LIBOR Transition FAQs

Under the guidance of FHFA, Fannie Mae and Freddie Mac are providing jointly prepared answers to frequently asked questions related to the GSEs' respective transitions away from LIBOR-indexed products to SOFR-indexed products. The Enterprise section answers high-level questions applicable to all products followed by Q&A sections specific to Single-Family adjustable-rate mortgages and PCs/MBS, Credit Risk Transfer transactions, Multifamily adjustable-rate mortgages and securities, Credit Risk Transfer transactions, and Collateralized Mortgage Obligations.*

Please be aware that the federal Adjustable Interest Rate (LIBOR) Act (LIBOR ACT) became law on March 15, 2022. As required by the Act, the Board of Governors of the Federal Reserve System (Federal Reserve Board) published regulations identifying benchmark replacement rates based on SOFR on December 16, 2022. The regulations published by the Federal Reserve Board were used as guidance for the answers provided by Fannie Mae and Freddie Mac in this document.

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Summary of Changes

The table below details the list of changes since the June 2023 version of the FAQs published on the Fannie Mae and Freddie Mac websites.

Section	Summary of change
December 2023	
Contents	Updated disclaimer language to reflect FTSE and LSEG instead of Refinitiv
Enterprise	Q.12 Updated replacement rate table to reflect naming change to USD IBOR Consumer Cash Fallback indices (from “Refinitiv” to “FTSE”) and a note explaining the change Q.20 Added a question explaining impacts of Refinitiv rebranding
Single-Family Adjustable-Rate Mortgages (ARMs)	Q.22 Updated table to reflect naming change to USD IBOR Consumer Cash Fallback indices (from “Refinitiv” to “FTSE”)
Collateral Mortgage Obligations (CMOs)	Q.10 Added question explaining Fannie Mae CMO bond scenarios where the derivative (interest rate cap) and the CMO bond transitioned to different fallback rates

Enterprise

Q1. **Why is there a need for an alternative to LIBOR?**

LIBOR is an average rate derived from global banks submitting estimates of what it would cost them to secure funding on an unsecured basis for a number of tenors (periods) ranging from overnight to one year. Over the past decade, inter-bank lending has shifted from unsecured to secured lending and the activities that underpin LIBOR have declined significantly. That has reduced LIBOR's robustness and representativeness and made LIBOR a less reliable indicator of economic activity.

In 2017, Andrew Bailey, the Chief Executive of the United Kingdom's Financial Conduct Authority (FCA), stated that the FCA would no longer require banks to submit quoted rates for the calculation of LIBOR after December 31, 2021. The continued existence of LIBOR has depended on banks voluntarily choosing to submit such information. See Qs 2 and 3 below for further details on when LIBOR is expected to cease.

While the precise volume of transactions in markets underlying the calculation of LIBOR is unknown, as of 2019, estimates showed that on a typical day, the volume of three-month wholesale funding transactions by major global banks was only about $500 million.

LIBOR has served as the principal reference rate for a wide variety of financial products, and has been tied to USD $200 trillion of financial transactions in the U.S. and USD $300 trillion worldwide. Cessation of LIBOR without an alternative reference rate would leave the market without an underlying rate. Given the large number of transactions and dollar volumes that are underpinned by LIBOR, this would cause significant market disruption.

Q2. When is LIBOR going away?

1-week and 2-month USD LIBOR ceased being published after December 31, 2021. All other USD LIBOR tenors either will cease to be published or will be deemed no longer representative after June 30, 2023 (per the FCA).

The FCA does not expect that any USD LIBOR setting will become unrepresentative before June 30, 2023. The spread adjustments for USD LIBOR fallback rates for derivatives and non-consumer cash products were set as of March 5, 2021.

Nonetheless, on October 20, 2021, U.S. regulators including the Federal Reserve Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency issued a statement that urged market participants to "transition away from U.S. dollar (USD) LIBOR as soon as practicable and in any event by December 31, 2021."

Q3. What is SOFR?

The Secured Overnight Financing Rate (SOFR) is based on actual transactions in the U.S. Treasury repurchase (repo) market, one of the largest markets in the world. This is the market where borrowers can sell their U.S. Treasury bond assets to investors with a promise to repurchase them the following day, thus effectively creating an overnight loan where the collateral is U.S. Treasury bond assets.

SOFR is the preferred alternate reference rate for USD-denominated LIBOR contracts, as selected by the Alternative Reference Rates Committee (ARRC) (see Q6 below for a description of the ARRC), because SOFR is based on actual transactions in a market where extensive trading happens every day. In contrast, LIBOR is based on estimates of interbank borrowing rates in the London market provided by global banks that agree to serve as LIBOR panel banks.

The Federal Reserve Bank of New York (New York Fed) began publishing SOFR in April 2018 as part of an effort to replace LIBOR and has stated that SOFR complies with the governance standards of the International Organization of Securities Commissions (IOSCO).

For information on SOFR and how the SOFR daily benchmark rate is determined and published by the New York Fed click here.

Q4. How is SOFR different than LIBOR?

The transaction volumes underlying SOFR are far larger than the transactions in any other U.S. money market and significantly exceed the volumes underlying LIBOR. SOFR is a representation of general funding conditions in the overnight U.S. Treasury repo market. As such, SOFR reflects the economic cost of lending and borrowing relevant to the wide array of market participants active in the U.S. Treasury repo market.

The ARRC believes that SOFR is the most appropriate reference rate for wide-spread and long-term adoption because, among other reasons, it:

- Is IOSCO compliant;
- Is fully transaction-based;
- Encompasses a robust underlying repo market with more than $1 trillion in daily transactions;
- Is an overnight, nearly risk-free reference rate that correlates closely with other money market rates; and
- Covers multiple repo market segments allowing for future market evolution.

Q5. Where is SOFR published?

The New York Fed, as administrator of SOFR and in cooperation with the Treasury Department's Office of Financial Research, publishes the 30-, 90-, and 180-day SOFR compound averages ("30-day Average SOFR", "90-day Average SOFR", "180-day Average SOFR") as well as an overnight SOFR index. These indices are available here.

Potential users of the SOFR Averages and Index can subscribe here to receive alerts and updates from the New York Fed.

Q6. What is the ARRC?

The ARRC is a group of private-market participants convened by the Federal Reserve Board and the New York Fed to help ensure a successful transition from USD LIBOR to a more robust reference rate, its recommended alternative, SOFR. The ARRC is comprised of a diverse set of private-sector entities, including trade associations, each with an important presence in markets affected by USD LIBOR, and a wide array of official-sector entities, including banking and financial sector regulators, as non-voting ex-officio members. Both Fannie Mae and Freddie Mac are members of the ARRC and participate in many of its working groups. FHFA, the conservator and regulator of Fannie Mae and Freddie Mac, is a non-voting ex-officio member of the ARRC.

For more information on the ARRC, visit their website here.

Q7. How are the GSEs preparing for the LIBOR transition internally?

Both GSEs have program offices focused solely on the LIBOR transition that coordinate across all products, business areas and functions within the Enterprises as well as with customers and vendors. There are also individual workstreams responsible for implementing LIBOR transition across the various products.

The GSEs are also both members of the ARRC and participate in many of its working groups.

Q8. What GSE products are affected?

Any floating-rate product currently referencing LIBOR is affected, including: Single-Family ARMs and PCs/MBS backed by such ARMs, Multifamily ARMs and Securities, Single-Family CAS (for Fannie Mae) and Single-Family STACR (for Freddie Mac), Multifamily CAS (MCAS) (for Fannie Mae), Collateralized Mortgage Obligations (CMOs), early funding, Structured Transactions, floating-rate debt, and derivatives. We are evaluating each product independently and are making decisions that are appropriate for that product to enable the transition from LIBOR.

Q9. What is a legacy LIBOR product?

Legacy LIBOR products are any outstanding adjustable-rate mortgages and adjustable-rate products that currently reference LIBOR. These mortgages, transactions, securities, etc. will be transitioned to a new index in response to the cessation of LIBOR.

Q10. Have the GSEs selected SOFR as the replacement index for *new* floating rate products?

We support the ARRC's recommendation to replace LIBOR with a new index based on SOFR. As such, we ceased issuing new products based on LIBOR and issue new floating rate products indexed to SOFR. Please see the Fannie Mae and Freddie Mac LIBOR Transition websites for all announcements that have been made, including additional details on each product's launch. Please see below for a summary of the GSEs' existing and future plans regarding SOFR-indexed products.

- Corporate debt securities:
  - Both GSEs have issued SOFR-linked debt offerings.
  - Fannie Mae issued the market's first ever SOFR debt issuance in July 2018. Freddie Mac has issued corporate SOFR debt since November 2018.
- Single-Family and Multifamily Adjustable-Rate Mortgages (ARMs):
  - Fannie Mae issued the market's first-ever Single-Family and Multifamily MBS backed by SOFR ARMs, with trade dates on October 23rd and September 10th in 2020, respectively. Fannie Mae began accepting deliveries of Single-Family ARM loans indexed to SOFR beginning August 3, 2020. Fannie Mae began pricing Multifamily SOFR ARM products on September 1, 2020 and began accepting delivery of Multifamily SOFR ARMs on October 1, 2020.
  - Freddie Mac began accepting deliveries of Single-Family ARM loans indexed to SOFR as of November 9, 2020, under the cash and securitization executions.
  - Freddie Mac began issuing quotes for Multifamily SOFR-indexed floating rate loans to all of its Optigo® Lenders on September 1, 2020, and purchased its first SOFR indexed loan at the end of September 2020.
  - The GSEs no longer purchase Single-Family or Multifamily ARMs indexed to LIBOR as of

December 31, 2020.
    - The GSEs have ceased, effective June 30, 2022, resecuritizing existing LIBOR-indexed MBSs/PCs and Megas/Giants into new LIBOR-indexed MBSs/PCs and Megas/Giants.
- Single-Family and Multifamily Credit Risk Transfer (CRT):
    - Fannie Mae issued its first SOFR-based Single-Family CRT in October 2021; Fannie Mae is operationally ready to issue its first SOFR-indexed Multifamily CRT in the future depending on market and/or business needs.
    - Freddie Mac issued the first SOFR-based STACR in October 2020 and ceased issuing LIBOR-based STACR at the same time. Freddie Mac issued the first Multifamily SOFR-based MF CRT, MSCR 2021-MN1, on January 26, 2021.
    - Fannie Mae ceased issuing LIBOR-indexed Single-Family and Multifamily CRT products as of the end of the fourth quarter of 2020. Freddie Mac does not intend to issue any LIBOR-indexed Multifamily CRT products.
- Collateralized Mortgage Obligations (CMOs) (i.e., REMICs and Strips):
    - The GSEs began offering SOFR-indexed CMOs beginning in July 2020.
    - The GSEs have ceased issuing new LIBOR-indexed CMOs.
    - The GSEs have ceased, effective June 30, 2022, resecuritizing existing LIBOR-indexed CMOs into new LIBOR-indexed CMOs.
- Freddie Mac Multifamily K-Deals
    - As of December 2020, Freddie Mac began issuing Multifamily K-Deals with SOFR-indexed bonds collateralized by SOFR-based loans.

