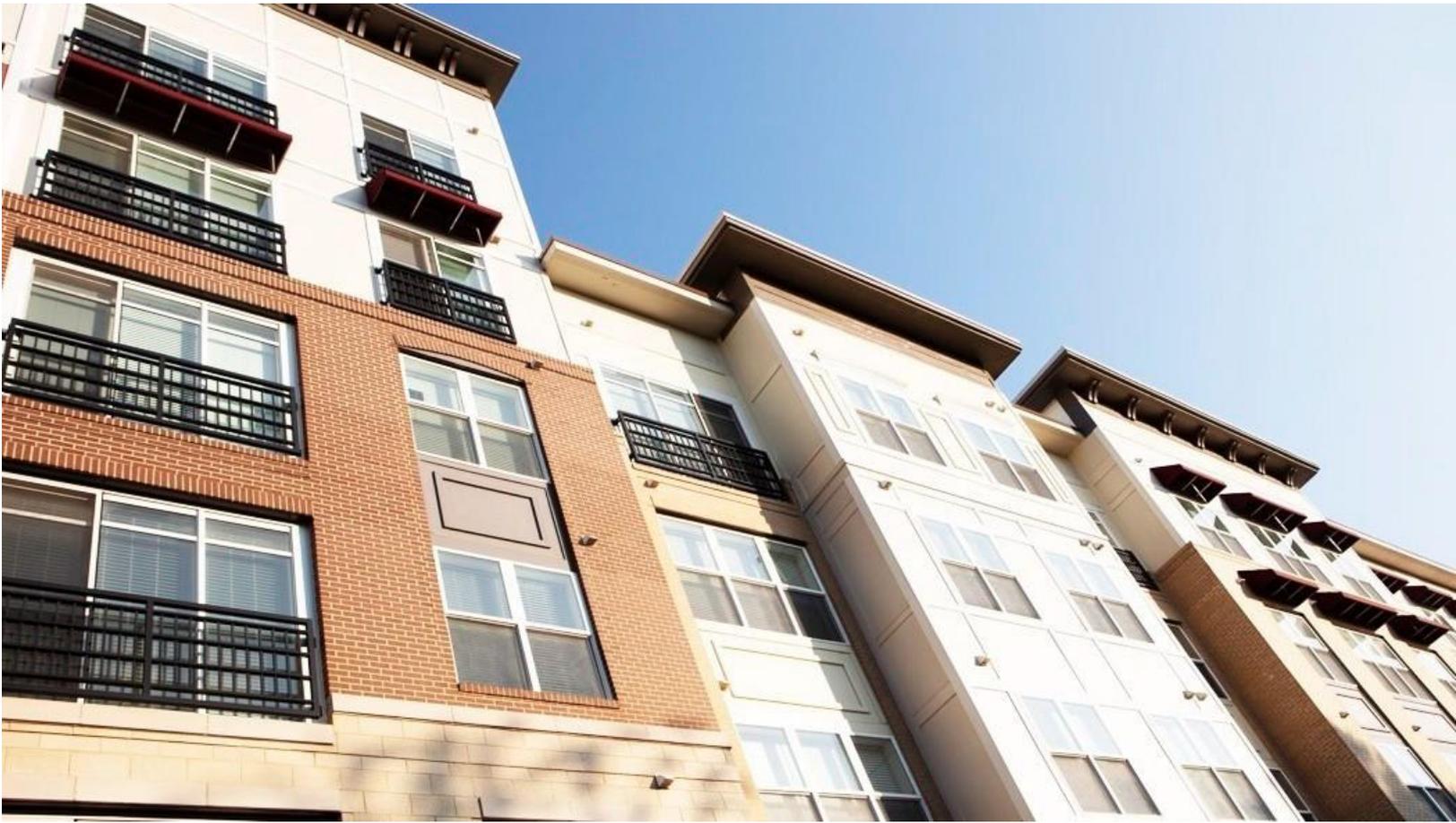




Fannie Mae™

Freddie Mac



LIBOR Transition Playbook

Single-Family Adjustable-Rate Mortgages (ARM)

October 2021



Changes Summary

The table below details the list of changes since the April 2021 version of the playbook published on the Fannie Mae and Freddie Mac websites.

