

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

ELIGIBLE BORROWER

Must be well-qualified and preferably have Freddie Mac borrower experience.

FLOATING-RATE PERIOD

- 2 years.
- IO, no cap required, locked-out/no prepayments.
- No supplemental loans during floating-rate period.

FIXED-RATE PERIOD

- 7 years.
- IO subject to 7-year fixed-rate IO credit parameters with defeasance.
- Amortizing loan with defeasance.
- Securitization-ready.

UNDERWRITING

- Compliant with current credit parameters.
- Sized based on fixed rate.
- Must pass Refinance Test using aggregated term (2 years floating plus 7 years fixed) with 2 years of IO.

PRICING

Terms (subject to revisions due to market fluctuations)

- Floating rate: 30-day Average SOFR + 20 bps.
- Fixed rate: 7-year UST + 7-year fixed pricing + 20 bps.
- Fixed rate is locked when the floating-rate spread is locked. Index locks also available during underwriting.
- No future rate adjustments.

**PROCESS AND CONVERSION
TO FIXED RATE**

- Conversion of floating rate to fixed rate is automatic.
- Permits additional loan proceeds via a supplemental mortgage (pari passu). Any additional proceeds will be priced at then first-mortgage pricing.
- Freddie Mac must receive request for additional proceeds no less than 150 days prior to conversion.
- 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.
- 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.
- Supplemental loans are allowed beginning the second year of the fixed-rate period.



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