Q11. What does the Federal LIBOR legislation signed into law in March 2022 mean for the GSEs?

The LIBOR Act requires the Federal Reserve Board to publish regulations identifying a "Board-selected benchmark replacement" (as defined by the LIBOR Act) based on SOFR. On December 16, 2022, the Federal Reserve Board adopted regulation implementing the LIBOR Act. The LIBOR Act and the Board's implementing regulation establish a clear and uniform process, on a nationwide basis, for replacing LIBOR in existing contracts that do not provide for the use of a clearly defined or practicable replacement benchmark rate or which authorize a determining person to select a benchmark and that person selects the Federal Reserve Board-selected benchmark replacement. Under the LIBOR Act, the Federal Reserve Board-selected replacement benchmark for consumer loans will incorporate the spread adjustment gradually over a one-year period. This phased-in transition is meant to avoid abrupt changes in interest rates for consumers. For all non-consumer loan LIBOR products, the LIBOR Act incorporates a spread adjustment but does not use a phase-in transition period for that adjustment.

The LIBOR Act is found in Division U of the Consolidated Appropriations Act, 2022 (see pp 777-786). The Federal Reserve Board's final regulation is found here.

Q12. Have the GSEs chosen SOFR as the replacement index for *legacy* LIBOR products?

The Adjustable Interest Rate (LIBOR) Act provides that a default alternative benchmark selected by the Federal Reserve Board based on SOFR will apply for any contract that does not contain a fallback provision for LIBOR or specify a determining person, and provides a safe harbor from liability if a contract authorizes a determining person to select an alternative benchmark and that person selects the Federal Reserve Board's default alternative benchmark. The LIBOR Act also requires that the Federal Reserve Board promulgate rules that specify any conforming changes that should be made to effectuate the change from LIBOR to the Federal Reserve Board-selected benchmark replacement rates. The Federal Reserve Board published its final rulemaking on December 16, 2022. Using this rulemaking as guidance, and in line with

FHFA guidance, the GSEs will transition their respective legacy LIBOR-indexed single-family adjustable-rate mortgages (ARMs) (and, as a result, related pass-through PCs and MBSs), multifamily floating rate loans, multifamily floating rate mortgage-backed securities, collateralized mortgage obligations and credit risk transfer securities as follows:

- Single-Family ARMs (and, as a result related pass-through PCs and MBSs) will transition to the spread-adjusted term SOFR reference rates selected by the Federal Reserve Board and administered by Refinitiv Benchmark Services (UK) Limited and published by) LSEG, which include a one-year transition period.
- Collateralized mortgage obligations, credit risk transfer securities, multifamily ARMs and floating rate loans, and multifamily ARM MBS and floating rate mortgage-backed securities will transition to the applicable spread-adjusted 30-day Average SOFR rates selected by the Federal Reserve Board, which will not include a transition period.

Below are tables summarizing the GSEs' replacement rate selections for legacy Consumer and Institutional LIBOR contracts at the product level.

Consumer Product Type*	Federal Reserve Board (FRB) Category	Current LIBOR Index	Spread-Adjusted SOFR Replacement Index	Refinitiv Instrument Code (RIC)	All-In Replacement Rate Calculation
Single-Family Adjustable-Rate Mortgages (ARM) and Related Mortgage Backed Securities	Consumer Loans	1M LIBOR	FTSE USD IBOR Consumer Cash Fallback 1-Month**	USDCFCFCTSA1M=	Relevant tenor of CME Term SOFR + applicable tenor spread adjustment (Transition Tenor Spread Adjustment during the first year)
		6M LIBOR	FTSE USD IBOR Consumer Cash Fallback 6-Month**	USDCFCFCTSA6M=	
		1Y LIBOR	FTSE USD IBOR Consumer Cash Fallback 12-Month**	USDCFCFCTSA1Y=	
Institutional Product Type*	**Federal Reserve Board (FRB) Category**	**Current LIBOR Index**	**Spread-Adjusted SOFR Replacement Index**	**Fixed Tenor Spread Adjustment**	**All-In Replacement Rate Calculation**
Single-Family and Multifamily Collateralized Mortgage Obligations (CMO)	FHFA-Regulated-Entity Contract	1M LIBOR	30-Day Average SOFR + 1-Month Spread Adjustment	0.11448 (percent)	30-Day Average SOFR + 0.11448 (percent)
		1Y LIBOR	30-Day Average SOFR + 12-Month Spread Adjustment	0.71513 (percent)	30-Day Average SOFR + 0.71513 (percent)
Single-Family and Multifamily Credit Risk Transfer Securities (CRT)	FHFA-Regulated-Entity Contract	1M LIBOR	30-Day Average SOFR + 1-Month Spread Adjustment	0.11448 (percent)	30-Day Average SOFR + 0.11448 (percent)
Multifamily ARMs (Fannie Mae), Floating-Rate Loans (Freddie Mac), and related Mortgage Back Securities (MBS)	FHFA-Regulated-Entity Contract	1M LIBOR	30-Day Average SOFR + 1-Month Spread Adjustment	0.11448 (percent)	30-Day Average SOFR + 0.11448 (percent)
		6M LIBOR	30-Day Average SOFR + 6-Month Spread Adjustment	0.42826 (percent)	30-Day Average SOFR + 0.42826 (percent)
		1Y LIBOR	30-Day Average SOFR + 12-Month Spread Adjustment	0.71513 (percent)	30-Day Average SOFR + 0.71513 (percent)
Derivatives	Derivative Transactions	Various	As defined by the 2020 fallbacks protocol published by the International Swaps and Derivatives Association (ISDA)	0.26161 (percent) (3M)	SOFR compounded in arrears for the appropriate tenor, plus a stated spread adjustment based on the appropriate tenor

* Product Type relates to categories specified in the FRB's final regulation for the LIBOR Act and is not intended to cover all of the GSEs' products. Note: FRBNY 30-Day Average SOFR rates can be found on the FRB website.
** In September 2023, Refinitiv announced that rebranding efforts include the renaming of the USD IBOR replacement indices from "Refinitiv USD IBOR" to "FTSE USD IBOR"

The GSEs will continue to follow any applicable regulatory guidance or requirements, particularly from the Federal Reserve Board regarding implementation of the LIBOR Act, the Consumer Financial Protection Bureau (CFPB), and FHFA.

We will continue to work with the ARRC, FHFA, and other industry partners on the transition of legacy LIBOR products and will communicate details pertaining to specific legacy LIBOR products in advance of LIBOR cessation on June 30, 2023, to facilitate any legacy product transition.

Q13. Are Freddie Mac and Fannie Mae aligned on replacement rate selections for legacy LIBOR products?

Yes, consistent with FHFA guidance, for legacy LIBOR loans and securities for which Freddie Mac and Fannie Mae are responsible for selecting the replacement index, Freddie Mac and Fannie Mae are aligned that such contracts will fall back to the same spread-adjusted replacement rates outlined in Q12.

Q14. Are the GSEs planning to continue the use of SOFR averages in their contracts?

The ARRC published in August 2021 its recommended best practices for the use of term SOFR in contracts, including the ARRC's recommendation for continued use of overnight SOFR and SOFR averages in markets where there has been successful adoption of those rates, such as floating rate notes, adjustable-rate mortgages, and most securitizations. Our newly issued SOFR products, all based on SOFR averages, have been well received by the market. As a result, and in coordination with FHFA, it has been determined that we will continue to use the more robust SOFR averages in line with the ARRC's recommendations for these products.

Q15. What is fallback language?

Fallback language provides for the selection of a replacement index if certain events occur with respect to the currently utilized index. The ARRC's recommended fallback language is meant to provide greater clarity to parties involved in financial transactions on when and how a replacement index will be chosen.

Q16. What are the GSEs doing regarding fallback language?

In many cases, the legal documents specify that the respective GSE choose a comparable alternative rate should the prevailing reference rate cease to exist. We understand that even with such language, the choice of an alternative reference rate is a complex topic.

The ARRC has recommended and each GSE has implemented new fallback language to provide enhanced clarity regarding the circumstances when a reference rate will be changed, and the replacement rate and spread adjustment that will be applied to that replacement rate to minimize the expected value transfer when moving to the new rate. The ARRC recommended fallback language is intended to provide greater clarity concerning when and how a replacement index for newly originated instruments will be chosen in the event the current index is no longer available or representative.

- **Single-Family ARMs:**
  - In November 2019, the GSEs announced their support for using the ARRC's recommended fallback language for all Single-Family ARM security instruments. (Fannie Mae Announcement) (Freddie Mac Announcement).
  - On February 5, 2020, the GSEs incorporated the ARRC's fallback language in all existing standard ARM notes and riders (for LIBOR and CMT), which Sellers must use for ARMs with note dates of June 1, 2020 or later. (Fannie Mae Lender Letter LL-2020-01) (Freddie Mac Bulletin 2020-1). Note: LIBOR and CMT ARMs are no longer purchased by the GSEs.
- **Credit Risk Transfer:** The GSEs adopted ARRC recommended fallback language in their CRT deals beginning with Fannie Mae's CAS 2020-SBT1 and Freddie Mac's CRT deals beginning with STACR 2020-HQA2, both issued in March 2020.
- **Collateralized Mortgage Obligations:** Fannie Mae and Freddie Mac included a slightly modified version of the ARRC fallback language for all new CMOs beginning in June 2019 and October 2019, respectively.
  - On May 28, 2020, the GSEs posted supplement/amendments to the governing legal

documents of certain of their legacy LIBOR-indexed CMOs with the same slightly modified versions of the ARRC fallback language. The possible use of Term SOFR appearing in the fallback language will not be employed because the GSEs have determined, in their sole judgment, that using Term SOFR is not administratively feasible. (Fannie Mae's supplement posting) (Freddie Mac's amendment postings).

Q17. Has a spread adjustment been decided for consumer cash products, institutional cash products, or derivatives?

On October 6, 2021, the ARRC published its "Summary of the ARRC's Fallback Recommendations," which provides details about the spread adjustment methodologies for consumer and institutional cash products. The spread adjustment methodologies for consumer and institutional products largely align with the ISDA spread adjustment methodology for derivatives. The methodology for consumer products, however, includes a one-year transition period.

Under the LIBOR Act, Congress specified spread adjustments to be applied to adjust the Federal Reserve Board's selected benchmark replacement.

On March 15, 2023, the ARRC updated its recommended fallbacks as the "Relevant Governmental Body" to match the Board-selected replacement rates specified under the Federal Reserve Board's rule implementing the LIBOR Act.

Q18. LSEG has been named as the All-in Rate Publisher for Consumer Cash Fallbacks - will there be a named publisher for the Institutional Rate and do I have to use LSEG for Institutional Products?