| Section | Summary of changes |
|---|--|
| 2. Single-Family (“SF”) ARMs and Securities | <ul style="list-style-type: none"> ▪ Figure 2-1: Added a milestone for the ARRC’s selection of Refinitiv as the vendor for replacement rates and updated language in timeline ▪ 2.4 Preparation for SF SOFR ARMs: Updated Freddie Mac’s Loan Product Advisor timelines; updated language around 30-day Average SOFR Hybrid ARM Index codes and the SF MBS Disclosures Guide; removed Freddie Mac’s guidance to sellers on IFI J23 for non-SOFR-indexed ARMs ▪ 2.5 Transition Existing SF LIBOR ARMs: Added a statement for servicers about non-standard notes |

❖ Legal Information and Disclaimer

Information in the LIBOR Transition Playbook is preliminary and subject to revision and updates from time to time. This document is an indicative summary of our preliminary analysis regarding the potential upcoming LIBOR transition. This document and the analysis may be amended, superseded or replaced by subsequent summaries or actions. The analyses, preliminary views and opinions expressed herein are based on certain assumptions that also are subject to change. Readers should rely on the information contained in the loan documentation, securities offering documents and operative documents, etc. in order to evaluate the rights and obligations for each such loan or security. As a reminder, Fannie Mae and Freddie Mac (the “GSEs”) are in separate conservatorships and their conservator (“FHFA”) has the authority to direct either or both GSEs to take whatever actions it deems appropriate in respect of any LIBOR transition and product or contract.

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2. Single-Family (“SF”) ARMs and Securities

2.1 Introduction

The GSEs have taken the following steps, under FHFA’s guidance, to prepare for the transition from LIBOR for SF ARMs:

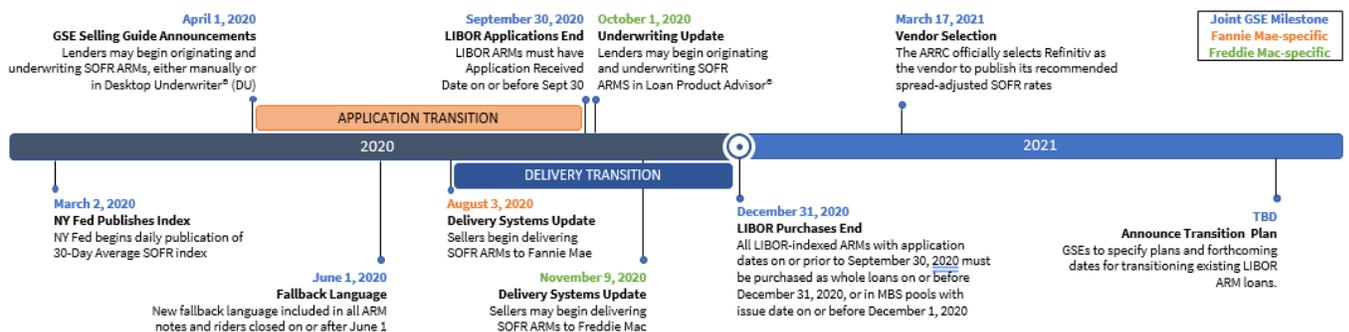
- Updated existing uniform ARM notes and riders to include fallback and trigger language as recommended by the ARRC
- Designed (in conjunction with the ARRC) new SF ARMs that use the NY Fed’s 30-day compound average of SOFR (“30-day Average SOFR”) as the underlying index
 - Fannie Mae began accepting delivery of SOFR-indexed ARMs on August 3, 2020, and Freddie Mac began underwriting SOFR-indexed ARMs on October 1, 2020 and accepting delivery of SOFR-indexed ARMs on November 9, 2020
- Stopped accepting delivery of LIBOR-indexed ARM MBS/Guarantor PCs (with the last issue date being December 1, 2020 and the last ARM settlement date being December 31, 2020)
- Stopped cash/whole loan purchase of LIBOR-indexed ARMs after December 31, 2020
- Started discussing strategies for the transition of existing LIBOR-indexed ARMs
- The following chapter will help you understand:
 - Key milestones for the SF ARM LIBOR transition
 - Differences and similarities between LIBOR-indexed vs. SOFR-indexed ARMs
 - How to prepare for origination, selling, servicing and securitization of SOFR-indexed ARMs
 - How to prepare for the cessation of LIBOR-indexed ARM purchases and issuance of MBS/Guarantor PCs
 - High-level considerations for transitioning existing LIBOR-indexed ARMs to an ARR

