

TO: Distribution

DATE: February 12, 2020

RE: CMG Financial Correspondent Lending Updates

EFFECTIVE: As noted below

CMG FINANCIAL CORRESPONDENT LENDING UPDATES

Topics Covered in this Announcement:

- 2020 Transition of LIBOR ARM to SOFOR ARM
- Suspension of Jumbo Hybrid LIBOR ARMS

2020 TRANSITION OF LIBOR ARM TO SOFR ARM

Summary: Fannie Mae and Freddie Mac issued additional communication regarding the upcoming retirement of the LIBOR index. Additional updates are pending as the industry and CMG plan for a successful transition from LIBOR ARMs to new SOFR ARM products.

- **Retirement of LIBOR ARMs:** By the end of 2020 loans indexed to LIBOR will no longer be eligible. All LIBOR ARM plans will be retired later this year. CMG application and final purchase dates are pending and will be on or before the agency deadlines.
- **SOFR ARMs:** The transition to SOFR ARMs will occur during the second half of 2020. There will be new ARM plans that use an index based on a 30-day average of SOFR.

Additional information regarding the key features of SOFR plans can be viewed in the agency updates linked below.

SOFR = Secured Overnight Financing Rate

FHFA: [FHFA Announcement](#)

Freddie: [Bulletin 2020-01](#)

Fannie: [Lender Letter LL 2020-01](#)

SUSPENSION OF JUMBO HYBRID LIBOR ARMS

Summary: Effective on 2/14/2020 CMG will suspend accepting rate lock commitments on all 5/1,7/1 and 10/1 hybrid ARMS regarding the following programs:

- Primer 6200 & 7200 Series, program codes:
 - 6205, 6207 & 6210

- 7205, 7207 & 7210
- Expanded 6600 & 7600, program codes:
 - 6605, 6607 & 6610
 - 7605, 7607 & 7610

As the LIBOR transitions initiative progresses CMG will continue to monitor industry updates and believe that ultimately an industry consensus will emerge. CMG anticipates aligning with the new industry standard index, at which time we will resume accepting rate locks for 5/1, 7/1 and 10/1 hybrid ARM product based on the new market standard index.

The RENEW 6900 & 7900 Series Hybrid ARMs are not impacted at this time.

Effective: *All Premier and Expanded Series Hybrid ARMs must be locked prior to 2/14/2020*

*Please contact your Correspondent National Sales Manager
or your Correspondent Liaison with any questions.*



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