UMDP
UNIFORM MORTGAGE DATA PROGRAM

Fannie Mae Freddie Mac

ULDD Updates to Support SOFR ARM Index Transition

April 21, 2020

On April 1, 2020, Fannie Mae and Freddie Mac (the GSEs) announced updates to the Fannie Mae *Selling Guide* and the Freddie Mac *Single-Family Seller/Servicer Guide* reflecting the eligibility and delivery requirement for Secured Overnight Financing Rate (SOFR) indexed adjustable-rate mortgages (ARMs). This is a critical step in the transition from the London Interbank Offered Rate (LIBOR) when originating ARMs and in the alignment the GSEs are doing under the guidance of the Federal Housing Finance Agency (FHFA).

Earlier the GSEs also jointly announced important Uniform Mortgage Data Program® (UMDP®) updates to support the industry transition to SOFR-indexed ARM loan products. Today's announcement provides additional Uniform Loan Delivery Dataset (ULDD) and loan delivery implementation details, as well as an updated ULDD Specification. Where possible the GSEs have aligned data requirements and milestones.

ULDD SOFR Related Specification Updates and Implementation Considerations

The ULDD Specification (Appendix D) was updated as follows:

Fannie Mae

- "30 Day Average SOFR" was added as an enumeration to Index Source Type Other Description [Sort ID 111]

Freddie Mac

- "Other" was added as a new enumeration to Index Source Type [Sort ID 110]
- "Index Source Type Other Description" was added as a new data point [Sort ID 111]
- "30 Day Average SOFR" was added as an enumeration to Index Source Type Other Description [Sort ID 111]

The new index must be delivered using Index Source Type = "Other" plus Index Source Type Other Description = "30 Day Average SOFR".

In addition to the new data described above, SOFR ARM products also require existing loan delivery data as shown below:

Sort ID	ULDD Data Point Name	Enumeration/Value	Notes
110	Index Source Type*	Other	
111	Index Source Type Other Description	30 Day Average SOFR	New enumeration for both GSEs
113	Interest And Payment Adjustment Index Lead Days Count	45	
114	Ceiling Rate Percent		Calculate as Note Rate + up to 5.000%
115	First Rate Change Payment Effective Date		

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Sort ID	ULDD Data Point Name	Enumeration/Value	Notes
116	Floor Rate Percent		The Floor Rate Percent must equal the Margin Rate Percent.
117	Interest Rate Rounding Percent	.125%	
118	Interest Rate Rounding Type	Nearest	
119	Margin Rate Percent		3.000% maximum margin
120	Adjustment Rule Type	First Subsequent	Both enumerations / two data containers are required
121	Per Change Maximum Decrease Rate Percent	First: • 2.000% (3yr and 5yr) • 5.000% (7yr and 10yr) Subsequent: 1.000% (All)	
122	Per Change Maximum Increase Rate Percent	First: • 2.000% (3yr and 5yr) • 5.000% (7yr and 10yr) Subsequent: 1.000% (All)	
123	Per Change Rate Adjustment Effective Date		
124	Per Change Rate Adjustment Frequency Months Count	6 (All)	Note: SOFR ARMs adjust every six months after Initial Fixed Period
236	Initial Fixed Period Effective Months Count	3yr = 36 5yr = 60 7yr = 84 10yr = 120	
312	Disclosed Index Rate Percent	nnn.nnnn	The published SOFR Index value used in Closing Disclosure calculations
355	Next Rate Adjustment Effective Date		
379	Investor Product Plan Identifier	Fannie Mae ARM Plans: 4926, 4927, 4928, and 4929	The Fannie Mae ARM Plan is based on Initial Fixed Period 3yr = Fannie Mae ARM Plan 4926 5yr = Fannie Mae ARM Plan 4927 7ry = Fannie Mae ARM Plan 4928 10yr = Fannie Mae ARM Plan 4929
395	Current Interest Rate Percent		
436	Principal And Interest Payment Amount		

*Note: Uniform Closing Dataset (UCD) will use the MISMO data point “IndexType”.