2.2 SF Transition Milestones

The GSEs defined and met key dates related to the origination, commitment, pricing and delivery processes for SOFR-indexed ARMs, as well as dates for the cessation of LIBOR-indexed ARM purchases and related securitizations. The GSEs are also working with industry participants (e.g., the ARRC) to develop a unified recommended strategy to transition existing LIBOR-indexed ARMs to an ARR.

Additional details and milestones for existing loans will be provided as they become available. Figure 2-1 identifies key transition milestones for SF ARMs.

Figure 2-1: SF ARMs Transition Timeline





2.3 SOFR-indexed ARM Characteristics

❖ LIBOR vs. SOFR ARMs

The GSEs designed SF SOFR-indexed ARM products in conjunction with other members of the ARRC Consumer Products Working Group. These products are based on the 30-day Average SOFR index as published by the [NY Fed](#). Sellers and Servicers are instructed to use the final/revised values of the index which are published daily at approximately 2:30 p.m. ET.

The primary features of SOFR-indexed ARMs and MBS/PCs that differ from LIBOR-indexed ARMs and MBS/PCs include:

- Interest rate index: 30-day Average SOFR
- Initial fixed period: varies, with a minimum initial fixed period of 3 years for SOFR- indexed ARMs
- Interest rate adjustment period: 6 months
- Interest rate adjustment cap: +/-1 percentage point (“%”) per subsequent adjustment period
- Margin: will likely differ due to basis and other market-based adjustments
- New ARM plans: introduced for SOFR (Fannie Mae)
- New Cash Contract and Guarantor Pooling Products: introduced to support SOFR- indexed ARMs (Freddie Mac)

Figure 2-2 summarizes key product features for both SOFR and LIBOR ARMs.

Figure 2-2: Key Product Features of LIBOR and SOFR ARMs

| Product Features | LIBOR ARMs | SOFR ARMs |
|---------------------------------|---|--|
| Interest rate index | 1-Year WSJ LIBOR | 30-day Average SOFR |
| Initial fixed period | 1, 3, 5, 7 or 10 years | 3, 5, 7 or 10 years (no 1-year initial fixed period) |
| Interest rate adjustment period | Changes every 1 year after initial fixed period | Changes every 6 months after initial fixed period |
| Lookback period | New rate determined 45 days in advance | <i>No change</i> |
| Cap at first adjustment | +/-2% for 3- and 5-year ARMs +/-5% for 7- and 10-year ARMs | <i>No change</i> |
| Cap at subsequent adjustments | +/-2% | +/-1% |
| Life cap | Up to 5% for Fannie Mae; Up to 5% for Freddie Mac | <i>No change for Fannie Mae</i> 5% for Freddie Mac |
| Margin (lender discretion) | 2.25% for Fannie Mae; Defined on Execution for Freddie Mac | Up to 3% for Fannie Mae Min 1%/Max 3% for Freddie Mac |

Fannie Mae has updated ARM plans and a Special Feature code (“SFC”) in support of the transition to SOFR, as detailed in Figure 2-3.

Figure 2-3: ARM Plans and Special Feature Codes for LIBOR and SOFR ARMs



| Plans and Codes | LIBOR ARMs | | SOFR ARMs |
|--|--|---|--|
| ARM plans submitted to Desktop Underwriter® (“DU”) | Import GEN3 GEN5 GEN7 GEN10 | DU User Interface FM GENERIC, 3 YR FM GENERIC, 5 YR FM GENERIC, 7 YR FM GENERIC, 10 YR | No change |
| ARM plans submitted to Loan Delivery | 2720-2729, 2737 and 3252 | | 4926, 4927, 4928, 4929 |
| SFC for notes with fallback language | 785 | | None: all SOFR- ARM notes will contain fallback language |

Freddie Mac has updated Cash Contract Products, Guarantor Security Products, Guarantor Product Types and an Investor Feature Identifier (“IFI”) in support of the transition to SOFR, as detailed in Figure 2-4.