The Federal Reserve Board's Final Rule provides that rates published or provided by LSEG are deemed to be equal to the rates defined in the rule only for the "all-in" consumer fallback rates. With respect to the institutional fallback rates, the Final Rule does not identify a publisher and instead only provides the means to calculate the rates by adding the applicable tenor spread adjustment to 30-Day SOFR Average rate. Entities managing institutional products are able to calculate the rate themselves or utilize a rate publisher. LSEG and other vendors are expected to publish the all-in, spread-adjusted Institutional fallback rates. Licensing requirements apply to the commercial use of LSEG's fallback rates.

Q19. What impact will there be, if any, to the GSEs' respective plans, when a "synthetic LIBOR" is published for 15 months following the cessation of USD LIBOR on June 30, 2023?

We do not anticipate any impact. After June 30, 2023, USD LIBOR will have ceased to be published in its current form as an "interbank offered rate" and will no longer be available, representative, or viable, as applicable, regardless of whether a "synthetic LIBOR" becomes available after that date.

Q20. What impact will there be, if any, of Refinitiv's rebranding?

In September 2023, LSEG announced that it will be retiring the Refinitiv brand during a transition period starting on November 19, 2023 through June 2024. On November 19, 2023, the USD IBOR indices were renamed from "Refinitiv USD IBOR" to "FTSE USD IBOR" as reflected in the updated replacement rate table in Question 12. All Refinitiv web pages currently providing LIBOR fallback information will either remain unchanged, or will redirect users to other webpages that provide the same information under the new brand.

Single-Family Adjustable-Rate Mortgages (ARMs)

Q1. Is there an impact to Uniform Mortgage-Backed Securities (UMBS)?

No. UMBS are backed only by fixed-rate loans.

Q2. Can lenders still sell LIBOR-indexed Single-Family ARMs to the GSEs?

No. Effective January 1, 2021, the GSEs no longer purchase LIBOR ARMs.

Q3. What are the Single-Family SOFR ARM subtypes and prefixes?

The Single-Family SOFR ARM prefixes were communicated in Fannie Mae Lender Letter LL-2020-01[2] and Freddie Mac Bulletin 2020-9. In addition, the Fannie Mae Prefix Glossary, the Fannie Mae ARM MBS Subtypes, and the Freddie Mac Prefix Library (for Freddie Mac 75-day prefixes) have been updated. Please see the subtypes and prefixes on p.19 of the SF Chapter in the Enterprise LIBOR Transition Playbook (Playbook).

Q4. What SOFR rate is being used and where is the rate available for newly issued Single-Family SOFR-indexed ARMs?

The GSEs currently are using the 30-day Compound Average SOFR, which the New York Fed began publishing on March 2, 2020 on its website. Servicers are to use the rate published by the New York Fed on the same day as the SOFR-indexed ARM's lookback date when setting the adjusted interest rate and related monthly principal and interest payment.

Q5. Why are the reset periods pegged at six months instead of traditional one-year reset?

With the shift to using a 30-day Compound Average SOFR in our new products, the ARRC white paper discusses how a 6-month reset would help mitigate the potential mismatch between the loan rate set in advance based on historical averages of SOFR relative to future changes in market interest rates.

Historical data indicates that an average of the overnight rate with a 6-month reset period is more comparable to subsequent movements in interest rates than LIBOR with an annual reset period.

Q6. Since the periodic reset period is six months, does this imply that there will be a 6-month term SOFR?

For the new SOFR-indexed ARM product, the index is the 30-day Average SOFR and the rate reset period is six months. The six-month rate reset period is unrelated to whether a Single-Family ARM product indexed to term SOFR will eventually be developed. The Enterprises do not have any plans to develop a Single-Family ARM product indexed to term SOFR. See Enterprise FAQ #14.

Q7. How are the SOFR and the 30-Day Compound Average SOFR rates calculated?

Please visit the New York Fed's website for detailed information about how the SOFR Rate is calculated. For information on how the 30-day Compound Average SOFR is calculated, click here.

Q8. Why is the periodic reset cap one percentage point?

The change of the reset period from a 12-month periodic reset to a 6-month periodic reset created the need to lower the periodic reset cap. This safeguards against unexpected payment increases and remains consistent with current market practices. As a result, even in a period of rapidly rising interest rates, a borrower's payment would not change by more than two percentage points a year – which is the prevailing market convention.

Q9. How is the lifetime floor determined since this is a field in the note that the Seller needs to populate?

Fannie Mae's *Selling Guide* and Freddie Mac's *Single-Family Seller/Servicer Guide* each dictate that the lifetime floor must equal the initial mortgage margin, which must be populated in the applicable fields in the note. Once set at origination, the lifetime floor will not change over the life of the loan.

Q10. What is the mortgage margin for new SOFR-indexed ARM offerings?

The new SOFR-indexed ARM products have a maximum mortgage margin of 3.00%. The ARRC recommends a mortgage margin between 2.75% and 3.00%.

Q11. Where can consumers find more information on SOFR-indexed ARMs and program disclosures?

The CFPB website contains up to date information on program disclosures as well as information on ARMs. It can be accessed here.

Q12. Do the GSEs use a 45-day lookback period for SOFR-indexed hybrid ARMs to determine the 30-day Average SOFR rate?

Yes, we use a 45-day lookback period.

Q13. Do the GSEs offer an assumability option for the SOFR-indexed ARM offerings?

Yes. SOFR-indexed ARM Notes and Riders that provide for assumption during the adjustable-rate period following the fixed rate period of the ARM are currently available.

Q14. When will the GSEs' respective systems be updated to reflect SOFR-indexed ARMs?

All systems have been updated to support new SOFR-indexed ARMs. As of August 3, 2020, Fannie Mae provided lenders with the ability to sell and/or securitize Single-Family SOFR-indexed ARMs. As of November 9, 2020, Freddie Mac provided lenders with the ability to sell and/or securitize Single-Family SOFR-indexed ARMs.

Q15. Did the GSEs make additional changes under the Uniform Mortgage Data Program (UMDP)?

The GSEs made updates to account for SOFR-indexed ARMs in the applicable UMDP datasets. See the joint announcement (Fannie Mae: UMDP announcement) (Freddie Mac: UMDP announcement) where the changes to the UMDP datasets were communicated.

Q16. Are SOFR-indexed ARMs available for cash and guarantor execution?

Yes. Sellers can deliver SOFR-indexed ARMs through cash or guarantor executions.

Q17. Why were the Single-Family LIBOR ARM Notes and Riders updated on February 5, 2020?

The GSEs updated the Single-Family LIBOR ARM Notes and Riders to reflect the fallback language that the ARRC recommended in preparation for the potential cessation of LIBOR.

While legacy Single-Family ARM contract language allows the GSEs and other noteholders to replace the LIBOR index, it does not provide specific guidance on how to make such a replacement. The ARRC's recommended fallback language is more robust because it clearly specifies what borrowers and investors should expect regarding when and how a replacement index will be chosen.

Q18. Were only the LIBOR Single-Family ARM Notes and Riders updated in February 2020 to include the ARRC recommended fallback language?

No. All GSE Single-Family ARM Notes and Riders were updated in February, not just LIBOR-indexed ARM Notes and Riders. In addition, on April 1, 2020, the GSEs published SOFR-indexed Single-Family ARM Notes and Riders that include the ARRC recommended fallback language. Currently, the only ARMs that the GSEs purchase are SOFR-indexed Single-Family ARMs.

Q19. Why was term SOFR not used for the new ARM product?

In April of 2020, the GSEs were tasked with creating a SOFR-indexed ARM offering using available rates. Accordingly, we designed the ARM offering using the existing 30-day Average SOFR, as published by the New York Fed. Term SOFR was not available at this time. The availability of term SOFR rates does not impact the 30-day Average SOFR ARM product. The GSEs do not have any plans to develop a Single-Family ARM product indexed to term SOFR.

Q20. Since there is not a specific mortgage margin associated with the SOFR ARM product, can loans with different mortgage margins be securitized in the same Fannie Mae MBS / Freddie Mac PC?

Yes, loans with varying mortgage margins may be securitized in the same Fannie Mae MBS / Freddie Mac PC or delivered into whole loan commitments.

Q21. Can the initial fixed rate on a SOFR ARM be lower than the mortgage margin?

Yes. However, the initial fixed rate cannot be lower than the margin minus the initial reset cap. For example, for a 5 year/6-Month SOFR-indexed ARM with a 3% margin and a 2% initial reset cap, the initial fixed rate cannot be lower than 1% (3% margin – 2% reset cap) during the first 5 years when the interest rate is fixed.

Please note that the lifetime floor, which must equal the initial mortgage margin, only applies during the adjustable-rate period. If the initial mortgage margin is 2.5% and the initial rate during the fixed-rate period is 1%, the lifetime floor for the interest rate is 2.5%, but that floor only applies during the life of the adjustable-rate period, not during the initial fixed-rate period.

Q22. Have you chosen a replacement index for Single-Family *legacy* LIBOR-indexed ARMs?

The Federal Reserve Board adopted final regulations on December 16, 2022 to implement the LIBOR Act. Consistent with the Federal Reserve Board's regulations and FHFA guidance, the GSEs will use the spread-adjusted term SOFR reference rates for consumer products to be published by LSEG and subject to a one-year transition period. The transition will occur immediately following the June 30, 2023 cessation of the publication of all remaining tenors of USD LIBOR by ICE Benchmark Administration Limited.

For consumer loans (Single-Family ARMs), the applicable LIBOR index will be replaced by the Federal Reserve Board selected benchmark replacement rates as follows:

1-month, 6-month and 1-Year LIBOR Indexes will be replaced by the applicable Term SOFR + the transition tenor spread adjustment. Different spread adjustments will apply for each tenor of LIBOR. The tenor spread adjustment is subject to a one-year phase-in period.

LIBOR Index	**1-Month**	**6-Month**	**1-Year**
LSEG Public Replacement Index Name	**FTSE USD IBOR Consumer Cash Fallback 1-Month**	**FTSE USD IBOR Consumer Cash Fallback 6-Month**	**FTSE USD IBOR Consumer Cash Fallback 12-Month**
Refinitiv Instrument Code (RIC)**	USDCFCFCTSA1M=	USDCFCFCTSA6M=	USDCFCFCTSA1Y=
Replacement Index Details	1M CME Term SOFR + Transition Tenor Spread Adjustment	6M CME Term SOFR + Transition Tenor Spread Adjustment	12M CME Term SOFR + Transition Tenor Spread Adjustment
Rate	All-In	All-In	All-In
Feature	No Floor	No Floor	No Floor

** When Servicers access the historical rates published by LSEG, the index reflected by the RIC in this table represents the "all-in," "no floor" replacement index.

Q23. Where are the replacement indices published for Single-Family *legacy* LIBOR-indexed ARMs?

Refinitiv was selected by the ARRC to administer and publish the USD LIBOR consumer cash fallback rates. LSEG (formerly Refinitiv) began publishing prototype fallback rates on September 21, 2022. The applicable "all-in," "no floor" replacement index will be available on the LSEG USD IBOR Consumer Cash Fallbacks Summary website after June 30, 2023 on a one-day delayed basis similar to the one-day delayed publication of LIBOR rates in the *Wall Street Journal*. Historical USD LIBOR cash fallback rates are also available on LSEG's website.

