

Date: [Insert Date]

Borrower(s): [Insert Borrower Names]

Property Address: [Insert Property Address]

Loan Number: [Insert Loan Number]

FLOAT DOWN OPTION DISCLOSURE

Dear [Insert Borrower Name],

This letter serves to disclose the terms and conditions regarding the "Float Down" option for your mortgage interest rate. You have currently locked your interest rate at [Insert Locked Rate]% for a period of [Insert Number] days, expiring on [Insert Expiration Date].

1. What is a Float Down Option?

A Float Down option allows you to lower your locked interest rate if market rates decrease significantly during your lock period, prior to your loan closing.

2. Eligibility Requirements:

To exercise the Float Down option, the following conditions must be met:

- The current market rate must be at least [Insert Percentage, e.g., 0.25%] lower than your locked rate.
- Your loan must be in "Approved" status by underwriting.
- The request to float down must be made at least [Insert Number] days prior to the scheduled closing date.

3. Associated Fees:

[Select one:]

- There is no fee to exercise this option.
- A non-refundable fee of \$[Insert Amount] is required to exercise this option.

4. Limitations:

The Float Down option may only be exercised once during the lock period. Once the rate is floated down, the new rate is final and cannot be adjusted again if rates continue to fall.

By signing below, you acknowledge that you have read and understand the terms of the Float Down option.

Borrower Signature

Date

Co-Borrower Signature

Date