

ARCC Discusses Expected Time Periods for Discontinuance of LIBOR in Mortgage Originations

May 28, 2020

On May 27, the Alternative Reference Rates Committee (ARCC) published recommendations for the transition from LIBOR in different financial transactions, including residential mortgage transactions. Given prior pronouncements by ARCC, previous announcements of timing by Fannie Mae and Freddie Mac, and the rapidly approaching suggested dates, this current ARCC issuance is best seen as another reminder to mortgage lenders to be sure that their operational and compliance implementation is proceeding in a timely manner.

ARCC's recommendations for mortgages:

- Hardwired fallback language should be incorporated by June 30, 2020.
- Tech/vendor operational readiness be completed by September 30, 2020.
- The target for cessation of the new use of LIBOR is September 30, 2020. (This is for applications for closed end residential mortgage loans with a maturity date after December 31, 2021.)
- By December 31, 2020, servicers of any consumer loans using LIBOR and maturing after 2021, should have developed robust programs for regulatory compliant notifications and consumer education and outreach to borrowers.

ARCC's publication can be found [here](#).

Buchalter is a leading financial services law firm, counseling financial institutions on all types of financial transactions, including residential and commercial mortgage lending. For further information about the transition from LIBOR in residential mortgages, please contact Mike Flynn or Jason Goldstein, Co-Chairs of Buchalter's Mortgage Banking Industry Group.



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