



Notification 21-05: 11th District Monthly Weighted Average Cost of Funds Index Transition

Effective: 04/29/21

Summary of Changes

HIGHLIGHTS

As of January 31, 2022, all existing Fannie Mae variable rate Mortgage Loans using the 11th District Monthly Weighted Average Cost of Funds Index (COFI) will be transitioned to a new index.

Primary Changes

The Federal Home Loan Bank of San Francisco (FHLB SF) will discontinue publishing the COFI Index on January 31, 2022. Fannie Mae:

- evaluated compatible replacement indices for existing Fannie Mae COFI-indexed ARM Loans;
- preliminarily identified the Enterprise 11th District COFI Replacement Index (Ent 11th COFI Repl) based on the Federal Cost of Funds Index (COF FD) plus a spread adjustment as the most compatible replacement index;
- provided a joint [Government Sponsored Enterprise \(GSE\) COFI Transition Playbook](#) describing the key transition
 - milestones, and
 - recommended actions;
- provided joint [GSE FAQs](#); and
- will communicate directly with those impacted.

While Fannie Mae determined the Enterprise 11th District COFI Replacement Index to be the best replacement for Mortgage Loans and securities indexed to COFI, Fannie Mae supports using the Secured Overnight Financing Rate (SOFR) for newly originated variable rate Mortgage Loans.

Questions

Please contact Jim Hull at (703) 833-3428, or james_hull@fanniemae.com, with any questions.