



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® 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 lenders at mf.freddie.mac.com/borrowers/

- 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

Eligible Borrower	Must be well-qualified
Floating-Rate Period	<ul style="list-style-type: none"> ▪ 2 years ▪ IO, no cap required, locked-out/no prepayments ▪ No supplemental loans during floating-rate period
Fixed-Rate Period	<ul style="list-style-type: none"> ▪ 7 years ▪ IO subject to 7-year fixed-rate IO credit parameters with defeasance ▪ Amortizing loan with defeasance ▪ Securitization-ready
Underwriting	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ Terms (subject to revisions due to market fluctuations) <ul style="list-style-type: none"> - Floating rate: 30-day average SOFR + 7 year floating pricing + 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	<ul style="list-style-type: none"> ▪ 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