Figure 2-4: Additional Guarantor and Investor Features for LIBOR and SOFR ARMs

| Feature | LIBOR ARMs | SOFR ARMs |
|---|--|---|
| Loan Product Advisor® | No product information is submitted | No changes |
| Contract products for Take Out ARM Cash Contract | 1/1 1Y LIBOR ARM 2/2/6 3/1 1Y LIBOR ARM 2/2/5 or 6 5/1 1Y LIBOR ARM 2/2/5 or 6 7/1 1Y LIBOR ARM 5/2/5 10/1 1Y LIBOR ARM 5/2/5 | 3Y 6M 30D Avg. SOFR ARM 2/1/5 5Y 6M 30D Avg. SOFR ARM 2/1/5 7Y 6M 30D Avg. SOFR ARM 5/1/5 10Y 6M 30D Avg. SOFR ARM 5/1/5 |
| Security Products for Take Out ARM Guarantor Contract | NonCnvert 1/1 1Y LIBOR ARM 2/2/2-6 NonCnvert 3/1 1Y LIBOR ARM 2/2/2-6 NonCnvert 5/1 1Y LIBOR ARM 2/2/2-6 NonCnvert 7/1 1Y LIBOR ARM 2/2/2-6 NonCnvert 7/1 1Y LIBOR ARM 5/2/5-6 NonCnvert 10/1 1Y LIBOR ARM 2/2/2-6 NonCnvert 10/1 1Y LIBOR ARM 5/2/5-6 | NonCnvert 3Y 6M 30D Avg. SOFR ARM 2/1/5 NonCnvert 5Y 6M 30D Avg. SOFR ARM 2/1/5 NonCnvert 7Y 6M 30D Avg. SOFR ARM 5/1/5 NonCnvert 10Y 6M 30D Avg. SOFR ARM 5/1/5 |
| Product types for Take Out ARM Guarantor Contract | 1/1 ARM LIBOR 3/1 ARM LIBOR 5/1 ARM LIBOR 7/1 ARM LIBOR 10/1 ARM LIBOR | 3/6 SOFR ARM 5/6 SOFR ARM 7/6 SOFR ARM 10/6 SOFR ARM |
| IFI for notes with fallback language | J23 | None: all SOFR ARM notes will contain fallback language |

For more background on how the new SOFR-indexed ARM was developed, refer to the [Options for Using SOFR in Adjustable Rate Mortgages](#) published by the NY Fed in July 2019.

❖ SOFR ARM Index Calculation

SOFR-indexed ARMs are based on the 30-day Average SOFR index, as published by the NY Fed. The 30-day Average SOFR index is a compounded average of overnight SOFR over the preceding 30 calendar



days.

❖ **SOFR ARM Index Source**

The NY Fed publishes the 30, 90, and 180-day compounded SOFR averages daily.

❖ **SOFR ARM Interest Rate Calculation**

There is no change as to how the borrower interest rate will be calculated when using 30-day Average SOFR.

2.4 Preparation for SF SOFR ARMs

❖ **Originating and Underwriting SF SOFR ARMs**

Generally, the processes for originating and underwriting SOFR ARMs will be like the existing processes used to originate and underwrite ARMs tied to any other index, and all existing conventional ARM requirements will apply to SOFR ARMs.

❖ **Key Concepts**

The GSEs have made multiple specification updates in the latest versions of their automated underwriting systems (“AUS”) in support of SOFR ARMs, including adding a new enumeration to represent the use of 30-day Average SOFR.

Fannie Mae has applied the specification updates noted below to DU Specification MISMO 3.4 (DU Spec), while Freddie Mac applied specification updates to Loan Product Advisor specifications v5.0.06 . Other existing data requirements (e.g., for margin and index value) will still be required unless otherwise noted.

Lenders should note the following AUS updates when preparing for the origination and underwriting of SOFR-indexed loans.

