



ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Date: **October 27, 2016**

Mortgagee Letter 2016-16

To All FHA-Approved Mortgagees

Subject Home Equity Conversion Mortgage Program: Source for 10-Year LIBOR Swap Rate

Purpose This Mortgagee Letter (ML) updates the source for obtaining the 10-Year London Interbank Offered Rate (LIBOR) swap rate under the *Index Availability* section of ML 2007-13. All other requirements of ML 2007-13 remain in effect.

Effective Date These provisions are effective on October 31, 2016.

Background ML 2007-13 required mortgagees to use the Federal Reserve Board's (Board) Selected Interest Rate (H.15) statistical release as the source for LIBOR rates. The 10-year LIBOR swap rate is used to calculate the Expected Interest Rate on LIBOR-indexed Home Equity Conversion Mortgages. The Board obtained its 10-Year LIBOR swap rate from the Intercontinental Exchange (ICE) Benchmark Administration and calculated a weekly average using the ICE 10-Year swap rate available at: <https://www.theice.com/iba>.

On September 26, 2016, the Board announced that it would cease publication of specific interest rates on its H.15 statistical release effective on October 11, 2016. Subsequently, the Board agreed to continue publication of the interest rate swaps until October 31, 2016.

In addition, the Board announced that it would no longer publish the weekly and monthly averages on the H.15 statistical release or update its Data Download Program (DDP) effective October 31, 2016. Historical data through October 31, 2016 would remain available on the DDP.

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Index Availability 10- Year LIBOR Swap Rate

Mortgagees may no longer obtain the 10-Year LIBOR swap rate from the Board's H.15 statistical release. Instead, mortgagees must obtain this index from the ICE. The ICE does not use the term "LIBOR" in its references to the 10-Year swap rate; however, it is the rate to be used. Since ICE does not publish a weekly average of the 10-Year swap rate, mortgagees must calculate the weekly average using the prior week's daily three-digit USD 1100 10-Year swap rate rounded to the nearest two decimal places for the preceding Monday through Friday.

To ensure consistency, the weekly average of the ICE 10-Year swap rate is effective on the Tuesday following the previous week. If there is a US Federal Holiday on a Monday, then the 10-Year swap rate is calculated on Tuesday and becomes effective on the next business day.

Instructions

Instructions for accessing the 10-Year ICE swap rate are available at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm

Information Collection

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Questions

Please address any questions about the topics addressed in this Mortgagee Letter to the FHA Resource Center at (800) 225-5342. Persons with hearing or speech impairments may reach this number via TTY by calling the Federal Relay Service at (800) 877-8339. For additional information on this Mortgagee Letter, please visit www.hud.gov/answers.

Signature

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