



# Freddie Mac Float-to-Fixed-to-Float

## DESCRIPTION

Deutsche Bank Berkshire Mortgage offers financing under the new Freddie Mac Float-to-Fixed-to-Float Option for newly originated mortgages. This program allows for a one- or two-year floating rate period followed by a fixed rate period at a pre-locked interest rate with a final year at floating rate of 250 bps over the 30-day Freddie Mac Reference Bill, which has historically traded inside of LIBOR.

## BENEFITS / FEATURES

- Borrower receives benefit of maximum cash flow during initial floating rate period.
- By locking in the fixed rate at initial closing, interest rate risk is eliminated.

## LOAN STRUCTURE

LOAN AMOUNT .....\$3 million (minimum).  
 LOAN TO VALUE .....80% (maximum).  
 DEBT SERVICE COVERAGE..... 1.25x (minimum).  
 AMORTIZATION .....25 to 30 year amortization. Interest-only options may be available.  
 RECOURSE .....Loans are non-recourse with standard carve-outs.  
 INTEREST RATE CAP ..... Not required.

	<u>INITIAL FLOATING RATE PERIOD</u>	<u>FIXED RATE PERIOD</u>	<u>FINAL FLOATING RATE PERIOD</u>
LOAN TERMS .....	1 or 2 years.	<ul style="list-style-type: none"> <li>■ With a 1-year initial floating-rate period, fixed-rate period may be 4, 6 or 9 years.</li> <li>■ With a 2-year initial floating-rate period, fixed rate period may be 5, 8 or 13 years.</li> </ul>	1 year past fixed-rate term maturity date.
RATES .....	Spread of 250 basis points over the 1-month Freddie Mac Reference Bill index.	Interest rate locked at early rate lock application or commitment.	Spread of 250 basis points over the 1-month Freddie Mac Reference Bill index.
PREPAYMENT.....	Locked out of prepayment during initial floating rate period.	Available subject to yield maintenance premium based on the combined initial floating rate period and fixed rate period and the fixed note rate.	Prepayable at par.
TRANSFER / ASSUMPTIONS.....	Permitted with Freddie Mac's approval.	Permitted with Freddie Mac's approval.	Not permitted.

## CONVERSION REQUIRMENTS

- Automatic: Loan will not be re-underwritten at conversion from floating-rate period to fixed-rate period or when extended to 1-year floating-rate term.
- Early conversion to fixed rate of interest not allowed.