Q24. Should Single-Family Servicers implement the SOFR-based replacement index using the one-day publication

delay protocol currently in use for LIBOR-indexed ARMs?

Yes. Currently, the *Wall Street Journal* publishes LIBOR indices on the day after their release by ICE Benchmark Administration Limited, the source for LIBOR indices. For those Single-Family LIBOR-indexed ARMs with a lookback date of Monday, July 3, 2023, Servicers should use the LIBOR index published in the *Wall Street Journal* on Monday, July 3, which we expect will include the notation "Rates shown are effective 6/30/23". If the lookback date occurs on July 4, 2023 or later, then the Servicer should use the applicable SOFR-based replacement index noted in FAQ Q22 and published by LSEG. Similar to the *Wall Street Journal* publication process, LSEG will post consumer cash fallback rates on a one-day delayed basis on its publicly available website here. Servicers should continue to use their current index updating processes with respect to one-day delayed publication in determining the appropriate published replacement index when applying changes to the interest rate and related monthly P&I payment.

Q25. What if I have LIBOR ARM Notes that have different index replacement language than the Fannie Mae/Freddie Mac Uniform Adjustable-Rate Notes?

Most Single-Family (consumer) LIBOR ARM Notes contain standard index replacement language stating that "If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information." Some servicers may be servicing legacy LIBOR loans that were closed on documents with different language relating to replacing the index. The GSEs have required their LIBOR ARM servicers to identify loans closed on such documents (non-standard documents) that provide for variations in selecting a replacement index or have no replacement index language, and to bring those loan provisions to the applicable GSE's attention as soon as possible. This requirement includes loans that require other Servicing data changes, such as changes to the mortgage margin, upon transition to the replacement index. There may be operational or other impacts based on the criteria prescribed in these non-standard documents. Servicers should work with their designated point(s) of contact at either GSE to work through next steps on how to resolve identified non-standard notes.

Q26. Will there be any changes to the reset period, margin, lookback period, lifetime caps/floors and/or periodic rate cap?

Most standard LIBOR ARM Notes do not provide for a change in the reset period, margin, lookback period, lifetime caps/floors and/or periodic rate cap upon the implementation of the change in index. Per Freddie Mac Servicer Bulletin 2022-12 and Fannie Mae June 6, 2022 Announcement (and FAQ Q25), Servicers were required to review their LIBOR notes to confirm if there are any loans originated on notes that includes non-standard index replacement index language and/or language that requires other servicing loan data to be updated at the time of transitioning to replacement index (e.g., margin). For such notes, we requested a copy of each variation for review and for Servicers to await instructions on how to transition such notes.

Q27. Could Single-Family LIBOR-indexed ARMs become fixed rate?

No. After June 30, 2023 when LIBOR is no longer available/published, LIBOR-indexed ARMs will be transitioned to the variable, spread-adjusted CME term SOFR reference rates published by LSEG consistent with the Federal Reserve Board's regulation implementing the LIBOR Act.

Q28. What does the *legacy* Single-Family ARM fallback language say?

In many cases for loans owned by the GSEs, Fannie Mae's and Freddie Mac's legal documents allow for the applicable noteholder to choose a comparable alternative rate should the prevailing reference rate cease to exist. At the loan-level, the contract language determines the key decision-maker concerning the replacement index. Our uniform instrument (the Single-Family ARM note) contains a provision that, if an index becomes unavailable, we (as noteholder) have the authority and obligation to choose a successor index. The language is also described in the Fannie Mae Single-Family MBS Prospectus and Freddie Mac PC Offering Circular under ARM Indices.

The GSEs published updates to joint Fannie Mae/Freddie Mac uniform ARM notes and riders to incorporate the ARRC's recommended fallback language for newly originated ARMs. In our respective April 1, 2020 announcements, the SOFR-indexed ARM uniform notes with the ARRC fallback language were made available.

Q29. What are the options for individual borrowers with LIBOR ARMs?

As always, individual borrowers can choose to keep their LIBOR-indexed ARMs and proceed with the transition, seek to refinance into a fixed-rate or non-LIBOR-based product, or pay off their mortgage. For borrowers who choose to keep their LIBOR-indexed ARMs, servicers of GSE-owned loans will inform borrowers of the replacement index to be used on the LIBOR-indexed ARMs following the June 30, 2023 cessation of the publication of all remaining tenors of USD LIBOR by ICE Benchmark Administration Limited as per the details provided in Q22 and Q28.

Q30. Can Servicers provide disclosures to Borrowers based on the replacement index?

Until such time as both LIBOR becomes unavailable and a replacement index is chosen, we note that the CFPB has issued LIBOR Transition FAQs that indicate that borrower notices under Regulation Z "must reflect the legal obligations of the consumer and creditor when the disclosures are provided." CFPB LIBOR Transition FAQs, Adjustable-Rate Mortgage Products, Question 10. Servicers should consult with counsel to ensure they provide accurate notices to borrowers prior to the legally effective change to the replacement index and in accordance with the terms of the Note. At a minimum, such notices should be sent on or after July 1, 2023 and prior to the related interest rate change date that sets the new interest rate based on the replacement index. However, the CFPB FAQs also state that servicers may provide additional information to borrowers about the LIBOR transition in addition to required regulatory disclosures.

Q31. Will the GSEs be providing Servicers a template to use for borrower notification?

The GSEs will not be providing a template for borrower notification; however, there are borrower notification templates available. For further information, Servicers may refer to the ARRC's LIBOR ARM Transition Resource Guide, which includes links to the following resources provided by the Mortgage Bankers Association since April 2021:

Mortgage Bankers Association (MBA)

- MBA LIBOR Resources webpage
- Press Release: MBA Releases Templates for Servicer Communications with Existing ARM Borrowers in Preparation for LIBOR Expiration – April 26, 2021
- MBA Borrower Communication Template for Existing LIBOR ARMs (Notice)
- MBA Borrower Communication Template for Existing LIBOR ARMs (Letter)

Q32. Will the Life Ceiling Interest Rate or Life Floor Interest Rate on a SF ARM and MBS/PC adjust due to the LIBOR transition?

No. The Life Ceiling Interest Rate and Life Floor Interest Rate on a SF ARM and MBS/PC will remain at the same levels both before and after the transition. The new index is intended to comparably replicate the behavior of LIBOR index and, therefore, a change to Life Ceiling Interest Rate and Life Floor Interest Rate structure is not necessary.

Q33. Why did you retire the CMT ARM offerings – it appears the CMT index will continue to be published?

Under the guidance of FHFA, we retired the CMT ARM products in 2021. Our regulator prefers that we only use robust, IOSCO-compliant rates in current product offerings. In Fannie Mae Lender Letter LL-2021-05 and Freddie Mac Bulletin 2021-4, we announced that the GSEs will no longer purchase any CMT-indexed ARM that has an Application Received Date of July 1, 2021 or later. In addition, the GSEs will no longer purchase CMT-indexed ARMs on and after October 1, 2021, regardless of the Application Received Date or Note Date.

Single-Family Credit Risk Transfer (SF CRT)

Q1. When did the GSEs adopt ARRC recommended fallback language in new issuance CRT deals?

The GSEs support the ARRC recommended fallback language. Each GSE has adopted the recommended securitization fallback language, beginning with the applicable transaction listed below:

Fannie Mae: CAS 2020-SBT1 transaction in March 2020
Freddie Mac: STACR 2020-HQA2 transaction in March 2020

Fallback language has evolved slightly over time, so investors should read the offering documents associated with their securities.

Q2. When did the GSEs start to issue non-LIBOR based SF CRT deals?

Reducing LIBOR exposure for both the GSEs and investors is very important to us. Freddie Mac moved its Credit Risk Transfer program to SOFR based CRT issuance in October 2020. Fannie Mae moved its Single-Family Credit Risk Transfer program to SOFR based issuance in October 2021.

Q3. What benchmark index are the GSEs using in SF CRT deals?

The GSEs have structured and plan to continue to structure SOFR-indexed CRT transactions so that they use 30-day Average SOFR (published by the New York Fed) as the reference rate, with a determination date of 2 business days (2BD) prior to the beginning of the accrual period.

Q4. What were the key considerations for the GSEs when they moved to SOFR-indexed SF CRT issuance?

In October 2020, Freddie Mac successfully issued its inaugural SOFR-based STACR transaction (STACR 2020-DNA5) with broad support from all key CRT market participants. Fannie Mae issued its first SOFR-based CAS transaction (CAS 2021-R01) in October 2021.

The successful transition to SOFR-indexed CRT issuance required the entire “ecosystem” (e.g., the GSEs as the issuers, CRT investors, broker/dealers, trustees, calculation agents, rating agencies, data vendors, etc.) to be ready. Other key items included the development of the SOFR market, and the breadth and depth of the SOFR-indexed derivatives and financing market.

Q5. Are Fannie Mae’s CAS and Freddie Mac’s STACR programs aligned for SOFR-based issuance?

Yes, Freddie Mac and Fannie Mae are generally aligned on SOFR-based methodologies and conventions for SF CRT deals. Specifically, both Freddie Mac and Fannie Mae have been using, and will continue to use the 30-day Average SOFR (as published by the New York Fed), with a determination date of 2 business days (2BD) prior to the beginning of the accrual period. Please see the most recent CAS and STACR offering documents for details of the convention (including payment date, benchmark adjustment date, accrual period, day count, cap/floor, etc.).

Q6. For legacy SF CRT deals, what benchmark index will the GSEs use when LIBOR is no longer available or no longer representative?

The Federal Reserve Board has implemented the Adjustable Interest Rate (LIBOR) Act which was signed into law in March 2022. The final regulations on the replacement rates were announced by the Federal Reserve Board on December 16, 2022. Consistent with the Federal Reserve Board's regulation, the GSEs will transition to the 30-day Average SOFR rate published by the Federal Reserve Bank of New York, plus an applicable tenor spread adjustment. The transition will occur immediately following the June 30, 2023, cessation of the publication of all remaining tenors of USD LIBOR by ICE Benchmark Administration Limited. Refer to the table in Q12 of the Enterprise section for more details.

Q7. Will the new issue SOFR-indexed CRT deals transition from 30-day Average SOFR to Term SOFR?

New-issue CRT deals indexed to NY Fed published 30-day Average SOFR will not include language allowing an optional transition to Term SOFR. Outstanding CRT deals indexed to NY Fed published 30-day Average SOFR that include optional transition language will also not transition to Term SOFR.

Q8. When is the last time that the GSEs will use the 1-month LIBOR benchmark for the CRT transactions?

The benchmark adjustment dates for the GSE CRT transactions are on the second business day prior to the start of the accrual period. The accrual period begins on the prior Payment Date and ends on the day preceding the current Payment Date. The Payment Date for each month is the 25th day of each month (or the next Business Day). LIBOR will continue to be published through June 30, 2023. Therefore 6/22/2023 will be the last date on which the 1-month LIBOR benchmark will be used for calculating accrued interest during the 6/26/2023 – 7/24/2023 Accrual Period, and the payments will be made to bondholders on the 7/25/2023 Payment Date.

