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Bitcoin Moves Beyond Speculation: How Crypto-Backed Debt is Reshaping Mortgages and Municipal Finance

Overview

Bitcoin is now functioning as collateral in U.S. municipal bonds and residential mortgages, marking its integration into traditional finance. New Hampshire issued the first Moody's-rated Bitcoin-backed municipal bond with a Ba2 rating, featuring 1.6x overcollateralization and dynamic liquidation triggers managed by BitGo. Concurrently, Coinbase and Better Home & Finance launched conforming, crypto-supported mortgages allowing digital assets as collateral for down payments. These developments, supported by recent regulatory actions, signify Bitcoin's normalization as high-quality collateral, enabling greater financial interoperability and capital efficiency.

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