Figure 2-5: GSE Automated Underwriting Systems Supporting SOFR ARMs

| Requirements | Fannie Mae SOFR ARMs | Freddie Mac SOFR ARMs |
|-----------------|---|---|
| Update timeline | Specification updates complete | <ul style="list-style-type: none"> Loan Product Advisor v5.0.06 |
| AUS version | DU Specification MISMO 3.4 (DU Spec) ¹ | LPA v5.0.06 |
| Enumerations | <ul style="list-style-type: none"> “30DayAverageSOFR” added for IndexSourceTypeDescription Note: Use of enumeration is optional, as DU does not require identification of a specific ARM index for underwriting evaluation | <ul style="list-style-type: none"> “30DayAverageSOFR” added for IndexSourceTypeDescription |

¹ Fannie Mae’s EarlyCheck system also uses the DU input file. The guidance provided for DU submissions is also applicable to EarlyCheck.



| Requirements | Fannie Mae SOFR ARMs | Freddie Mac SOFR ARMs |
|---------------|--|--|
| ARM index | <ul style="list-style-type: none"> Populate IndexSourceType using “Other” in DU Users have the option to populate IndexSourceTypeOtherDescription with “30DayAverageSOFR” | <ul style="list-style-type: none"> Lenders to use the following data points in Loan Product Advisor: <ul style="list-style-type: none"> IndexSourceType = “Other” IndexSourceTypeOtherDescription = “30DayAverageSOFR” The data point IndexSourceType will continue to be required for all ARMs |
| ARM plan data | <ul style="list-style-type: none"> Users are still required to submit ARM plans in DU for underwriting evaluation Submit generic ARM plans using the InvestorProductPlanIdentifier field Do not submit lender ARM plan data or SOFR ARM plan numbers | N/A |

In addition, Lenders should note the following with respect to Uniform MortgageData Program (“UMDP”) requirements:

- No updates are necessary for the Uniform Loan Application Dataset (“ULAD”), since ARM indexes are not displayed on the Uniform Residential Loan Application (“URLA”)
- There are no planned updates for the Uniform Closing Dataset (“UCD”)
- The new SOFR index will be delivered using IndexType = “Other” and IndexTypeOtherDescription = SOFR
- Data point names for each GSE’s AUS vs. the UCD are different

For more information on existing SOFR impacts on UMDP requirements, [refer to this link](#).

Figure 2-6: Originating and Underwriting Necessary Actions

| Focus area | Necessary actions |
|---------------|--|
| Documentation | <ul style="list-style-type: none"> Update FAQs and borrower ARM disclosure documentation Update closing instructions and/or train closing agents, escrow agents and closing attorneys Review updated procedures for printed vs. eNotes Test printing of all updated documents (e.g., notes, riders, Closing Disclosure, other disclosures) Update training manuals for origination staff including originators, processors, underwriters, closers, post-closers, and QC Update broker and correspondent lending training manuals, policies and documentation |



| Focus area | Necessary actions |
|--|--|
| Lender systems, processes and training | <ul style="list-style-type: none"> ▪ Maintain awareness of new field options for standard ARM enumerations (e.g., index type and rate reset period) ▪ Update Loan Origination System (“LOS”) /vendor systems with new SOFR ARM-related enumerations ▪ Update LOS product, eligibility and pricing rules ▪ Develop and implement pricing, hedging and execution strategies ▪ Provide training for staff including originators, processors, underwriters, closers, post-closers and QC <ul style="list-style-type: none"> ○ SOFR adjusts every 6 months, not every year ○ The minimum initial fixed period for SOFR loans is three years ▪ Provide communications and/or training for brokers, correspondents, eNote vaults, electronic registries, Document Preparation (“Doc Prep”) and other third-party vendors |
| GSE systems | <ul style="list-style-type: none"> ▪ Directly integrated lenders, LOS and other third-party vendors should be coordinating with each GSE to update their interfaces to accommodate new SOFR ARM products |
| Document custodian | <ul style="list-style-type: none"> ▪ Remember that as part of the note certification process, the GSEs require that the Custodian verify, for ARM Notes with the revision date “(rev. 2/20)”, the Lifetime Floor is equal to the ARM’s Margin as stated in the note; if it does not, the discrepancy will be reported as a documentation issue and the Note will not be certified for sale <ul style="list-style-type: none"> ○ This information is reflected in Fannie Mae’s ARM Plans, and an annual update of Freddie Mac’s Document Custody Procedures Handbook will reflect this requirement |

❖ **Helpful Links**

For more information on origination and underwriting, refer to the following resources:

Fannie Mae

- [ARM Plan Matrix](#)
- [ARM Note Riders and Addenda](#)
- [Legal Documents web page](#)

Freddie Mac

- [Freddie Mac’s Guide Chapter 4401](#)
- [Freddie Mac’s Single-Family Uniform Instruments website](#)

❖ **Selling and Delivering SOFR ARMs**

Generally, the processes for selling and delivering SOFR ARMs is the same as the existing processes used to sell and deliver ARMs tied to any other index. Sellers will see additional dropdown options available in GSE systems to reflect the addition of new SOFR offerings, as applicable.

