristina Polizu et al., May 13, 2025, <https://www.spglobal.com/en/research-insights/special-reports/liquidity-demographics-for-crypto-asset-trading>.

⁸ Forbes, “Tesla, AMD And Nvidia Show Higher Volatility Than Bitcoin In October 2024,” Andrey Sergeenkov, November 2, 2024, <https://www.forbes.com/sites/digital-assets/2024/11/02/tesla-amd-and-nvidia-show-higher-volatility-than-bitcoin-in-october-2024/>.

⁹ Bloomberg, “Bitcoin Turns Less Volatile Than Stocks as Tariffs Wreak Havoc,” David Pan, April 8, 2025, <https://www.bloomberg.com/news/articles/2025-04-08/bitcoin-turns-less-volatile-than-stocks-as-tariffs-wreak-havoc>

¹⁰ iShares, “Bitcoin volatility guide: Trends & insights for investors,” Jay Jacobs, July 11, 2024, <https://www.ishares.com/us/insights/bitcoin-volatility-trends>.

¹¹ Federal Bureau of Investigations, “Cryptocurrency Investment Fraud,” <https://www.fbi.gov/how-we-can-help-you/victim-services/national-crimes-and-victim-resources/cryptocurrency-investment-fraud>; See also: CNBC, “Over 60% of illegal crypto activity is tied to sanctioned groups or terrorist organizations, report finds,” Dylan Butts, February 29, 2024, <https://www.cnbc.com/2024/02/29/sanctioned-and-terrorist-entities-receive-most-global-illicit-crypto.html>.

¹² Post on X by William J. Pulte, June 25, 2025, <https://x.com/pulte/status/1937944964656152800>; See also Reuters, “Trump reports more than \$600 million in income from crypto, golf, licensing fees,” Tom Bergin, Lawrence Delevigne, and Tom Lasseter, June 14, 2025, <https://www.reuters.com/world/us/trump-reports-tens-millions-income-crypto-ventures-2025-06-14/>.

implementing any changes in line with the new order.¹³ However, you are the current Chair of each Board, and you have stacked the Boards with members who represent FHFA personnel and your industry allies.¹⁴ While the legality of your appointment as Chair of the Boards is still in question, there also appears to be a serious conflict between your ability to order and approve the Enterprises' proposals as FHFA Director and to ultimately influence the development of such proposals as Chair of the Enterprises' boards.¹⁵ The fact that your spouse holds up to \$2 million in crypto assets, according to your financial disclosures, raises additional concerns about your potential conflicts.¹⁶

Given these concerns, it is crucial that FHFA provide clarity into your recent order for the Enterprises' to consider crypto in their underwriting guidelines. While you claim that you issued this order following "significant studying," the directive includes no information on the process through which the Enterprises will develop their proposals, FHFA's assessment of potential risks and benefits, or how it will gather stakeholder feedback.¹⁷

Clarity on this order is especially critical given FHFA's previous failures to adequately oversee crypto-related activity and the government-sponsored enterprises (GSEs), which include the Enterprises and the Federal Home Loan Banks (FHLBs). In March 2023, the U.S. experienced the second, third, and fourth-largest bank failures in its history in part due to run risks posed by growing lines of cryptocurrency-based business.¹⁸ Several of the failed banks were FHLB members with access to capital advances, resulting in the "FHLBank System provid[ing] record levels of advances in the week following the March 2023 failures as members sought liquidity to offset falling deposits."¹⁹ In August 2024, the FHFA Inspector General found that FHFA

¹³ Post on X by William J. Pulte, June 25, 2025, <https://x.com/pulte/status/1937944964656152800>.

¹⁴ Letter from Senators Reed, Blunt Rochester, and Warren to Federal Housing Finance Agency Inspector General Tomney, April 16, 2025, https://www.reed.senate.gov/imo/media/doc/letter_to_fhfa_ig_re_pulte_investigation_41625.pdf; See also Letter from Ranking Member Waters to Federal Housing Finance Agency Director Pulte, April 7, 2025, https://democrats-financialservices.house.gov/uploadedfiles/04.07.2025_cmw_ltr_fhfa.pdf.