Q9. When is the first time that the GSEs will use the spread-adjusted 30-day Average SOFR rate as a replacement for the LIBOR benchmark for legacy CRT transactions?

7/21/2023 will be the first date on which the spread-adjusted 30-day Average SOFR rate will be used as the replacement rate for such transactions. The replacement rate will be used for calculating accrued interest during the 7/25/2023– 8/24/2023 Accrual Period, and the payments will be made to bondholders on the 8/25/2023 Payment Date.

Q10. With the transition of the legacy CRT transactions after 6/30/2023, will there be any other changes regarding how the accrued interest will be calculated and paid in the future, such as the benchmark adjustment date, accrual period, payment date, and day count convention, etc.?

After the transition, the benchmark adjustment date, accrual period, payment date, and the day count convention will stay the same. The GSEs will change the time at which the benchmark will be determined. On a benchmark adjustment date, the time that the spread-adjusted 30-day Average SOFR rate is determined will be 3:00 pm (New York City time), instead of 11:00 am (London time) as for 1-month LIBOR. This would make it consistent with the time at which the 30-day Average SOFR rate is determined for existing SOFR-indexed CRT transactions.

Q11. What spread adjustment will be used for the legacy CRT transactions after LIBOR cessation on 6/30/2023?

Per the LIBOR Act and Fed's final rule, the spread adjustment will be 11.448 bps for the 1-month tenor, thus the spread adjustment will be fixed at 11.448 bps for legacy CRT transactions after 6/30/2023. After transition, the spread-adjusted 30-day Average SOFR rate will replace the 1-month LIBOR benchmark for legacy CRT transactions.

Collateral Mortgage Obligations (CMOs)

In these FAQs, "new SOFR-indexed CMOs" and "new issue SOFR-indexed CMOs" generally refer to SOFR-indexed CMOs issued by the Enterprises beginning in July 2020.

Q1. When were new SOFR-indexed CMOs available for issuance?

Freddie Mac and Fannie Mae began to offer new SOFR-indexed CMOs for REMIC settlements in July 2020. The GSEs ceased offering new LIBOR-indexed CMOs on September 30, 2020. The cessation does not apply to RCR/MACR exchanges, or halt resecuritizations of previously issued LIBOR-indexed certificates (whether CMO or ARM certificates) into appropriately structured new-issue SOFR-indexed CMOs. Prior limitations on resecuritizing existing LIBOR-indexed CMOs into new-issue SOFR-indexed re-REMICs will no longer apply once the index for existing LIBOR CMOs has transitioned on June 30, 2023 into a Federal Reserve Board-selected benchmark replacement based on SOFR.

Q2. What is the determination date for Delay and Non-delay securities using the NY Fed published 30-day Average SOFR Rate?

All SOFR-indexed 45-day, 55-day and 75-day Delay and Non-Delay securities have a determination date of 2 business days (2BD) prior to the beginning of the accrual period.

Q3. What collateral is eligible to be included in a SOFR-indexed CMO?

For new issue SOFR-indexed CMOs, the Enterprises accept all collateral that was acceptable for LIBOR-indexed structures at each respective Enterprise.

Q4. Will the new issue SOFR-indexed CMOs transition from 30-day Average SOFR to Term SOFR?

New-issue CMOs indexed to NY Fed published 30-day Average SOFR will not include language allowing an optional transition to Term SOFR. Outstanding CMOs indexed to NY Fed published 30-day Average SOFR that include optional transition language will also not transition to Term SOFR.

Q5. How will you treat legacy LIBOR-indexed CMOs?

The Federal Reserve Board is implementing the Adjustable Interest Rate (LIBOR) Act which was signed into law in March 2022. The final regulations on the replacement rates were announced by the Federal Reserve Board on December 16, 2022. Consistent with the Federal Reserve Board's regulation, the GSEs will transition to the 30-day Average SOFR rate published by the Federal Reserve Bank of New York, plus an applicable tenor spread adjustment. The transition will occur following the June 30, 2023, cessation of the publication of all remaining tenors of USD LIBOR by ICE Benchmark Administration Limited. Refer to the table in Q12 of the Enterprise section for more details.

Q6. When is the last time that the GSEs will use the 1-month LIBOR benchmark for legacy CMOs?

Any legacy CMO with a determination date on or before 6/30/2023 will use the LIBOR rate published on that determination date.

Q7. When is the first time that the GSEs will use the spread-adjusted 30-day Average SOFR rate as a

replacement for the LIBOR benchmark for legacy CMOs?

Any legacy CMO with a determination date after 6/30/2023 will use the 30-day Average SOFR rate published on that determination date, with the 1 month spread adjustment added to the rate.

Q8. With the transition of legacy CMOs after 6/30/2023, will there be any other changes regarding how the accrued interest will be calculated and paid in the future, such as the benchmark adjustment date, accrual period, payment date, and day count convention, etc.?

After the transition, the benchmark adjustment date, accrual period, payment date, and the day count convention will stay the same. The GSEs will change the time at which the benchmark will be determined. On a benchmark adjustment date, the time that the spread-adjusted 30-day Average SOFR rate is determined will be 3:00 pm (New York City time), instead of 11:00 am (London time) as for 1-month LIBOR. This would make it consistent with the time at which the 30-day Average SOFR rate is determined for existing SOFR-indexed CMOs.

Q9. What spread adjustment will be used for legacy CMOs after LIBOR cessation on 6/30/2023?

Per the LIBOR Act and Fed's final rule, the spread adjustment will be 11.448 bps for the 1-month tenor, thus the spread adjustment will be fixed at 11.448 bps after 6/30/2023 for legacy CMOs that were indexed to 1-month LIBOR. After transition, the spread-adjusted 30-day Average SOFR rate will replace the 1-month LIBOR benchmark for legacy CMO transactions.

Q10. What if I have a Fannie Mae CMO bond with an interest rate cap where the derivative and the CMO bond transitioned to different fallback rates (Fannie Mae only).

There are a few Fannie Mae Collateralized Mortgage Obligations (CMOs) with interest rate caps that have corresponding derivatives. The corresponding derivatives for Single-Family and Multifamily CMO CUSIPs transitioned to the ISDA-recommended LIBOR replacement rate (this rate was also selected by the Federal Reserve Board as the replacement rate for derivatives transactions in its final rules), the 30-day Average SOFR calculated in arrears of the interest rate period.

As a result, there may be a mismatch between payments owed on the CMOs and the derivatives beginning with the August 25, 2023, payment. Under certain circumstances, such a mismatch could result in lower payments on the derivative. Under those circumstances, this could result in lower or delayed payments on the CMO certificates. As specified in the relevant prospectus supplement, the guaranty from Fannie Mae does not apply to amounts owing on the derivative.

Fannie Mae - Multifamily Adjustable-Rate Mortgages (ARMs)

Q1. Can lenders still sell LIBOR-indexed Multifamily ARMs to the GSEs?

No. Under FHFA guidance, Fannie Mae is no longer accepting Multifamily ARM loans indexed to LIBOR. December 31, 2020 was the last day Fannie Mae would purchase LIBOR-indexed ARM loans as Cash Mortgage Loans and December 1, 2020 was the last Issue Date for LIBOR-indexed MBS Mortgage Loans. This applies to all LIBOR ARM Loan and Structured ARM Loan plans, and also to all Hybrid ARM Loans.

Q2. Is Fannie Mae accepting delivery of Multifamily SOFR-indexed ARMs?

Yes, Fannie Mae Multifamily began quoting SOFR-indexed ARMs on September 1st, 2020.

Q3. Where can I find details related to Fannie Mae's SOFR-indexed ARM products?

Product details can be found on our Fannie Mae Multifamily Products Page or through training sessions that have been communicated through the standard channels. Additional details on the LIBOR transition can be found on the Enterprise LIBOR Transition webpage.

Q4. Will the 30-day Average of SOFR be used for the Multifamily SOFR-indexed ARMs?

Yes. All Multifamily SOFR-indexed ARM products use the 30-day Average SOFR.

Q5. What are the Multifamily ARM subtypes and prefixes?

Details related to the Multifamily SOFR-indexed ARM subtypes and prefixes can be found in section 5.3 of Fannie Mae and Freddie Mac's externally published LIBOR Transition Playbook. For ease of reference, please see the table below.

Index Type	Product	ARM Subtype	ARM Plan	Prefix			
				A/360	30/360	Supp A/360	Supp 30/360
SOFR (30-Day Compounded Avg)	SARM	85NW	04932	HF	MF	HW	MW
SOFR (30-Day Compounded Avg)	ARM 5/5	85MW	04931	HF	MF	HW	MW
SOFR (30-Day Compounded Avg)	ARM 7/6	85PW	04933	HF	MF	HW	MW
SOFR (30-Day Compounded Avg)	Hybrid ARM	85QW	04934	HC	MC	HU	MU

Q6. Have you chosen a replacement index for Multifamily legacy ARMs?

The Adjustable Interest Rate (LIBOR) Act was signed into law in March 2022. The Federal Reserve Board adopted final regulations implementing the LIBOR Act and selecting replacement rates on December 16, 2022. Consistent with the Federal Reserve Board's regulation, the GSEs will transition to the 30-day Average SOFR rate published by the Federal Reserve Bank of New York, plus an applicable tenor spread adjustment. The transition will occur immediately following the June 30, 2023 cessation of the publication of all remaining tenors of USD LIBOR by ICE Benchmark Administration Limited.

Q7. What happens to the ongoing interest rate cap contracts for existing Multifamily ARM loans?

The borrower's obligation to purchase a replacement interest rate cap/hedge as required by the loan documents is unaffected.

Q8. What was the fallback language for LIBOR-indexed Multifamily ARM Loans acquired before Fannie Mae stopped purchasing LIBOR-indexed loans?

From Form 6102.ARM: If the foregoing index is no longer posted through electronic transmission, is no longer available or, in Lender's determination, is no longer widely accepted or has been replaced as the index for similar financial instruments (regardless of whether the index continues to be posted electronically or available), Lender will choose a new Index taking into account general comparability to the previous Index and other factors, including any adjustment factor to preserve the relative economic positions of Borrower and Lender with respect to the Mortgage Loan.

Q9. Will you create a Multifamily ARM product indexed to term SOFR?

Fannie Mae has focused its efforts on providing ARM products tied to the 30-day Average SOFR. In 2021 the Alternative Reference Rate Committee (ARRC) published its recommended best practices for the use of term SOFR in contracts, including the ARRC's recommendation for continued use of overnight SOFR and SOFR averages in markets where there has been successful adoption of those rates, such as floating rate notes, adjustable-rate mortgages, and most securitizations. Our SOFR products, all based on SOFR averages, have been well received by the market and we will continue to use the more robust SOFR averages in line with the ARRC's recommendations for these products.

Fannie Mae also will not take any steps to convert existing 30-day Average SOFR-indexed floating-rate loans or securities from the 30-day Average SOFR to term SOFR.