All existing, conventional ARM requirements apply to SOFR ARMs, including existing Uniform Loan Delivery Dataset (“ULDD”) requirements. For more information on existing UMDP requirements as well as updates to support the transition to the SOFR ARM index, [refer to this link](#).



❖ Key Concepts

The GSEs have updated their respective ULDD specifications in support of SOFR ARMs, like updates made for AUS specifications. Users should note the following updates when preparing to sell SOFR-indexed loans to the GSEs.

Figure 2-7: Updates for Selling and Delivering SOFR-Indexed Loans to the GSEs

| Requirements | Fannie Mae SOFR-indexed ARMs | Freddie Mac SOFR-indexed ARMs |
|-----------------|--|---|
| Update timeline | <ul style="list-style-type: none"> Loan Delivery system updates were made available August 3, 2020 | <ul style="list-style-type: none"> Loan Selling Advisor system updates were made available November 9, 2020 |
| Enumerations | <ul style="list-style-type: none"> “30DayAverageSOFR” added to IndexSourceTypeDescription | <ul style="list-style-type: none"> “Other” added to IndexSourceType “30DayAverageSOFR” added to IndexSourceTypeDescription |
| ARM Index Data | <ul style="list-style-type: none"> The new index will be delivered using IndexSourceType = “Other” IndexSourceTypeOtherDescription = “30DayAverageSOFR” | <ul style="list-style-type: none"> IndexSourceTypeDescription added as a data point The new index will be delivered using IndexSourceType = “Other” plus IndexSourceTypeOtherDescription = “30DayAverageSOFR” |
| ARM plan data | <ul style="list-style-type: none"> Sellers should submit one of the published SOFR ARM plan numbers in the ULDD sent to Loan Delivery and/or EarlyCheck; do not submit “Lender ARM Plan” or DU generic ARM plans | N/A |

The GSEs have also updated reference product labels, ARM plans, subtypes and pool prefixes as applicable for new SOFR-indexed loans and securities. Refer to the “Securitization of SF SOFR ARMs” section below for more detail.

Figure 2-8: Necessary Actions for Selling and Delivering SOFR ARMs

| Focus areas | Necessary actions |
|--|---|
| Seller systems, processes and training | <ul style="list-style-type: none"> Train Capital Markets/Secondary Marketing staff to use new pricing screens available for SOFR ARM whole loan commitments, including guaranty fee amounts (“G-fee” amounts for Fannie Mae and Credit Fee in Yield amounts for Freddie Mac) Identify source for current SOFR rates and update internal system feeds Ensure SOFR-indexed ARM interest rates are distributed via all existing methods to all channels Update LOS product, eligibility and pricing rules Develop and implement pricing, hedging and execution strategies Provide training for staff (e.g., capital markets/secondary, post- closers, shippers and investor relations) on all aspects of new products Provide communications and/or training for brokers, correspondents, document custodians, warehouse lenders, disbursement agents, eNote vaults, electronic registries, document file preparers and other third-party vendors GSEs’ loan delivery UIs are available for manual data entry, if needed |



| Focus areas | Necessary actions |
|-------------|---|
| GSE systems | <ul style="list-style-type: none"> ▪ Maintain awareness of how SOFR ARM characteristics are reflected in existing pricing, execution, committing and delivery applications: <ul style="list-style-type: none"> ○ Pricing menu options for cash execution ○ G-fee pricing menu options for MBS execution ○ Additional options for enumerations and ARM Plans for SOFR-indexed ARM loans (<i>Fannie Mae only</i>) ○ Additional Cash Contract Products, Guarantor Security Products, and Guarantor Product Types for SOFR-indexed ARMs (<i>Freddie Mac only</i>) |