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Sellers should review the updated ULDD Specification, as most systems and/or processes will need to be updated to originate and deliver loans using the new SOFR ARM Index. The GSEs will work closely with vendors to prepare them to support the changes.

Implementation Timing and Impact

Fannie Mae ULDD implementation notes were updated as appropriate to address the following information:

Date	Action	SOFR	LIBOR	CMT	All ARMs
Feb 5, 2020	GSEs announce new **SOFR ARM products**. Additional eligibility, underwriting and other details to follow.	X			
April 1, 2020	GSEs announce additional **SOFR eligibility, underwriting and delivery** details.	X			
Jun 1, 2020	GSEs require all non-SOFR ARMs to be closed using **revised notes and riders** containing the new fallback language. Lenders are encouraged to adopt the revised notes and riders containing the new fallback language as soon as possible. Note: SOFR-indexed ARMs must be closed using notes and riders which already contain the new fallback language.	X	X	X	X
July 2020	Fannie Mae's **Loan Delivery Test Environment (LDTE)** will be updated to allow testing of SOFR ARM data. Generally, LDTE is updated within 30 days of Loan Delivery production environment.	X			
Aug 3, 2020	Fannie Mae accepts **SOFR ARM commitments and deliveries** • Whole loans may be committed and delivered beginning August 3, 2020. • MBS Pools may have Issue Dates beginning August 1, 2020.	X			
Sept 30, 2020	LIBOR-indexed ARMs with **Application Received Dates** after September 30, 2020 will be ineligible for GSE purchase.		X		
Dec 1, 2020	LIBOR-indexed ARMs in MBS pools must have **Pool Issue Dates** on or before December 1, 2020, regardless of Application Received Date or Note Date.		X		
Dec 31, 2020	**All LIBOR-indexed ARMs will be ineligible for GSE purchase** after December 31, 2020, regardless of the Application Received Date or Note Date.		X		
TBD (target 2021)	**All CMT-indexed ARMs will be ineligible for GSE purchase**. (Additional information will be provided.)			X	

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Special Feature Code Reminder

Sellers are reminded to deliver Fannie Mae Special Feature Code (SFC) 785 using ULDD Investor Feature Identifier [Sort ID 368] for all non-SOFR ARM loans that have the new fallback language included in the note and rider.

Additional Specification Updates

In addition to the SOFR-related changes described above, the GSEs included additional specification updates to incorporate revisions helpful to Sellers as they prepare for automated underwriting system (AUS) updates in support of the redesigned Uniform Residential Loan Application (URLA).

The GSEs provided clarifications to the following outdated MISMO definitions and other references:

- Bankruptcy Indicator (Sort ID 596)
- Borrower First Time Homebuyer Indicator (Sort ID 597)
- Citizenship Residency Type (Sort ID 598)
- Loan Foreclosure Or Judgment Indicator (Sort ID 599) (Freddie Mac only)
- Application Received Date (Sort ID 224)

Note: We expect these clarifications will not result in system updates for Fannie Mae deliveries.

Resources

- Fannie Mae *Selling Guide* Announcement published April 1, 2020: SEL-2020-02
- UMDP Announcement published March 10, 2020: UMDP Updates to Support SOFR ARM Index Transition
- Fannie Mae Lender Letter published February 5, 2020: LL-2020-01
- ARRC publication: Options for Using SOFR in Adjustable Rate Mortgages
- Fannie Mae LIBOR to SOFR Transition web page (Resource no longer available)

Additional Information

Please direct questions about this announcement to your Fannie Mae representative or our ULDD Mailbox. The following resources are available on the ULDD webpage.

- ULDD Specification Appendix A (Resource no longer available)
- ULDD Specification Appendix D (.xls format)

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