



## **Introduction of SOFR-indexed CMOs, Cessation of New LIBOR-indexed CMO Issuances, and Amendments/Supplement Posted for Legacy LIBOR-indexed CMOs**

In light of the potential future cessation of LIBOR, and in order to foster a liquid, efficient, and resilient securities market, Freddie Mac and Fannie Mae (the Enterprises), under the guidance of their regulator and conservator FHFA, have announced they plan to:

- Offer SOFR-indexed Collateralized Mortgage Obligations (CMOs) (i.e., REMICs and Strips) beginning in June 2020; and
- Cease issuing new LIBOR-indexed CMOs no later than September 30, 2020. *Note - The Enterprises will continue to (i) issue new resecuritizations of LIBOR-indexed CMOs (also known as “ReREMICs”), provided that such resecuritizations do not increase the total unpaid principal balance of the LIBOR-indexed CMOs outstanding, and (ii) conduct exchanges of related MACR certificates (i.e., Modifiable and Combinable REMIC Certificates).*

The Enterprises also announced that they have posted amendments (in the case of Freddie Mac) and a supplement (in the case of Fannie Mae) to the governing legal documents of certain of their legacy LIBOR-indexed CMOs.

### **SOFR-indexed CMO Framework Presentation**

Freddie Mac and Fannie Mae have posted a SOFR-indexed CMO Framework presentation which explains the details of the SOFR-indexed CMOs they will be offering beginning in June 2020. The presentation can be found on Freddie Mac’s MBS website [here](#).

### **Amendments/Supplement Posted for Certain Legacy LIBOR-indexed CMOs and Moratoria Lifted on Affected Legacy Bonds**

Freddie Mac and Fannie Mae also announced the posting of amendments (in the case of Freddie Mac) and a supplement (in the case of Fannie Mae) to the governing legal documents of certain of their legacy LIBOR-indexed CMOs. Both Enterprises have certain outstanding multiclass REMIC and Strip securities with legal agreements and disclosure documents that did not contemplate a permanent cessation of LIBOR. To address this issue, at the direction of their regulator and conservator FHFA, the Enterprises have adopted an aligned approach to supplement the LIBOR fallback provisions of their respective affected legal documents with new provisions modelled on language endorsed by the securitization working group of the Alternative Reference Rates Committee (ARRC). Freddie Mac’s amendment postings can be found [here](#) and Fannie Mae’s supplement posting can be found [here](#).

In conjunction with the posting of the amendments and the supplement, respectively, Freddie Mac is lifting the moratoria on new REMIC issuances backed by legacy CMOs for which LIBOR is calculated using the “[LIBO Method](#)” and the “[ICE Method](#)” and Fannie Mae is lifting the [moratorium on new REMIC issuances that include legacy CMOs issued prior to 2014 whose interest rate is based on LIBOR](#). Those CMOs can be included in new REMIC issuances beginning in June 2020. If you would like to include such CMOs in new REMIC issuances, please contact the Enterprise that issued those CMOs for resecuritization options.



### Fannie Mae's Announcement

For questions, please contact Investor Inquiry at [investor\\_inquiry@freddiemac.com](mailto:investor_inquiry@freddiemac.com) or 800-366-3672.

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