❖ **Helpful Links**

For more information on LIBOR transition impacts to selling and delivering SOFR ARMs, refer to:

- [Fannie Mae’s Selling Guide](#)
- [Fannie Mae’s Single-Family Servicing Guide](#)
- [Freddie Mac’s Seller/Servicer Guide](#)

❖ **Securitization of SF SOFR ARMs**

The GSEs developed new pool prefixes, subtypes and documentation language to support the securitization of SOFR-indexed ARMs. Impacted parties should be ready to operationalize these changes when involved in the purchase, trading or investor reporting of SOFR MBS/PCs and Megas/Giants.

❖ **Key Concepts**

The GSEs introduced new prefixes and subtypes for MBS/Megas and PCs/Giants as outlined in Figure 2-9.

Figure 2-9: New Prefixes and Subtypes for GSE MBS/Megas and PCs/Giants

| Product | Fannie Mae | | | Freddie Mac | |
|---------|------------|-----------------|-------------|-------------|-------------------|
| | Prefix | ARM plan number | ARM subtype | Prefix | Pool number range |
| 3-Year | SO | 4926 | 85A | 8A | 8A0001-8A9999 |
| 5-Year | SO | 4927 | 85B | 8B | 8B0001-8B9999 |
| 7-Year | SO | 4928 | 85C | 8C | 8C0001-8C9999 |
| 10-Year | SO | 4929 | 85D | 8D | 8D0001-8D9999 |

Freddie Mac is using the existing pool prefix for 30-day Average SOFR ARM Giant PCs.

Figure 2-10: Existing Freddie Mac Pool Prefix for 30-day Average SOFR ARM Giant PCs

| Product description | Prefix | Pool number range |
|--------------------------------|--------|-------------------|
| Various indices, WAC ARM Giant | 84 | 840001-849999 |

In addition, the 30-day Average SOFR Hybrid ARM Index codes were created by each GSE for MBS/PC



and Mega/Giants disclosure purposes:

- Fannie Mae introduced a new index code (061) and new subtypes for 30-day Average SOFR which is reflected in its existing MBS disclosure files and referenced in its [Single-Family MBS Disclosures Guide](#) and [Subtype webpage](#).
- Freddie Mac added code 61 for 30-day Average SOFR. This Index code will be disclosed via the existing disclosure field for loan level (ID L-046) and security level (ID S-51). Refer to the [Single-Family Disclosure Guide](#) for disclosure file details.

SF legal documentation, including MBS Disclosures, Prospectus and Prospectus Supplements have been updated to include SOFR as an index.

❖ **Eligible collateral for Freddie Mac new issue ARM Giant PCs**

The [45-day Fixed-rate and 75-day ARM Giant Collateral Prefix Eligibility Chart](#) has been updated to include 30-day Average SOFR-indexed ARMs. In addition, the existing [ARM Giant PC pooling rules](#) are available on Freddie Mac’s Mortgage-Backed Securities website.

Figure 2-11: Necessary Actions for Updates to Eligible Collateral for ARM Giant PC

| Focus areas | Necessary actions |
|---------------|--|
| Documentation | Note updates to base language in prospectus documents, including new index codes |
| GSE systems | Note the inclusion of a new pool prefix, subtypes and index code to represent new SOFR ARM characteristics |

❖ **Helpful Links**

For more information on LIBOR transition impacts on securitization of SOFR ARMs, refer to the following resources:

- [Fannie Mae’s Pool Prefix Glossary](#)
- [Fannie Mae’s ARM MBS Subtypes](#)
- [Fannie Mae’s updated MBS Prospectus language](#)
- [Freddie Mac’s Prefix Library](#)

❖ **Servicing SF SOFR ARMs**

While a new underlying index will be used to calculate borrower payments, the calculations themselves will not change.

❖ **Key Concepts**

Servicers will need to incorporate the new SOFR index into calculations and reconciliations for borrower payments; however, the calculations are not changing.

Servicers will need to incorporate the SOFR index into their current rate and payment adjustment processes.

