

# Conventional Float-to-Fixed Rate Loan (Two-Plus-Seven)

<b>ELIGIBLE BORROWER</b>	Must be well-qualified and preferably have Freddie Mac borrower experience.
<b>FLOATING-RATE PERIOD</b>	<ul style="list-style-type: none"> <li>• 2 years.</li> <li>• IO, no cap required, locked-out/no prepayments.</li> <li>• No supplemental loans during floating-rate period.</li> </ul>
<b>FIXED-RATE PERIOD</b>	<ul style="list-style-type: none"> <li>• 7 years.</li> <li>• IO subject to 7-year fixed-rate IO credit parameters with defeasance.</li> <li>• Amortizing loan with defeasance.</li> <li>• Securitization-ready.</li> </ul>
<b>UNDERWRITING</b>	<ul style="list-style-type: none"> <li>• Compliant with current credit parameters.</li> <li>• Sized based on fixed rate.</li> <li>• Must pass Refinance Test using aggregated term (2 years floating plus 7 years fixed) with 2 years of IO.</li> </ul>
<b>PRICING</b>	<p>Terms (subject to revisions due to market fluctuations)</p> <ul style="list-style-type: none"> <li>- Floating rate: 30-day Average SOFR + 20 bps.</li> <li>- Fixed rate: 7-year UST + 7-year fixed pricing + 20 bps.</li> <li>- Fixed rate is locked when the floating-rate spread is locked. Index locks also available during underwriting.</li> <li>- No future rate adjustments.</li> </ul>
<b>PROCESS AND CONVERSION TO FIXED RATE</b>	<ul style="list-style-type: none"> <li>• Conversion of floating rate to fixed rate is automatic.</li> <li>• Permits additional loan proceeds via a supplemental mortgage (pari passu). Any additional proceeds will be priced at then first-mortgage pricing.</li> <li>• Freddie Mac must receive request for additional proceeds no less than 150 days prior to conversion.</li> <li>• For securitization purposes, updated third-party reports required prior to fixed rate period conversion. Third-party reports paid by Freddie Mac unless additional proceeds are requested.</li> <li>• If original loan fails to meet Freddie Mac's credit parameters at conversion, Freddie Mac retains the right to restructure the transaction via a split note at time of securitization.</li> <li>• Supplemental loans are allowed beginning the second year of the fixed-rate period.</li> </ul>

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