Q10. On March 5th, 2021, The FCA announced dates that panel bank submissions for all LIBOR settings will cease, after which representative LIBOR rates will no longer be available. Was Fannie Mae Multifamily required to notify lenders, borrowers, servicers or investors of the LIBOR events announced on March 5, 2021?

Fannie Mae has determined, in our sole discretion, that the LIBOR events announced on March 5, 2021 did not trigger a LIBOR cessation event under the terms of the applicable Multifamily LIBOR floating rate loans and offering documents, and therefore did not require a notice of the March 5, 2021 events be sent to lenders, borrowers, servicers or investors. That result may differ from the result that may have occurred for certain loans and derivatives containing a different version of LIBOR fallback language.

Q11. Will the floor on Multifamily ARMs continue to be the initial margin of ARM loan or will it adjust with the transition of the index interest rate to the new all-in replacement rate?

The pass-through rate floor on Multifamily ARMs will remain at the initial MBS margin.

Fannie Mae - Multifamily Credit Risk Transfer

Q1. Will Fannie Mae adopt ARRC recommended fallback language in new issuance CRT deals?

Yes. Fannie Mae supports the ARRC recommended fallback language for future CRT deals.

Q2. Is Fannie Mae planning to issue non-LIBOR based CRT deals?

Reducing LIBOR exposure for both Fannie Mae and our investors is very important to us. Fannie Mae stopped issuing LIBOR-based Credit Risk Transfer deals at the end of Q4 2020 and is operationally ready to issue SOFR- based CRT deals in the future, depending on market and/or business needs.

Q3. What benchmark index will Fannie Mae use in non-LIBOR based CRT deals?

Fannie Mae will structure SOFR-indexed CRT transactions so that they use 30-day Average SOFR (published by the New York Fed) as the reference rate, with a determination date of 2 business days (2BD) prior to the beginning of the accrual period.

Q4. What were the key considerations for Fannie Mae to decide when to move to SOFR-based CRT issuance?

A successful transition to SOFR-indexed CRT issuance required the entire "ecosystem" (e.g., Fannie Mae as the issuer, CRT investors, broker/dealers, trustees, calculation agents, rating agencies, data vendors, etc.) to be ready. Other key items include the development of the SOFR market, and the breadth and depth of the SOFR-indexed derivatives and financing market.

Q5. Will Fannie Mae consider issuing both LIBOR based and SOFR-based CRT deals at the same time?

No. Fannie Mae has ceased issuing LIBOR-based CRT deals as of the end of Q4 2020. A full transition will help reduce the LIBOR exposure for both Fannie Mae and CRT investors and will be beneficial for the liquidity of the CRT programs.

Q6. Will Fannie Mae consider issuing fixed coupon CRT deals?

Currently we do not plan to issue fixed coupon CRT deals.

Q7. Will the new issue SOFR-indexed CRT deals transition from 30-day Average SOFR to Term SOFR?

New-issue SOFR-indexed CRT deals will not include the option to transition to Term SOFR. Outstanding new-issue CRT deals based on the NY Fed published 30-day Average SOFR that include such language will not transition to a Term SOFR rate.

Q8. When is the last time that the GSEs will use the 1-month LIBOR benchmark for the CRT transactions?

The benchmark adjustment dates for the GSE CRT transactions are on the second business day prior to the start of the accrual period. The accrual period begins on the prior Payment Date and ends on the day preceding the current Payment Date. The Payment Date for each month is the 25th day of each month (or the next Business Day). LIBOR will continue to be published through June 30, 2023. Therefore 6/22/2023 will be the last date on which the 1-month LIBOR benchmark will be used for calculating accrued interest during the 6/26/2023 – 7/24/2023 Accrual Period, and the payments will be made to bondholders on the 7/25/2023 Payment Date.

Q9. When is the first time that the GSEs will use the spread-adjusted 30-day Average SOFR rate as a replacement for the LIBOR benchmark for legacy CRT transactions?

7/21/2023 will be the first date on which the spread-adjusted 30-day Average SOFR rate will be used as the replacement rate for such transactions. The replacement rate will be used for calculating accrued interest during the 7/25/2023– 8/24/2023 Accrual Period, and the payments will be made to bondholders on the 8/25/2023 Payment Date.

Q10. With the transition of the legacy CRT transactions after 6/30/2023, will there be any other changes regarding how the accrued interest will be calculated and paid in the future, such as the benchmark adjustment date, accrual period, payment date, and day count convention, etc.?

After the transition, the benchmark adjustment date, accrual period, payment date, and the day count convention will stay the same. The GSEs will change to the time at which the benchmark will be determined. On a benchmark adjustment date, the time that the spread-adjusted 30-day Average SOFR rate is determined will be 3:00 pm (New York City time), instead of 11:00 am (London time) as for 1-month LIBOR. This would make it consistent with the time at which the 30-day Average SOFR rate is determined for existing SOFR-indexed CRT transactions.

Q11. What spread adjustment will be used for the legacy CRT transactions after LIBOR cessation on 6/30/2023?

Per the LIBOR Act and Fed's final rule, the spread adjustment will be 11.448 bps for the 1-month tenor, thus the spread adjustment will be fixed at 11.448 bps for legacy CRT transactions after 6/30/2023. After the transition, the spread-adjusted 30-day Average SOFR rate will replace the 1-month LIBOR benchmark for legacy CRT transactions.

Q12. **For legacy CRT deals, which benchmark index will Fannie Mae use when LIBOR is no longer available or no longer representative?**

The Federal Reserve Board implemented the Adjustable Interest Rate (LIBOR) Act which was signed into law in March 2022. The final regulations on the replacement rates were announced by the Federal Reserve Board on December 16, 2022. Consistent with the Federal Reserve Board's regulation, the GSEs will transition to the 30-day Average SOFR rate published by the Federal Reserve Bank of New York, plus an applicable tenor spread adjustment. The transition will occur immediately following the June 30, 2023, cessation of the publication of all remaining tenors of USD LIBOR by ICE Benchmark Administration Limited. Refer to the table in Q12 of the Enterprise section for more details.

Freddie Mac - Multifamily Floating Rate Loans and Securities

Q1. When did Freddie Mac Multifamily stop purchasing LIBOR-based floating-rate loans?

Effective January 1, 2021, Freddie Mac stopped purchasing LIBOR-indexed floating-rate loans.

Q2. Why is Freddie Mac Multifamily using SOFR in its new floating-rate offering?

We are following the guidance from the ARRC. To better understand the ARRC's position on SOFR and how it addresses the LIBOR issues, please see the ARRC's LIBOR transition page.

Q3. What resources are available to learn more about SOFR?

Please visit our LIBOR Transition webpage for information, updates and links to recommended resources.

Additionally, we encourage you to send questions to our LIBOR transition team at MFLIBOR@freddiemac.com.

Q4. When did floating-rate loans based on SOFR become available for quoting and purchase?

On September 29, 2020, we purchased the first floating-rate loan that uses an index based on SOFR. We started quoting SOFR-indexed floating-rate loans on September 1, 2020, and concurrently ceased issuance of new LIBOR-indexed quotes.

Q5. For legacy MF LIBOR loans, what benchmark index will the GSEs use when LIBOR is no longer available or no longer representative?

The Federal Reserve Board implemented the Adjustable Interest Rate (LIBOR) Act which was signed into law in March 2022. The final regulations on the replacement rates were announced by the Federal Reserve Board on December 16, 2022. Consistent with the Federal Reserve Board's regulations, the GSEs will transition to the 30-day Average SOFR rate published by the Federal Reserve Bank of New York, plus an applicable tenor spread adjustment. The transition will occur immediately following the June 30, 2023, cessation of the publication of all remaining tenors of USD LIBOR by ICE Benchmark Administration Limited. Refer to the table in Q12 of the Enterprise section for more details.

Q6. A borrower would like to switch from LIBOR to 30-day Average SOFR prior to June 30. Is that permitted?

Floating-rate notes that are indexed to LIBOR and are part of the underlying collateral for Freddie Mac securities will need to wait until LIBOR ceases after June 30, 2023 to make the transition.

Q7. What do Optigo® lenders and other Freddie Mac servicers need to do in preparation for newly originated SOFR-indexed loans?

Our objective is to minimize impacts to established reporting and remitting practices followed by our servicing community. SOFR readiness requires servicers to assess their internal processes and systems in order to ensure timely and effective implementation of a SOFR index rate.

Q8. Is SOFR volatility a concern?

Freddie Mac and other market participants currently use a backward-looking SOFR compounded average for many of their products which is less volatile than single-day rates. To better understand the ARRC's position on SOFR and its volatility, please see "About SOFR" on the ARRC's LIBOR transition page.

Q9. How will interest rate caps be affected by the transition to SOFR?

Third-party interest rate caps that reference a LIBOR-based index (whether now in place or, with respect to replacement or renewal caps, purchased after the date of these FAQs) will transition to a SOFR-based index only in accordance with their governing documents and the loan documents.

As of January 15, 2021, floating-rate loan borrowers are no longer permitted to purchase initial LIBOR-based cap agreements. Instead, only SOFR-based cap agreements are permitted.

Q10. Which SOFR index will be used for new loan and security offerings?

The index for our SOFR loans and securities will be the 30-day Average SOFR. That index will be used for floating-rate loans across all our product lines — Conventional, Targeted Affordable Housing and Small Balance Loans. Also, interest will accrue on a calendar-month basis, just as is currently done with existing LIBOR-based products.

Q11. Will Freddie Mac change the methodology for sizing floating-rate loans as part of the transition?

No, Freddie Mac's methodology for sizing floating-rate loans will not change as part of the transition.

Q12. How will SOFR-indexed loan pricing compare with LIBOR? Will loan spreads increase?

Loan pricing is evaluated routinely to ensure alignment with market conditions; therefore, any changes will be market-driven and will not be a direct result of our transition to SOFR. Of note, spread hold periods will not be affected by the transition to SOFR.

Q13. How are Optigo lenders expected to access the index?

Optigo lenders can access the New York Fed's website for published SOFR averages for 30, 90 and 180 days, as well as a SOFR index.

Q14. Do legacy Freddie Mac floating-rate securities require certificate holder consent or a vote to determine the alternative index?

Legacy floating-rate securities do not require certificate holder consent or a vote in order to change from LIBOR to an alternative index.

Q15. How is the interest rate for a legacy LIBOR multifamily loan and each interest period calculated?

The interest rate calculation method set forth in the related Multifamily Note must be followed. In most cases, the Multifamily Notes provide that the variable interest rate calculated for each interest period is equal to the Index

Rate for such interest period plus the Margin. The Index Rate for a legacy LIBOR loan is equal to the sum of the applicable LIBOR replacement index (the 30-day Average SOFR rate) plus the applicable spread adjustment. Both of those values are published to the 5th decimal place. That method of determining the Index Rate is consistent with the ARRC approach. Any rounding convention to be applied should be determined pursuant to the terms of the Multifamily Note or otherwise be consistent with Freddie Mac servicing practices.

Freddie Mac - Multifamily Credit Risk Transfer (MFCRT)

Q1. Will Freddie Mac Multifamily adopt ARRC recommended fallback language in new issuance multifamily credit risk transfer deals?

