The Honorable William J. Pulte
Director
Federal Housing Finance Agency
Constitution Center
400 Seventh Street, SW
Washington, D.C. 20024

August 14, 2025

Dear Director Pulte,

On June 25, you announced on X that you have issued a directive to Fannie Mae and Freddie Mac 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."[1] This decree – issued via social media to regulated entities whose boards you also chair – bypasses the ordinary regulatory process, which is designed to offer public input, transparency, and accountability when the government creates new rules that impact people across the country. Mortgage underwriting based on crypto assets has no place in government-backed markets. These products are volatile and risky, and any inclusion of these products should be relegated to the private market.

The undersigned national consumer organizations are strongly opposed to the inclusion of crypto assets in the underwriting of federally insured mortgages. This proposal will expose taxpayers to increased risk of losses, open the door to new forms of predatory and unsafe lending targeted at vulnerable borrowers, and ultimately threaten the safety and soundness of the Enterprises and the broader financial system.

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[1] X (June 25, 2025), https://x.com/pulte/status/1937944964656152800?source=email

Fannie Mae and Freddie Mac are government-sponsored enterprises (GSEs), chartered by Congress to promote housing market stability and to expand homeownership opportunities. Since the 2008 financial crisis, they have also been under conservatorship, with the Federal Housing Finance Agency (FHFA) serving as their regulator and conservator. In essence, the Enterprises are effectively controlled and owned by U.S. taxpayers.

Underwriting standards at the GSEs must always account for borrowers' ability to repay and support the broader safety and soundness of the housing finance system. Crypto assets, however, are notoriously volatile and offer no meaningful indication of a borrower's long-term financial stability or ability to pay their mortgage.

Every crypto asset, even those marketed as stablecoins, has demonstrated a level of volatility unlike any other financial instrument.[2] So-called stablecoins have fallen from their supposed peg to the dollar by as much as 13 cents when crypto markets are under stress.[3] In fact, the United States has already bailed out $3.3 billion in uninsured deposits to stabilize the value of the world's second-largest stablecoin, USDC.[4] And though Bitcoin has been lauded as outperforming other assets over the last year, since April it has whipsawed between a low of $75,000 and a high of $120,000.[5] Other crypto assets with far less liquid markets demonstrate even more severe volatility.

However, it is not only the volatility of these assets that should raise concerns for taxpayers. The broader crypto markets are rife with noncompliance, are more highly concentrated, and are far more susceptible to the influence of a small number of wealthy individuals than the traditional financial system. The fall of FTX in 2022 demonstrated the catastrophic risk of the crypto ecosystem: Fraud at a single firm caused losses in the billions to investors and shrank the total value of the crypto markets to 73 percent of its prior peak.[6] The largest crypto platforms still mirror the dangerous business model and mix of activities responsible for the fraud and failure of FTX. Limited oversight of the crypto sector by the Securities and Exchange Commission and the Department of Justice makes it all the more likely that another fraud will have catastrophic consequences for crypto asset valuations.

Rampant non-compliance with anti-money laundering laws also makes the crypto markets a primary target for hacks by sophisticated state actors. As recently as February

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[2] "Why is Crypto so Volatile? Understanding Crypto Market Movements." (2025, July 20). Caleb & Brown. https://calebandbrown.com/blog/crypto-volatility/

[3] "Stablecoins: A deep dive into valuation and depegging." (2023, June 9). S&P Global. https://www.spglobal.com/en/research-insights/special-reports/stablecoins-a-deep-dive-into-valuation-anddepegging

[4] Ibid.

[5] Per market data available at finance.yahoo.com/quote/BTC-USD/history/ (accessed August 4, 2025).

[6] Lang, Hannah, and Elizabeth Howcroft. "The Crypto Market Bears the Scars of FTX's Collapse." (2023, Oct. 3), Reuters, www.reuters.com/technology/crypto-market-still-bears-scars-ftxs-collapse-2023-10-03/.

of this year, one of the largest crypto platforms in the world was hacked for $1.5 billion in crypto assets by North Korea.[7] Many of those irrecoverable assets resided in the kinds of customer accounts this Administration would have Fannie and Freddie consider in their underwriting standards. Exposing the trillion-dollar housing sector to such an unstable foundation could undermine not only the Enterprises but also the U.S. financial system as a whole.

Further, including crypto assets in underwriting standards will have consequences beyond risks to taxpayers and the safety and soundness of the GSEs. The GSEs not only back over half of all mortgages in the country, but their practices also help drive underwriting standards for the entirety of the mortgage market. Making crypto assets eligible to be considered in underwriting decisions creates an impression that crypto is of the same quality as other eligible, time-tested assets. Underwriting standards should not be used as a tool to give consumers misplaced trust in an industry favored by the Administration.

Fannie Mae and Freddie Mac should have learned from the 2008 crisis, which was driven by the widespread underwriting of predatory, unaffordable mortgages, including in the subprime market. Those failures nearly bankrupted the GSEs and cost millions of Americans their homes—nearly 10 million homeowners lost their homes between 2006 and 2014.[8] Many of the loans that triggered the Great Recession were made without a reasonable expectation that borrowers could meet their mortgage obligations; similarly, a system built on crypto-related assets threatens to grow the market based on what may turn out to be a house of cards.

Piloting unsafe underwriting is also counterproductive to the Administration's aim to release the Enterprises from conservatorship: with GSE release on the horizon, this is the wrong time to experiment. In addition, it is ill-advised at a time when there is already a crisis of both affordability and fairness in the housing market, including widespread housing discrimination complaints and a persistent Black-white homeownership gap.[9]

While Fannie Mae and Freddie Mac play a critical role in the mortgage market, they do not serve every borrower. *If* there is a unique subset of applicants who could only qualify for a mortgage based on their crypto assets – currently, an extremely small part of the

[7] Tidy, Joe. "North Korean Hackers Cash out Hundreds of Millions from $1.5bn ByBit Hack." (2025, March 10), BBC, www.bbc.com/news/articles/c2kgndwwd7lo.
[8] Andres, Tommy, "Divided Decade: How the financial crisis changed housing," (2018, December 17), Marketplace, https://www.marketplace.org/story/2018/12/17/what-we-learned-housing
[9] "Black Homeownership Rate Sees Largest Annual Increase Among Racial Groups," (2025, March 17), National Association of Realtors, https://www.nar.realtor/newsroom/black-homeownership-rate-sees-largest-annual-increase-among-racial-groups-but-still-trails-white-homeownership-rate "2024 Fair Housing Trends Report," (2024, July 10), National Fair Housing Alliance, https://nationalfairhousing.org/resource/2024-fair-housing-trends-report/

market – they are better served in the private, non-Qualified Mortgage (non-QM) space. Non-QM lenders originate loans for niche borrowers, such as high-net-worth individuals or small business owners without W2-verifiable income, and they retain that risk on their own balance sheets. If crypto investors are seeking tailored mortgage products, that risk should remain in the private market—not in taxpayer-backed institutions.

Crypto assets, given their extreme volatility and limited reliability, have no place in the underwriting standards of government-sponsored Fannie Mae and Freddie Mac. We urge FHFA to heed the hard lessons of the 2008 crisis and resist crypto industry calls to adopt risky underwriting practices. If FHFA seeks to drive innovation and expand homeownership safely and soundly, it should focus on other promising areas, such as expanding access to manufactured housing financing, expanding cashflow underwriting, and better serving small-dollar mortgages, particularly in underserved rural and urban communities.

Thank you for your attention,

Consumer Federation of America

National Consumer Law Center (on behalf of its low-income clients)