



Freddie Mac Announces Replacement Rates for its Legacy LIBOR Contracts

December 22, 2022

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

"Freddie Mac's transition of existing LIBOR contracts to a new index rate will mark the conclusion of a long and consequential project to replace the index in those contracts," said John Glessner, Freddie Mac senior vice president and head of the Investments and Capital Markets. "As this effort nears its completion, we thank the Alternative Reference Rates Committee convened by the Federal Reserve Board and our regulator, the Federal Housing Finance Agency, for their leadership."

The transition will include Freddie Mac's legacy LIBOR-indexed single-family adjustable-rate mortgages (ARMs), derivatives, multifamily floating rate loans, multifamily floating rate mortgage-backed securities, collateralized mortgage obligations and credit risk transfer securities. Freddie Mac plans to transition as follows:

- For Single-Family ARMs, Freddie Mac servicers will be instructed to transition to the all-in spread-adjusted term SOFR reference rates recommended by the Federal Reserve Board and administered and published by Refinitiv Limited, which include a one-year transition period.
- Derivatives will generally use the benchmark replacements identified in the 2020 fallbacks protocol published by the International Swaps and Derivatives Association.
- Multifamily floating rate loans, multifamily floating rate mortgage-backed securities, collateralized mortgage obligations and credit risk transfer securities will transition to the all-in replacement rates recommended by the Federal Reserve Board for FHFA-regulated-entity Contracts. These rates are composed of the 30-day average SOFR rate published by the Federal Reserve Bank of New York, plus an applicable tenor spread adjustment.

The replacement rates announced today use the Federal Reserve Board-recommended replacement rates contained in the regulations implementing the Adjustable Interest Rate (LIBOR) Act enacted into law in March 2022. This announcement follows the Federal Reserve Board's announcement of final regulations. More information about Freddie Mac's effort to transition from LIBOR, including a list of Legacy LIBOR products set to transition, may be found on the company's [Reference Rates Transition website](#).

Freddie Mac makes home possible for millions of families and individuals by providing mortgage capital to lenders. Since our creation by Congress in 1970, we've made housing more accessible and affordable for homebuyers and renters in communities nationwide. We are building a better housing finance system for homebuyers, renters, lenders, and taxpayers. Learn more at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

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