Currently, we have not issued, nor do we plan to issue any LIBOR-based Multifamily credit risk transfer deals. To date, our only Multifamily CRT security offerings have been called “Multifamily Structured Credit Risk (SCR or MSCR) Notes.” We also have another CRT offering through reinsurance form, “Multifamily Credit Insurance Pool,” which will not be covered here due to the fixed insurance premium obligation nature without any LIBOR or floating-rate component.

Q2. Is Freddie Mac Multifamily planning to issue non-LIBOR-based SCR deals?

Reducing LIBOR exposure for both Freddie Mac Multifamily and our investors is very important to us. In January 2021, Freddie Mac Multifamily successfully completed its first SOFR-based issuance (MSCR 2021-MN1) with broad support from a large number of key CRT market participants.

Q3. Will Freddie Mac Multifamily consider issuing both LIBOR-based and SOFR-based SCR deals at the same time?

No. We have not issued LIBOR-based SCR deals and we plan to issue only SOFR-based SCR deals for any new issuance.

Q4. What benchmark index will Freddie Mac Multifamily use in non-LIBOR-based SCR deals?

Freddie Mac has structured and plans to continue to structure SOFR-indexed MF CRT transactions so that they use 30-day Average SOFR as the reference rate, with a determination date of 2 business days (2BD) prior to the beginning of the accrual period.

Q5. Will Freddie Mac Multifamily’s SCR and Freddie Mac’s STACR programs be aligned for transitioning to non-LIBOR-based issuance?

Freddie Mac Multifamily and Single-Family intend to align the move to non-LIBOR-based CRT offerings, to ensure the credit risk transfer transitions are consistent across both types of credit risk transfer offerings as well as between the GSEs.

Q6. Will Freddie Mac Multifamily consider issuing fixed coupon SCR deals?

Though our previous SCR Notes deals were fixed-coupon-based, we don’t have current plans to issue additional fixed-coupon SCR deals.

Q7. Should I be concerned that SOFR-based SCR securities will become less liquid?

We expect that most broker/dealers will be able to provide a similar level of support to the general CRT secondary market when we move to SOFR, including making a two-way market in any SOFR-based CRT securities.

Q8. What happens to legacy SCR Notes deals after the LIBOR transition?

All previous Multifamily SCR Notes deals were fixed coupon based and will not be impacted by the LIBOR transition.

Summary of Prior Changes

Section	Summary of change
June 2020	
Collateralized Mortgage Obligations ("CMOs")	Q1. Updated the SOFR-indexed CMO issuance from June 2020 to July 2020; Q2. For both Delay and Non-delay securities, updated the determination date to be 2 Business Days (2BD) prior to the beginning of the accrual period; Q4. Clarified the entities referred as "appropriate regulatory authority" Q5. Updated language to note the May 28, 2020 announcements; Q6. Removed question as it is no longer applicable.
July 2020	
Enterprise	Q10. Added June 11, 2020 CMO announcement and July 29, 2020 CRT announcements. Q15. Updated order of the CMO and CRT announcements to reflect both chronologically.
Single Family ARMs	Q3. Added link to the SF Chapter in the Playbook for easy reference. Q21. Added language to clarify where the fall back language applies.
SF CRT	Q3. Added language to clarify the plan to use 30-day Average SOFR (published by the New York Fed) as the reference rate, and related conventions. Q4. Added reference to the joint June 2020 Survey. Q8, Q9, Q10. Updated language to reflect most current information based on June's survey Q15. Added a link to the 7/29/20 CRT Deck to be posted on the LIBOR transition website.
Fannie Mae Multifamily ARMs	Q3. Further explains the product details Q4. Added the specific date of September
Fannie Mae Multifamily CRT	This section now conforms to the updates made in the joint SF CRT section. Q3; Q12; Q13. Updated to include more product details.
Freddie Mac – Multifamily Floating Rate Loans	Q4. The September 1, 2020, quote start date for SOFR-indexed loans has been included. Q8. Detail regarding LIBOR-based cap optionality for SOFR-indexed loans has been added, with a reference to the LIBOR Transition Playbook for additional detail. Q10. Now confirms that the sizing methodology for floating-rate loans will remain unchanged as

Section	Summary of change
	part of the transition to SOFR.
August 2020	
Enterprise	Q8. Changed UMBS to MBS Q10. Re-organized and Re-worded response to reflect what SOFR-based transactions have been announced/issued between the two GSEs. Q15. Removed reference to including ARRC Fallback language in LIBOR-based transactions.
Single Family ARMs	Q24 and Q25. Added as new questions.
Freddie Mac – Multifamily Floating Rate Loans	Q4. The September 1, 2020, quote start date for SOFR-indexed loans has been included. Q8. Detail regarding LIBOR-based cap optionality for SOFR-indexed loans has been added, with a reference to the LIBOR Transition Playbook for additional detail. Q10. Now confirms that the sizing methodology for floating-rate loans will remain unchanged as part of the transition to SOFR.
September 2020	
Enterprise	Q10. Updated Freddie Mac delivery date of November 16 to November 9. Q10 and Q15. additional content based
Single-Family Adjustable-Rate Mortgages (ARMs)	Q7. replaced “adjustment” with ”reset” Q8, Q9 and Q25. Added the word mortgage before margin
Fannie Mae – Multifamily Adjustable-Rate Mortgages (ARMs)	Q2. Updated to include acceptance date for delivery Q3. Updated to reflect product offering specifics Q4. Replaced previous Q4 “When will Fannie Mae provide details about the Multifamily loan structure?” with Q4 “where can I find details related to Fannie Mae’s SOFR-indexed ARM products?”
Fannie Mae- Multifamily Credit Risk Transfer	Q3 and Q4. updated answers to align with similar SF CRT FAQs Q7, Q8 and Q9. Updated answers with findings from dealer survey Q14. Provided more detail on where GSEs will align on LIBOR transition (similar to SF CRT FAQ) Q15. added “what convention will be used for calculating and paying interest?”
Freddie Mac Floating Rate Loans	Q1. Updated with the discontinuance of LIBOR-index loans Q4. Updated to reflect the start of quoting

Section	Summary of change
	process for SOFR-indexed ARMs on 9/1 Q5. Eliminated the language regarding LIBOR no longer being available or representative Q6. Removed the language pertaining to assessing impacts and systems Q8. Changes to make interest rate cap language present tense Q9. Updated to reflect present tense language around SOFR being the replacement index Q11. Updated to reflect present tense language around SOFR-based index pricing Q13. Removed Q13. New FAQ around legacy floating rate loans and certificate holder consent on replacement index
Freddie Mac – Multifamily Credit Risk Transfer	Q4. Updated the Benchmark Index with current state language
October 2020	
Enterprise	Q9. Updated the definition of legacy LIBOR to include only outstanding floating-rate products and do not include ARRC-recommended fallback language. Q11. Added a statement that notes that LIBOR products that include ARRC-recommended fallback language will transition to SOFR pursuant to their terms.
Single Family Adjustable Rate Mortgages (ARMs)	Q14. Updated language to reflect that Loan Product Advisor is now available as of 10/1/2020 for underwriting of SOFR-based ARMs.
Single-Family Credit Risk Transfer (SF CRT)	Q18. Updated language to note the GSE's coordination with ARRC, FHFA and other industry partners on the transition of legacy SF CRT deals.
Collateral Mortgage Obligations (CMOs)	Q5. Updated the language on replacement index for legacy products and intentions for LIBOR-indexed CMOs.
Fannie Mae-Multifamily Credit Risk Transfer	Q14. Updated replacement index determination for outstanding CRT deals. Q16. Updated language to reflect continued work on transition of legacy CRT deals.
Fannie Mae – Multifamily ARM	Q1. Updated answer to say no longer accepting LIBOR-indexed MF ARMs Q2. Updated question "when is Fannie Mae offering SOFR…?" to "Is Fannie Mae…?" and updated the answer accordingly. Deleted previous Q3. "How will Fannie Mae meet the market demand for Multifamily ARM executions after the final application date for LIBOR-based ARMs at the end of Q3 2020?

Section	Summary of change
Freddie Mac- Multifamily Floating Rate Loans and Securities	Q5. Updated language regarding replacement index for legacy LIBOR products and addressing legacy LIBOR floating rate loans next steps.
Freddie Mac Multifamily Credit Risk Transfer	Q3. Updated language to issue only SOFR-based SCR deals for new issuances. Q5. Replaced 'announce' with 'communicate'
December 2020	
Enterprise	Q10. Updated language to reflect what new floating rate notes have been launched using a SOFR-based index and the date of the first purchased SOFR indexed-loans Q11. Updated language to reflect December announcement on legacy replacement index. Q12. Updated language around why the GSEs are not waiting for a Term SOFR Index for legacy transition.
Single Family	Q2, Q4, Q5 and Q6. Minor edits. Q7. Added a new question on how 30-day SOFR is calculated. Q20. Updated language to reflect December announcement on legacy replacement index.
SF Credit Risk Transfer	Q2, Q3, Q4, Q5 and Q6. Updated for SOFR-based CRT issuance Removed Q8, Q9, Q10, Q11, Q12, Q13 and Q14. and consolidated SOFR market convention related questions to Q15. (now Q8.) Q18. (now Q11.) Updated to reference legacy announcement and spread adjustment Added Q12, Q13, Q14 and Q15. for legacy SF CRT
Freddie Mac – Multifamily Floating Rate Loans and Securities	Q1. Removed dates that are no longer current.
Freddie Mac Multifamily Credit Risk Transfer	Q3. Deleted paragraph with regards to LIBOR issuance
April 2021	
Enterprise	Q2. Updated to acknowledge the IBA March 5th Announcement Q3. New FAQ around the IBA March 5th Announcement Q4. New FAQ around the IBA March 5th Announcement Q5. New FAQ around the IBA March 5th Announcement Q13. Updated to reflect SOFR-based product rollouts in 2021
SF ARM	Q2. Updated to reflect that GSEs no longer acquire LIBOR ARMs Q3, Q5, Q13, Q15, Q20, and Q27: cosmetic updates only

