



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

## More Cash Upfront, When You Need It

We call the float-to-fixed rate loan a “two-plus-seven” because payments during the first two years of the loan are floating-rate and interest-only and the following seven years of the loan are fixed rate. The Borrower receives superior cash-on-cash returns through the first two years and can lock a coupon for the life of the loan at the initial closing.

### The Freddie Mac Difference

When it comes to multifamily finance, Freddie Mac gets it done. We work closely with our Optigo<sup>SM</sup> network of Seller/Service providers to tackle complicated transactions, provide certainty of execution and fund quickly.

Contact your Freddie Mac Multifamily representative today — we’re here to help.

### Borrowers Who Want to Know More

Contact one of our Optigo Seller/Service providers at [mf.freddiemac.com/borrowers/](http://mf.freddiemac.com/borrowers/)

### PRODUCT SNAPSHOT

- Ideal for assets requiring light repositioning (not required)
- No UPB maximum
- Eliminates risk of future Treasury rate increases
- Index locks available prior to rate lock
- Available for all Conventional and Targeted Affordable Housing Optigo offerings except pre-stabilized assets, student housing, seniors housing and manufactured housing communities
- Supplementals permitted post-conversion
- Conversion of floating rate to fixed rate is automatic

## Float-to-Fixed Rate Loan (Two-Plus-Seven) ▶ Conventional, Targeted Affordable

<b>Eligible Borrower</b>	Must be well-qualified
<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>	<ul style="list-style-type: none"> <li>▪ Terms (subject to revisions due to market fluctuations) <ul style="list-style-type: none"> <li>- Floating rate: LIBOR + 7-year floating pricing + 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> </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>