



Office of Capital Markets
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MPM 20-01

March 19, 2020

MEMORANDUM FOR: All Participants in Ginnie Mae Multiclass Securities Program

FROM: Seth Appleton, Principal Executive Vice President

SUBJECT: Announcement of Updates to Multiclass Securities Guide and Adoption of ARRC LIBOR Fallback Recommendation for New Issuance of LIBOR Classes of Ginnie Mae Multiclass Securities

The purpose of this Multiclass Participants Memorandum (MPM) is to inform interested participants that, effective March 1, 2020, all parts of the Ginnie Mae Multiclass Securities Guide (the “Guide”), including the Single Family Base Offering Circular and Multifamily Base Offering Circular, have been updated to incorporate program enhancements implemented since the March 1, 2017, updates were last published. Those enhancements include:

1. Ginnie Mae’s adoption of the recommendations of the Alternative Rates Reference Committee (ARRC) relating to fallback language for new issuances of LIBOR floating rate securities (as so adopted, the ARRC Recommendations).¹ The ARRC is a group of private-market participants and official sector entities, including banking and financial sector regulators, convened by the Federal Reserve Board and the Federal Reserve Bank of New York to facilitate the transition from U.S. dollar LIBOR, which may cease to exist after 2021, to the ARRC’s recommended alternative, the Secured Overnight Financing Rate (SOFR). For LIBOR Classes issued after March 1, 2020, Ginnie Mae will determine:

- if and when a transition event occurs with respect to LIBOR,
- the date on which LIBOR will be replaced for LIBOR Classes, and
- the applicable benchmark replacement for LIBOR and spread adjustment,

in each case using, and subject to, the defined parameters or list of alternatives specified in the ARRC Recommendations, some of which contemplate or require action by other regulatory bodies. In the event a benchmark replacement in the ordered list of

¹ See *ARRC Recommendations Regarding More Robust Fallback Language for New Issuances of LIBOR Floating Rate Notes*, dated April 25, 2019, and *ARRC Recommendations Regarding More Robust Fallback Language for New Issuances of LIBOR Securitizations*, dated May 31, 2019, both available at: <https://www.newyorkfed.org/arrc/fallbacks-contract-language>.

alternatives is unavailable on a replacement date but later becomes available, Ginnie Mae may reselect the initially unavailable alternative. Ginnie Mae may also make other conforming changes without the consent of security holders or any other party. Participants are encouraged to read the Single Family Base Offering Circular and Multifamily Base Offering Circular, as applicable, for a detailed description of the provisions adopted by Ginnie Mae. The specific terms set forth in the operative documents for any issuance, including the related trust agreement and applicable Standard Trust Provisions, will be controlling.

2. The addition of SOFR as an available index for new issuance of floating rate Multiclass Securities and adoption of the ARRC recommended SOFR fallback provision.
3. The removal of Cost of Funds Index (COFI) as an available index for new issuances.

Capitalized terms used herein have the meanings in the Guide.

The Guide, including the Base Offering Circulars, can be found on the Ginnie Mae Website (www.ginniemae.gov) under Investors – Multiclass Resources.

Please call Ginnie Mae's Office of Capital Markets at (202) 475-7820 with any questions or comments regarding this announcement.