May 31, 2023

RE: FINAL NOTICE: Discontinuation of London Interbank Offered Rate (“LIBOR”);

Transition to Replacement Index After June 30, 2023

To all Chief Servicing Officers and Chief Investor Reporting Officers

As you probably already know, all remaining USD LIBOR tenors will cease to be published or will be deemed no longer representative immediately after June 30, 2023. All Freddie Mac Multifamily LIBOR-indexed Floating-Rate Mortgage Loans (“MF LIBOR Loans”) will transition to a replacement index in the months following the final publication of LIBOR.

Freddie Mac will use the benchmark replacement selected by the Federal Reserve Board for “FHFA-regulated-entity contracts” described in Regulation ZZ. MF LIBOR Loans are such type of contract and will transition to 30-day Average SOFR, plus the applicable tenor spread adjustment specified in Regulation ZZ (“Spread-Adjusted 30-day Average SOFR”).

You can calculate the Spread-Adjusted 30-day Average SOFR rates as of any index determination date which is a U.S. Government Securities Business Day by adding the applicable fixed tenor spread adjustment to the 30-day Average SOFR rate for such date appearing on the Federal Reserve Bank of New York’s website as of 3:00 p.m. ET on such date. The 1-, 6- and 12-month fixed tenor spread adjustments are 0.11448%, 0.42826% and 0.71513%, respectively. For example, a MF LIBOR Loan that currently uses 1‑month LIBOR will transition to 30-day Average SOFR + 0.11448%, and a MF LIBOR Loan that currently uses 6‑month LIBOR will transition to 30-day Average SOFR + 0.42826%.

As a Servicer or a Sub-Servicer of one or more Freddie Mac MF LIBOR Loans, your organization is responsible for notifying the applicable Freddie Mac Borrowers that you service about Freddie Mac’s choice of benchmark replacement. As required by the governing loan documents, you must use the legal notice address and requirements set forth in the governing loan documents for all notices to Freddie Mac Borrowers on this topic. Attachment A to this letter shows language that Freddie Mac expects you to include in your communication to Borrowers. Once you send the notice to each Borrower, a copy of each notice must be included in each Mortgage File and made available to Freddie Mac if requested. This final notification to each applicable Borrower must be completed no later than **June 16, 2023** and you must confirm completion to Freddie Mac at [MFLIBOR@freddiemac.com](mailto:MFLIBOR@freddiemac.com) once all applicable Borrowers have been notified. Please notify us immediately in writing if you do not complete the notification to any Borrower by the deadline.

Please find more information on the transition of MF LIBOR Loans to SOFR at:

* [Multifamily LIBOR Transition Webpage](https://mf.freddiemac.com/libor)
* [LIBOR Transition Playbook](https://www.freddiemac.com/about/pdf/LIBOR_transition_playbook.pdf); and
* [LIBOR Transition FAQs](https://www.freddiemac.com/about/pdf/LIBOR_transition_faqs.pdf)

If you have any questions, please contact us at MFLIBOR@freddiemac.com. Thank you for your assistance with this matter.

Attachment A

[Add Servicer Logo] [Date]

[Name/Address of Primary Borrower[[1]](#footnote-1)]

Re: Discontinuation of London Interbank Offered Rate (“LIBOR”)

Transition to Replacement Index After June 30, 2023

Loan No. Dear Borrower:

You are a borrower on a Freddie Mac Multifamily floating rate mortgage loan or a loan in a Freddie Mac sponsored securitization that [insert Servicer name] services for your lender. The interest rate on your loan is currently indexed to LIBOR.

The LIBOR indices currently in use will cease to be published or will be deemed no longer representative immediately after June 30, 2023. Following such time your loan will transition to a replacement index chosen by Freddie Mac or your lender in accordance with the terms of your loan documents.

If your loan is protected by a LIBOR-based interest rate cap agreement that does not, by its terms, fall back to a specified index at LIBOR cessation, then your interest rate cap provider is expected to notify you of the replacement index applicable to your interest rate cap prior to LIBOR cessation.

[For hybrids: You are a Borrower on a hybrid floating-rate mortgage loan (“Hybrid Loan”) that [insert Servicer name] services for Freddie Mac. The interest rate for the floating-rate term of your Hybrid Loan is based on a LIBOR-indexed rate. The floating-rate term of your Hybrid Loan will transition to a replacement index chosen by Freddie Mac in accordance with the terms of your loan documents.]

Freddie Mac will use the benchmark replacement selected by the Federal Reserve Board for “FHFA-regulated-entity contracts” described in Regulation ZZ. Your loan is such type of contract and will transition to 30-day Average SOFR, plus the applicable tenor spread adjustment specified in Regulation ZZ, as follows.

Replacement Index: 30-day Average SOFR plus [insert applicable tenor spread adjustment]

First Date Replacement Index applied: [insert first calculation date using replacement index]

First Payment Date using Replacement Index: [insert first payment date using replacement index]

[Margin adjustment: (if required by loan documents)]

More information on the transition of Freddie Mac Multifamily floating rate mortgage loans from LIBOR to spread-adjusted 30-day Average SOFR can be found at the Freddie Mac Multifamily LIBOR Transition webpage (https://mf.freddiemac.com/libor).

In the event you have more than one Freddie Mac Multifamily floating rate mortgage loan that [insert Servicer name] services, you will receive a separate letter for each loan. [Insert the following as the Servicer considers appropriate: If you have any questions, please contact [insert name] at [insert phone #] or by email at [insert email].]

Sincerely,

1. Confirm legal notice and any updates per loan documents. [↑](#footnote-ref-1)