



# Guide Update 21-08: LIBOR Underwriting References and ARM 5/5 Loan Renewals

Effective: 07/01/21  
Retired: 01/21/25

## Summary of Changes

### HIGHLIGHTS

**Effective July 1, 2021**, the Guide was updated to

- remove LIBOR references from Part III, and
- add a new ARM 5/5 Optional 5-Year Adjustable Rate Term Renewal Section to Part IV.

### Primary Changes

- Removed all references to the LIBOR index in Part III since LIBOR-based Mortgage Loans are no longer eligible for Delivery per Guide Update 20-07: Secured Overnight Financing Rate (SOFR). References were removed from:
  - Part III, Chapter 11: Adjustable Rate Mortgage (ARM) Loans;
  - Part III, Chapter 12: Structured Adjustable Rate Mortgage (SARM) Loans; and
  - Part III, Chapter 13: Hybrid Adjustable Rate Mortgage (Hybrid ARM) Loans.
- For Part IV, Chapter 7:
  - Renamed the Chapter
    - from Variable Rate to Fixed Rate Conversions,
    - to Variable Rate Conversions and Renewals.
  - Added Section:
    - 704: ARM 5/5 Optional 5-Year Adjustable Rate Term Renewal;
    - 704.01: Eligibility; and
    - 704.02: Underwriting.
  - Moved the previously published ARM 5/5 Loan Prepayment Terms Section



- from Part III, Chapter 11: Adjustable Rate Mortgage (ARM) Loans, Section 1104.02: Prepayment Terms,
- to Part IV, Chapter 7: Variable Rate Conversions and Renewals, Section 704.03: Prepayment Terms.

## Questions

Please contact the Fannie Mae Deal Team with any questions.