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Bitcoin Gains Ground in U.S. Mortgage Market as Regulators Consider Rule Changes

July 20, 2025

– Categories: *Crypto*



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In a move that could reshape the U.S. housing and mortgage industry, the Federal Housing Finance Agency (FHFA) is reviewing proposals that may allow regulated cryptocurrency holdings, like Bitcoin, to count as assets for mortgage applications. This could mark a significant step in integrating digital assets into the traditional financial system.

The FHFA has directed Fannie Mae and Freddie Mac, the two major government-sponsored mortgage enterprises, to explore how cryptocurrencies held in regulated accounts could factor into home loan eligibility. While no formal changes have been made, the review signals growing acceptance of digital assets in mainstream financial processes.

The proposal aims to eliminate a long-standing barrier in home financing for cryptocurrency investors. Under current rules, crypto assets must typically be converted into cash and seasoned for at least two months before being considered in mortgage applications. By allowing borrowers to leverage their crypto assets without liquidating them, the plan could broaden access to homeownership for digital asset holders.

“Clients often delay homeownership to avoid selling their Bitcoin,” said Josip Rupena, CEO of Milo, a Florida-based firm that already offers crypto-backed mortgage products.

“Recognizing these assets without forcing liquidation would be a major step forward.”

Industry experts note, however, that several challenges must be addressed before such a framework can be implemented. These include the volatility of digital currencies, custody concerns, accurate valuation methods, and liquidity considerations. Regulatory oversight would also need to ensure that mortgage-backed securities remain stable and secure.

Despite these hurdles, platforms like Milo and others have already shown growing demand for crypto-collateralized loans, although these remain outside the purview of federally backed institutions. If Fannie Mae and Freddie Mac adopt the changes, it could legitimize the practice on a national scale.

The FHFA emphasized that this review is still in an exploratory phase. Any potential changes would require formal approval and further guidance from federal regulators and lawmakers.

The integration of cryptocurrencies into the mortgage process could mark a paradigm shift for both financial institutions and homebuyers, bridging the gap between decentralized finance and traditional banking.