



FHA INFO 2022-90

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FHA Publishes Proposed Rule on Transitioning from LIBOR to Alternate Indices for HUD's Adjustable Rate Mortgages

Today, the Federal Housing Administration (FHA) published a proposed rule in the Federal Register, *Adjustable Rate Mortgages: Transitioning from LIBOR to Alternate Indices* ([Federal Register Docket No. FR-6151-P-02](#)), for public comment. The rule proposes to transition existing FHA-insured forward and Home Equity Conversion Mortgage (HECM) Adjustable Rate Mortgages (ARMs) from the London Interbank Offered Rate (LIBOR) to a spread-adjusted Secured Overnight Financing Rate (SOFR) index (after the one-year and one-month LIBOR indices cease to be published on June 30, 2023).

Also, the rule proposes to remove LIBOR and add SOFR as an approved index for newly originated forward ARMs. This change was made for HECM ARMs in [Mortgage Letter 2021-08](#) and added to this proposed rule. For HECM monthly ARMs, the proposed rule makes clarifying regulatory changes and establishes a lifetime five percent interest rate cap.

Stakeholders are encouraged to review and provide comments on the proposed rule by following the methods outlined in the Federal Register Notice through November 18, 2022.

Need Support? Contact the FHA Resource Center.

- Visit our knowledge base to obtain answers to frequently asked questions 24/7 at www.hud.gov/answers.
- E-mail answers@hud.gov. Emails and phone messages will be responded to during normal hours of operation, 8:00 AM to 8:00 PM (Eastern), Monday through Friday on all non-Federal holidays.
- Call 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number by calling the Federal Relay Service at 1-800-877-8339.

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