¹⁵ Letter from Senators Reed, Blunt Rochester, and Warren to Federal Housing Finance Agency Inspector General Tomney, April 16, 2025, https://www.reed.senate.gov/imo/media/doc/letter_to_fhfa_ig_re_pulte_investigation_41625.pdf; See also Inman, "Democrats question legality of Fannie, Freddie board purges," Matt Carter, April 16, 2025, <https://www.inman.com/2025/04/16/democrats-question-legality-of-fannie-freddie-board-purges/>.

¹⁶ U.S. Office of Government Ethics, "Public Financial Disclosure Report: Form 278e," August 8, 2024, <https://static.politico.com/94/f9/ba1de7534031ade0d2cf6e924c22/2-25-pulte-financial-disclosure.pdf>; See also Politico Pro, FHFA nominee Pulte details \$200M in holdings, including in crypto, Mr. Beast," Katy O'Donnell, February 25, 2025, <https://subscriber.politicopro.com/article/2025/02/fhfa-nominee-pulte-details-200m-in-holdings-including-in-crypto-mr-beast-00205973>; See also ABC27News, "Fannie Mae, Freddie Mac ordered to consider crypto as an asset when buying mortgages," Alex Veiga, June 25, 2025, <https://www.abc27.com/news/us-world/business/ap-fannie-mae-freddie-mac-ordered-to-consider-crypto-as-an-asset-when-buying-mortgages/>; Note: According to Dir. Pulte's financial disclosures, his spouse holds up to \$2 million in cryptocurrency assets.

¹⁷ Post on X by William J. Pulte, June 25, 2025, <https://x.com/pulte/status/1937944964656152800>.

¹⁸ American Banker, "Crypto and VC firms led to SVB's failure, researchers say," Kyle Campbell, March 10, 2025, <https://www.americanbanker.com/news/new-paper-hangs-march-2023-failures-on-business-model-risks>; See also Pew Research Center, *Most U.S. bank failures have come in a few big waves*, Drew Desilver, April 11, 2023, <https://www.pewresearch.org/short-reads/2023/04/11/most-u-s-bank-failures-have-come-in-a-few-big-waves/>.

¹⁹ FHFA Office of Inspector General, "FHFA Could Enhance Its Supervision of the Federal Home Loan Banks by Incorporating Lessons Learned from the Spring 2023 Bank Failures," August 19, 2024, <https://www.fhfaoig.gov/sites/default/files/EVL-2024-003.pdf>.

assumptions regarding FHLB member bank credit risk management practices “were insufficient or inaccurate” and that there were weaknesses in the FHLB’s lending philosophies and credit advances terms, among other areas.²⁰ The Inspector General further concluded that “[t]he current versions of [examination guidance for FHLBs] do not address key issues and lessons FHFA learned” from its 2023 work nor do they ensure all topics are covered in examinations; therefore, FHFA “cannot know if risks are being overlooked.”²¹

As you know, any change to Enterprise policies can have market-shifting effects, given that they back over half of the nation’s single-family mortgage market.²² To help us understand the effects your directive may have on homebuyers, the housing industry, and our economy writ large, we request answers to the following questions no later than August 7, 2025:

1. Please share a list of meetings, including dates and attendees, that FHFA has held regarding case studies, risks, or benefits of the potential use of non-converted cryptocurrency in mortgage lending risk assessments, including copies of any communications about such topic.
2. The order explains that “each Enterprise must submit and receive approval from its Board of Directors prior to submitting to U.S. Federal Housing FHFA for review.”²³
 - a. What process will each of the Enterprises’ Board of Directors use to submit their proposal?
 - b. How will each Board assess whether any individual members have conflicts of interest related to cryptocurrency, including whether they hold any crypto-related assets?
 - c. What timeline does each Board anticipate following in its review and approval process?
 - d. What experience, if any, does each Board have in assessing the cryptocurrency industry, assets, and related policy? Please provide an overview of each individual Board member’s experience analyzing and assessing the efficacy of cryptocurrency, and developing cryptocurrency-related policy, including any experience involving assessing cryptocurrency risks, market stability concerns, and trends among investors.
 - e. Do the Enterprise Boards plan to consult with any additional federal regulators as they respond to your directive? Please provide a list of the regulators the Boards anticipate consulting.
 - f. Do the Enterprise Boards plan to consult with any nongovernmental stakeholders in reviewing the proposal? Please provide a list of the nongovernmental

²⁰ *Id.*

²¹ *Id.*

²² Congressional Research Service, *Housing: Data Visualizations*, May 7, 2025, <https://crs.gov/Reports/pdf/WMR10012/WMR10012.pdf?source=search>.

