



January 25, 2023

Freddie Mac Provides Additional Details on Replacement Indices for Single-Family LIBOR ARM MBS Securities

Note: This announcement was republished on March 8, 2023 with corrections (highlighted in yellow) to the original publication.

On December 22, 2022 Freddie Mac [announced](#) that it will transition its legacy U.S. dollar LIBOR-indexed contracts to an index based on the Secured Overnight Financing Rate (SOFR) for loans and securities for which Freddie Mac is responsible for selecting the replacement index. The transition will occur after June 30, 2023, the last date on which ICE Benchmark Administration Limited will publish a representative rate for all remaining tenors of USD LIBOR.

For Single-Family PCs and Giants, the replacement indices for the underlying consumer loans will be an all-in spread-adjusted Term SOFR. For Collateralized Mortgage Obligations (CMOs), the replacement indices will be an all-in spread adjusted 30-day Average SOFR. Additional details on CMOs will be provided at a later date. Please refer to [Freddie Mac's Replacement Index Selections for Legacy LIBOR Contracts](#) that was published on December 22nd.

To learn more about the LIBOR transition, please visit the Freddie Mac [Reference Rates Transition](#) webpage, which includes a LIBOR Playbook, LIBOR FAQs and other relevant details. In Q1 2023, Freddie Mac plans to publish (on the Reference Rates Transition webpage) a CUSIP-level list of securities impacted by this transition.

Single-Family ARM PCs and Giants

For Single-Family ARMs, Freddie Mac servicers will be instructed to transition to the all-in spread-adjusted Term SOFR reference rates recommended by the Federal Reserve Board, administered by CME Group Benchmark Administration, Ltd. (CME) and published by Refinitiv Limited, which include a one-year transition period. After June 30, 2023, as loans in the ARM PCs and Giants adjust, the appropriate replacement index (i.e., applicable tenor of Term SOFR plus transition spread adjustment) will be used.

Single-Family PCs and Giants bear interest at a pass-through coupon that adjusts monthly based on the weighted average of the interest rates of the underlying ARMs and PCs, respectively. The transition date of each legacy LIBOR-indexed ARM loan will depend on the characteristics of the loan, such as the next interest rate reset date and loan interest rate lookback period. In addition, there are a handful of loans that may be disclosed with an adjusted margin upon replacement of the index.

For Single-Family ARM PCs and Giants, the index is disclosed as an enumerated code at the loan and security level in the monthly disclosure files. With this transition, the LIBOR index codes will not change, but the descriptions will be updated to reflect the appropriate all-in spread-adjusted Term SOFR. The

index codes and descriptions are described in Appendix A of the [single-family disclosure guide](#). After June 30, 2023, the following LIBOR index codes will be updated in the disclosure guide to reflect the applicable replacement indices:

Index Code	Existing Description	Updated Description	Refinitiv Instrument Code (RIC)
36	LIBOR_1MO_WSJ	Refinitiv USD IBOR Consumer Cash Fallback 1-Month (CME Term SOFR)	USDCFCFCTSA1M=
38	LIBOR_1YR_WSJ_DLY	Refinitiv USD IBOR Consumer Cash Fallback 12-Month (CME Term SOFR)	USDCFCFCTSA1Y=
42	LIBOR_6MO_WSJ	Refinitiv USD IBOR Consumer Cash Fallback 6-Month (CME Term SOFR)	USDCFCFCTSA6M=
43	LIBOR_6MO_WSJ_DLY	Refinitiv USD IBOR Consumer Cash Fallback 6-Month (CME Term SOFR)	USDCFCFCTSA6M=
44	LIBOR_6MO_WSJ_MNTH_AVG	Refinitiv USD IBOR Consumer Cash Fallback 6-Month (CME Term SOFR)	USDCFCFCTSA6M=
02	CD_6MO_SEC_M_RKT_MNTH_AVG*	Refinitiv USD IBOR Consumer Cash Fallback 6-Month (CME Term SOFR)	USDCFCFCTSA6M=

*Previously transitioned to 6-Month LIBOR

Impacted ARM PC and Giant monthly disclosure files:

- 1) Monthly Loan Level File 2 (auYYMMDD)
- 2) Monthly Security Core File (arYYMMDD)

Additionally, the [Prefix Library](#) on Freddie Mac's MBS webpage will be updated to reflect the replacement index for all LIBOR-related 30-year ARM PC prefixes. Appendix A provides the existing and updated product descriptions for each LIBOR-related prefix.

For questions, please contact Freddie Mac Investor Inquiry at investor_inquiry@freddiemac.com.

Appendix A:

Single-Family 75-Day ARM PC Product/Prefix Descriptions

75-Day Prefix	75-Day Pool Number Range	Existing 75-Day Product Description	Updated 75-Day Product Description
87	870001-879999	Various LIBOR, Various Caps	Various Refinitiv IBOR Consumer Fallback (CME Term SOFR) , Various Caps
96	960001-969999	Various LIBOR, Payment Capped	Various Refinitiv IBOR Consumer Fallback (CME Term SOFR) , Payment Capped
1A	1A0001-1A9999	Semi Annual 6-Month LIBOR, Hybrid ARMs, Various Caps	6mo Refinitiv IBOR Consumer Fallback (CME Term SOFR) , Hybrid ARMs, Various Caps
1B	1B0001-1B9999	Annual 1-Year LIBOR, Hybrid ARMs, Various Caps	12mo Refinitiv IBOR Consumer Fallback (CME Term SOFR) , Hybrid ARMs, Various Caps
1C	1C0001-1C9999	Annual 1-Year LIBOR, 2% Cap, Non-Convertible	12mo Refinitiv IBOR Consumer Fallback (CME Term SOFR) , 2% Cap, Non-Convertible
1E	1E0001-1E9999	Annual 1-Year LIBOR, 2% Cap, Convertible	12mo Refinitiv IBOR Consumer Fallback (CME Term SOFR) , 2% Cap, Convertible
1G	1G0001-1G9999	Annual 1-Year LIBOR, Initial Interest Hybrid ARMs, Various Caps	12mo Refinitiv IBOR Consumer Fallback (CME Term SOFR) , Initial Interest Hybrid ARMs, Various Caps
1J	1J0001-1J9999	Annual 1-Year LIBOR, 10-Year Initial Interest Hybrid ARMs, Various Caps	12mo Refinitiv IBOR Consumer Fallback (CME Term SOFR) , 10yr Initial Interest Hybrid ARMs, Various Caps
1M	1M0001-1M9999	Semi Annual 6-Month LIBOR, Initial Interest Hybrid ARMs, Various Caps	6mo Refinitiv IBOR Consumer Fallback (CME Term SOFR) , Initial Interest Hybrid ARMs, Various Caps
1N	1N0001-1N9999	Semi Annual 6-Month LIBOR, 10-Year Initial Interest Hybrid ARMs, Various Caps	6mo Refinitiv IBOR Consumer Fallback (CME Term SOFR) , 10yr Initial Interest Hybrid ARMs, Various Caps
2B	2B0001-2B9999	Annual 1-Year LIBOR, Hybrid ARMs, Various Caps	12mo Refinitiv IBOR Consumer Fallback (CME Term SOFR) , Hybrid ARMs, Various Caps



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