Section	Summary of change
	Q7. Reworded existing information only Q14. Update to reflect that all systems have been updated to support SOFR-indexed ARMs Q16 and Q17. Updated to past tense and removed the second sentence in the response to Q17 because it is no longer applicable Q22 and Q25. Updated to add reference to CFPB LIBOR Transition FAQs Q24. Updated to add announcement of specific CMT-indexed ARM 2021 retirement dates Q27. Updated FAQ to clarify initial fixed rate and mortgage margin Q28. New FAQ to address Borrower Disclosures from Servicers
SF CRT	Q11. Added to reflect IBA announcement
CMO	Q1. Updated to reflect that SOFR-index CMOs have been issue. Q2. Updated to reflect that determination date has been determined Q3. Updated to reflect the same collateral acceptable for LIBOR-indexed CMOs can be included in SOFR-indexed CMOs
Multifamily Floating Rate Loans and Securities	Q1. Updated to reflect we no longer buy LIBOR loans Q8. Revised to address termination of LIBOR Cap option
MF CRT	Q2, 4 & 9: updated related to timing, etc. Deleted original Q5 & Q8. Q14: New question related to the March 5th IBA Announcement
October 2021	
Enterprise	Q13. Updated language on MF K-deals. Q14. Updated language on LIBOR cessation. Q15. (old) Removed outdated question on term-SOFR and replaced it with the previous Q16. Q15. (new) Added note on ARRC's recommendation of CME's term-rates. Q16. (new) Added Q&A on planned usage of term-SOFR by GSEs
Single Family	Q23. Updated Q&A to address usage of Term-SOFR
Single-Family CRT	Q3. Added language that transition to one-month Term SOFR will also depend on ARRC recommendation that use of rate is appropriate for SF CRT.
Collateral Mortgage Obligations (CMOs)	Q3. Added language that transition to Term SOFR for new issue CMOs will depend on ARRC recommendation that use of rate is appropriate for CMOs Q4. Added language that treatment of transition

Section	Summary of change
	to Term SOFR for legacy CMOs will depend on GSE evaluation and ARRC recommendation that use of rate is appropriate for CMOs
Fannie Mae Multifamily Floating Rate Loans & Securities	Q8. Updated question tense Q9. Added considerations on usage of Term-SOFR for MF ARMs following the ARRC's recommendation of CME Group's Term-SOFR rates
Freddie Mac Multifamily Floating Rate Loans & Securities	Q.9 Removed Term SOFR reference until transition to Term SOFR has been made definitively.
Freddie Mac Multifamily Credit Risk Transfer	Q.4 Updated to match the same response used in Q3 of SF CRT.
June 2022	
Enterprise	Added a Disclaimer below the Contents section. Q2. Updated to reflect that 1-week and 2-month USD LIBOR ceased being published after December 31, 2021. Q3, Q4, Q5 (from prior publication). Deleted since they were outdated. Q10. Updated to reflect that Fannie Mae issued its first SOFR-based Single-Family CRT in October 2021. Updated to incorporate information from the resecuritization announcement on May 12, 2022. Q11. Updated to incorporate Adjustable Interest Rate (LIBOR) Act update. Q12. Question added to explain impact of Adjustable Interest Rate (LIBOR) Act and Consolidated Appropriations Act on the GSEs. Q17. Question added regarding spread adjustment decision for consumer cash products and derivatives.
Single Family ARMs	Q15 (from prior publication). Deleted, as the question is now outdated. Q19. Updated to incorporate Adjustable Interest Rate (LIBOR) Act update. Q20: Question added to reference Servicer Note Review
Single-Family CRT	Q2. Updated to reflect that Fannie Mae moved its SF CRT program to SOFR-based issuance in October 2021. Q3. Updated to incorporate that the GSEs will have to determine the administrative feasibility of Term SOFR. Q5. Updated to reflect that Fannie Mae moved its SF CRT program to SOFR-based issuance in October 2021.
Collateral Mortgage Obligations (CMOs)	Q1. Updated to incorporate information from the resecuritization announcement on May 12, 2022.
Fannie Mae Multifamily ARMs	No significant changes.

Section	Summary of change
Fannie Mae Multifamily CRT	No significant changes.
Freddie Mac Multifamily Floating Rate Loans & Securities	Q14 (from prior publication). Deleted, as the question is now outdated.
Freddie Mac Multifamily Credit Risk Transfer	No significant changes.
January 2023	
Enterprise	Q5. Updated to note that the spread-adjusted SOFR rates recommended by the Federal Reserve Board (FRB) will be published by Refinitiv. Q11. Updated to state that the FRB implemented the final regulation for the LIBOR Act on December 16, 2022. Q12. Updated to state the GSEs' legacy LIBOR replacement rate selections for single-family adjustable-rate mortgages (ARMs), multifamily floating rate loans, multifamily floating rate mortgage-backed securities, collateralized mortgage obligations (CMOs), and credit risk transfer (CRT) securities. Q13. Question added to confirm that the GSEs' legacy LIBOR replacement rate selections are aligned for single-family ARMs, multifamily floating rate loans, multifamily floating rate mortgage-backed securities, CMOs, and CRT securities. Q17. Updated to include a reference to the "Summary of the ARRC's Fallback Recommendations" published on October 6, 2021. Q18. Question added to explain the impact of synthetic LIBOR on the GSEs' fallback plans following LIBOR cessation on June 30, 2023.
Single Family ARMs	Q22. Updated to state the GSEs' legacy LIBOR replacement rate selections for SF ARMs. Q23. Question added to state the location of the published replacement rates for legacy SF ARMs. Q25. Updated to incorporate the FRB's final regulation for the LIBOR Act. Q27. Updated language regarding options for borrowers with LIBOR ARMs. Q28. Updated references to CFPB LIBOR Transition FAQs.
Single Family CRT	Q3. Updated to revise language regarding a potential subsequent transition of SF CRT products from 30-day average SOFR to Term SOFR. Q5 (previous version). Deleted. The GSEs will not issue LIBOR-based and SOFR-indexed SF CRT deals at the same time. Q6. Updated to state the GSEs' legacy LIBOR replacement rate selections for SF CRT products.

Section	Summary of change
	Q7 (previous version). Deleted. The GSEs will not issue fixed coupon SF CRT deals. Q9-Q11 (previous version). Deleted due to outdated content.
Collateral Mortgage Obligations (CMOs)	Q1. Updated to state that limitations on resecuritizing existing LIBOR-indexed CMOs into new-issue SOFR-indexed re-REMICS will no longer apply following LIBOR cessation on June 30, 2023. Q4. Updated to state that new issue SOFR-indexed CMOs will not transition to Term SOFR. Q5. Updated to state the GSEs' legacy LIBOR replacement rate selections for CMO products.
Fannie Mae Multifamily ARMs	Q6. Updated to state the GSEs' legacy LIBOR replacement rate selections for MF ARM products. Q10. Updated question language to incorporate additional details regarding the FCA announcement on March 5, 2021.
Fannie Mae Multifamily CRT	Q3. Updated language regarding the structuring of Fannie Mae's SOFR-indexed MF CRT transactions. Q10. Updated to state Fannie Mae's legacy LIBOR replacement rate selections for MF CRT products.
Freddie Mac Multifamily Floating Rate Loans & Securities	Q5. Updated to state the GSEs' legacy LIBOR replacement rate selections for MF floating rate loans and securities.
Freddie Mac Multifamily Credit Risk Transfer	Q4. Updated language regarding the structuring of Freddie Mac's SOFR-indexed MF CRT transactions.
April 2023	
Enterprise	Q5. Removed paragraph referencing Refinitiv as the fallback rate provider. Q12. Added a Fallback Grid to summarize the GSEs' replacement rate selections by product. Q18. FAQ added: "Refinitiv has been named as the All-in Rate Publisher for Consumer Cash Fallbacks - will there be a named publisher for the Institutional Rate and do I have to use Refinitiv for Institutional Products?"
Single-Family ARMs	Q22. Refinitiv Public Replacement Index Names and Refinitiv Instrument Codes (RICs) updated. Q24. FAQ added: "Should Single-Family Servicers implement the SOFR-based replacement index using the one-day publication delay protocol currently in use for LIBOR-indexed ARMs?" Q26. FAQ added: "Will there be any changes to the reset period, margin, lookback period, lifetime caps/floors and/or periodic rate cap?" Q31. FAQ added: "Will the GSEs be providing Servicers a template to use for borrower

Section	Summary of change
	notification?” Q32. FAQ added: “Will the Life Ceiling Interest Rate and Life Floor Interest Rate on a SF ARM and MBS/PC adjust upward by the value of the fixed tenor adjusted spread with the transition of the index interest rate to the new all-in replacement rate?”
Single-Family CRT	Q8. FAQ added: “When is the last time that the GSEs will use the 1-month LIBOR benchmark for the CRT transactions?” Q9. FAQ added: “When is the first time that the GSEs will use the spread-adjusted 30-day Average SOFR rate as a replacement for the LIBOR benchmark for legacy CRT transactions?” Q10. FAQ added: “With the transition of the legacy CRT transactions after 6/30/2023, will there be any other changes regarding how the accrued interest will be calculated and paid in the future, such as the benchmark adjustment date, accrual period, payment date, and day count convention, etc.?” Q11. FAQ added: “What spread adjustment will be used for the legacy CRT transactions after LIBOR cessation on 6/30/2023?”
Collateral Mortgage Obligations (CMOs)	Q6. FAQ added: “When is the last time that the GSEs will use the 1-month LIBOR benchmark for legacy CMOs?” Q7. FAQ added: “When is the first time that the GSEs will use the spread-adjusted 30-day Average SOFR rate as a replacement for the LIBOR benchmark for legacy CMOs?” Q8. FAQ added: “With the transition of legacy CMOs after 6/30/2023, will there be any other changes regarding how the accrued interest will be calculated and paid in the future, such as the benchmark adjustment date, accrual period, payment date, and day count convention, etc.?” Q9. FAQ added: “What spread adjustment will be used for legacy CMOs after LIBOR cessation on 6/30/2023?”
Fannie Mae Multifamily ARMs	Q9. Updated to state that Fannie Mae will not take any steps to convert existing 30-day Average SOFR-indexed floating-rate loans or securities from the 30-day Average SOFR to term SOFR.
Fannie Mae Multifamily CRT	Q7. FAQ added: “Will the new issue SOFR-indexed CRT deals transition from 30-day Average SOFR to Term SOFR?” Q8. FAQ added: “When is the last time that the

Section	Summary of change
	GSEs will use the 1-month LIBOR benchmark for the CRT transactions?” Q9. FAQ added: “When is the first time that the GSEs will use the spread-adjusted 30-day Average SOFR rate as a replacement for the LIBOR benchmark for legacy CRT transactions?” Q10. FAQ added: “With the transition of the legacy CRT transactions after 6/30/2023, will there be any other changes regarding how the accrued interest will be calculated and paid in the future, such as the benchmark adjustment date, accrual period, payment date, and day count convention, etc.?” Q11. FAQ added: “What spread adjustment will be used for the legacy CRT transactions after LIBOR cessation on 6/30/2023?” Q7-9 (Prior version): Deleted and replaced with Q7-11.
Freddie Mac Multifamily Floating Rate Loans & Securities	Q6. FAQ added: “A borrower would like to switch from LIBOR to 30-day Average SOFR prior to June 30. Is that permitted?”
Freddie Mac Multifamily Credit Risk Transfer	No significant updates.
June 2023	
Single-Family ARMs	Q23. Updated language regarding Refinitiv posting consumer cash fallback rates on a one-day delayed basis. Q24. Updated the first lookback date that Servicers should be using SOFR replacement rates to July 4, 2023, as a result of Refinitiv posting consumer cash fallback rates on a one-day delayed basis.
Freddie Mac Multifamily Floating Rate Loans & Securities	Q15. FAQ Added: How is the interest rate for a legacy LIBOR multifamily loan and each interest period calculated?