Figure 2-12: Necessary Actions for Servicing SOFR ARMs



| Focus areas | Necessary actions |
|---|--|
| Use of a new index in rate and payment calculations | Update and test systems, reporting and other processes or activities related to interest rate adjustment calculations to incorporate SOFR index product parameters. These include initial fixed period, current index value, margin, lookback period, and rounding method, plus the initial, subsequent and lifetime caps/ceilings and floors, underlying index, reset periods and subsequent caps |
| Transfer of servicing | Ensure that servicing transferees have the capability to service SOFR loans |

❖ **Helpful Links**

For more information on LIBOR transition impacts on servicing of SOFR ARMs, refer to:

- [Fannie Mae’s Single-Family Servicing Guide](#)
- [Freddie Mac’s Seller/Servicer Guide](#)

❖ **Cessation of purchase of SF LIBOR ARMs**

As of December 31, 2020, the GSEs have stopped purchasing LIBOR-indexed ARMs. Lenders, servicers and other relevant parties should have taken the necessary steps from a systems, process and training perspective to discontinue the origination and delivery of LIBOR ARMs.

❖ **Key Concepts**

- The GSEs no longer purchase LIBOR ARMs as whole loans for cash or in exchange for securities provided the related MBS/PC pools
- Fannie Mae: Sellers have been instructed to deliver SFC 785 for any non-SOFR-indexed ARMs with a note and rider containing new fallback language

❖ **Helpful Links**

For more information on LIBOR transition impacts on the ability to sell and deliver LIBOR ARMs, refer to:

- [Fannie Mae’s Selling Guide](#)
- [Freddie Mac’s Seller/Servicer Guide](#)

2.5 Transitioning existing SF LIBOR ARMs

The GSEs are continuing to work with the ARRC to define the timing and strategy for transitioning legacy LIBOR ARMs to an ARR (i.e., SOFR). The GSEs are coordinating closely with FHFA on this important matter. Additional details (including details around servicing requirements, legal/document updates and other impacts) will be released as the timeline and strategy are finalized.

Servicers are encouraged to identify any LIBOR ARM non-standard notes they may have in their respective GSE servicing books and contact the applicable GSE as soon as possible to discern if any specific accommodations are necessary.

For updates on industry efforts to advance the legacy transition, refer to the [ARRC’s website](#).



9. Summary of Prior Changes

| Section | Summary of changes |
|---|---|
| August 2020 | |
| 2. Single-Family (“SF”) ARMs and Securities | Updated language to reflect that Fannie Mae is now accepting delivery of SOFR-indexed ARMs |
| September 2020 | |
| 2. SF ARMs and Securities | <p>Updated the announcement regarding the last MBS/Guarantor PC issue date to indicate that it would be for LIBOR ARMs with a latest settlement date of Dec. 31, 2020</p> <p>Changed date from Nov. 16, 2020 to Nov. 9, 2020 for Loan Selling Advisor system updates and made a minor word change (i.e., “similar to” to “like”)</p> <p>Inserted language and dates regarding Loan Product Advisor’s availability</p> <p>Deleted “Fannie Mae only” and “Freddie Mac only” language under actions to consider in GSE systems for preparation for SF SOFR ARMs section</p> <p>Made a minor word change (i.e., “accept” to “purchase”) in Cessation of Purchase of SF LIBOR ARMs section</p> |
| October 2020 | |
| 2. SF ARMs and Securities | <p>Updated language to clarify that December 1, 2020 is the last issue date for LIBOR-indexed ARM MBS/Guarantor PCs to be delivered to the GSEs with a latest LIBOR-indexed ARM settlement date of December 31, 2020</p> <p>Updated language to indicate that the GSEs have stopped accepting LIBOR ARMs with Application Received Dates after September 30, 2020</p> <p>Updated the transition timeline graph to clarify the milestone description for December 31, 2020</p> <p>Deleted language calling out specific plan that the GSEs will stop purchasing after December 31, 2020</p> |
| November 2020 | |
| 2. SF ARMs and Securities | Updated the transition timeline graph to clarify delivery milestones in December 2020 and updated the transition of existing LIBOR ARM loans to TBD |
| April 2021 | |
| 2. SF ARMs and Securities | <ul style="list-style-type: none"> ▪ Updated transition timelines to reflect latest market announcements and consultations ▪ Updated and removed language to reflect the GSEs no longer purchasing SF LIBOR-indexed ARMs |