²³ Post on X by William J. Pulte, June 25, 2025, <https://x.com/pulte/status/1937944964656152800>.

- a. What analysis, if any, has FHFA conducted or reviewed to determine that the “consideration of additional borrower assets” would benefit the Enterprises’ single-family mortgage loan risk assessments? Please provide copies of all analyses FHFA conducted or reviewed to make this determination, along with copies of any and all internal communications and records regarding these analyses. If no analyses exist, why not? Upon what did FHFA base its determination?
 - b. FHFA states that consideration of additional borrower assets “may” benefit the Enterprises. Please elaborate on how this additional consideration “may”—or may not—be beneficial.
 - c. Which “additional borrower assets,” specifically, did FHFA identify as being potentially beneficial?
 - d. Which categories of borrowers did FHFA identify as being most likely to gain improved access to mortgage credit because of holding unconverted cryptocurrency assets?
 - e. Did FHFA analyze crypto-based asset performance and risks compared to the performance and risks of asset types that are currently allowed for consideration by the Enterprises? How does crypto compare to those asset classes, in terms of volatility, risk of loss (e.g. from cyberhacks or bankruptcy of custodians), or other risk characteristics?
7. FHFA directs the Enterprises to “consider only cryptocurrency assets that can be evidenced and stored on a U.S.-regulated centralized exchange subject to all applicable laws.”²⁶
- a. Based on the stated limitations, which cryptocurrency assets has FHFA determined would qualify, if any?
 - b. Does this include memecoins?
 - c. Does this include stablecoins?
 - d. Does the term “U.S.-regulated centralized exchange” apply to World Liberty Financial?²⁷
 - e. How should the Enterprises consider cryptocurrency traded on U.S.-regulated centralized exchanges, including both issuers and exchanges, with a significant history of enforcement actions or legal violations, such as those involving money

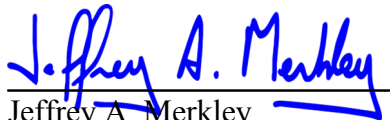
²⁶ *Id.*

²⁷ Forbes, “Trump Made \$57.4 Million From World Liberty Financial, New Filing Discloses,” Zach Everson, June 14, 2025, <https://www.forbes.com/sites/zacheverson/2025/06/14/trump-world-liberty-financial-crypto-earnings-financial-disclosure/>.

laundering, fraud, national security, or unfair, deceptive, or abusive acts or practices?

8. FHFA directs the Enterprises to “consider additional risk mitigants per their own assessment, including adjustments for market volatility and ensuring sufficient risk-based adjustments to the share of reserves comprised of cryptocurrency.”²⁸ To mitigate risks, the Enterprises must first identify what the risks of this proposal are.
 - a. Did the FHFA conduct any risk analysis prior to issuing this directive? Does FHFA believe that allowing borrowers to use crypto assets that have not been converted to U.S. dollars poses risks to the U.S. housing finance market and if so, what are they?
 - b. For each risk identified above, please identify specific risk mitigants that could reduce or minimize the risk.
9. Has FHFA analyzed or met with other market participants, such as lenders, private mortgage insurers, or mortgage-backed security investors, to understand how any changes to the treatment of crypto-based assets would affect their third-party risk assessment policies and further affect the availability and affordability of Enterprise-backed mortgage credit?

Sincerely,



Jeffrey A. Merkley
United States Senator



Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs



Chris Van Hollen
United States Senator



Mazie K. Hirono
United States Senator

²⁸ Post on X by William J. Pulte, June 25, 2025, <https://x.com/pulte/status/1937944964656152800>.

Bernard Sanders

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United States Senator