

GreenCHOICE Mortgages[®] and CHOICERenovation[®] Mortgage Toolkit – for Real Estate Professionals

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How to Use the GreenCHOICE Mortgage and CHOICERenovation Mortgage Toolkit

Review information, insights and resources on GreenCHOICE and CHOICERenovation offerings.

Leverage key messages to guide your conversations with homebuyers and use the sample email template to send information on GreenCHOICE Mortgages and CHOICERenovation Mortgages.

Share resources with clients via sample email and other forms of communication.

Insights on Energy Efficiency Improvements

Energy Efficiency – Did You Know?

- The typical US family spends at least **\$2,200** per year on energy bills – with nearly half of these expenses being used for heating and cooling.
- By incorporating technologies that help make homes more efficient, ENERGY STAR®, a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy, estimates that homeowners can **save \$200 to \$400 annually** on their energy bills.
- ENERGY STAR-rated appliances were considered "essential" or "desirable" by **94%** of respondents
- An ENERGY STAR rating for the entire home was considered "essential" or "desirable" by **91%** of the 3,682 respondents in a 2013 study "What Home Buyers Really Want" by the National Association of Home Builders.
- **How are new technologies affecting the housing market?**
 - According to ENERGY STAR, programmable thermostats can save consumers about **\$180** per year in energy costs.
 - Tankless water heaters are designed to save energy by heating water only when needed. They are similar in cost to traditional gas water heaters but are **30%** more efficient, according to the U.S. Department of Energy.
 - Lighting can make up 10% to 20% of the home's total electrical use. Installing automated dimmers, timers and smart bulbs could lower electricity bills and increase the life expectancy of light bulbs.
 - Blinds and drapes can be programmed to close during the hottest part of the day to block out the sun, which works to cool the home. In the colder winter months, they can open up to allow the sun in to warm the house and help regulate the room temperature.
 - Out of the new generating capacity built in the U.S. last year, **15%** was utility-scale solar – enough to power 2 million homes.



Sources

<https://www.nahb.org/Advocacy/Industry-Issues/Sustainability-and-Green-Building/Green-Building-for-Consumers/Improve-Your-Homes-Energy-Efficiency-with-Technology>
http://www.freddiemac.com/learn/lo/tutorials/greenchoice_mortgages/story.html

http://www.freddiemac.com/blog/homeownership/20161027_energy_revolution.page

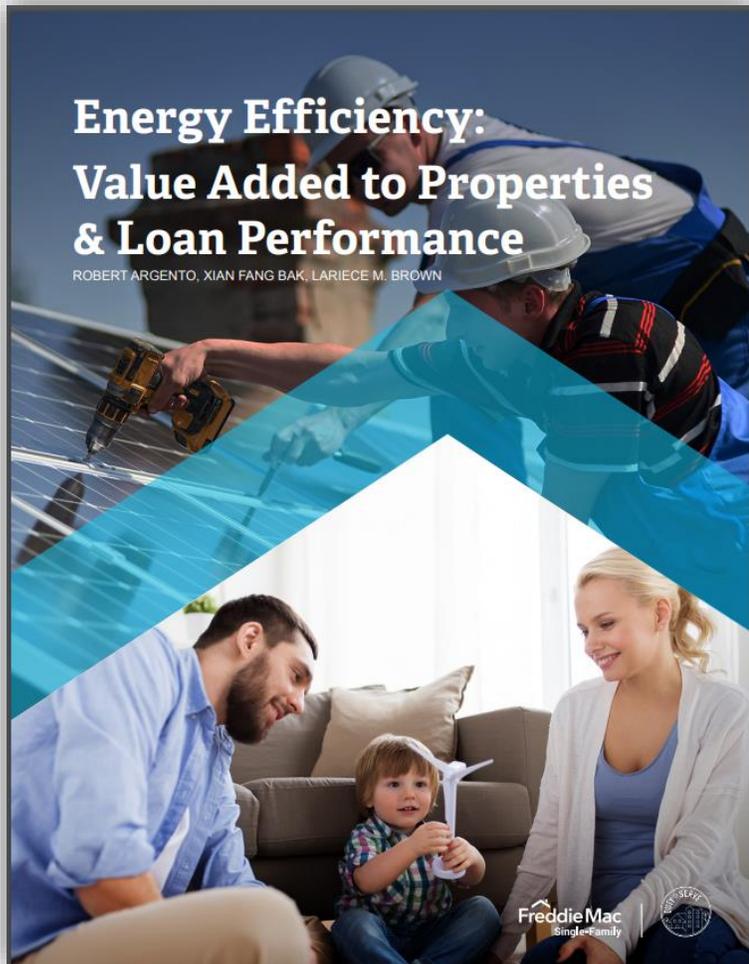
Research on Energy Efficiency, Home Sales and Affordability

Freddie Mac report, [Energy Efficiency: Value Added to Properties & Loan Performance](#), explores the connection between a home's energy efficiency, its sales price and affordability.

Using a national random sample, we conducted an analysis of energy-efficient homes rated between 2013 and 2017 and found:

- From the property value analysis, rated homes are sold for, on average, **2.7%** more than comparable unrated homes.
- Better-rated homes are sold for **3-5%** more than lesser-rated homes.
- From the loan performance analysis, the default risk of rated homes is not, on average, different from unrated homes, once borrower and underwriting characteristics are considered.
- Loans in the high debt-to-income (DTI) bucket (45% and above) that have ratings, however, appear to have a **lower delinquency rate** than unrated homes.

Read the [report](#).



Freddie Mac GreenCHOICE Mortgages Overview

GreenCHOICE Mortgages



Challenge

Inefficient energy features lead to higher utility costs and decrease home affordability.



Solution

The GreenCHOICE mortgage solution makes it easier to finance energy efficiency improvements that help reduce utility costs and increase housing affordability.

What is the GreenCHOICE Mortgages offering?

You can now direct homebuyers to the Freddie Mac [GreenCHOICE](#) Mortgages to finance energy-efficient home improvements and help more families attain and maintain home affordability.

Homebuyers can finance energy-efficient improvements with any mortgage product, property type and financing terms up to 30 years to provide greater affordability and flexibility. GreenCHOICE Mortgages can be used as no cash-out refinance to pay off existing energy-efficiency related debt.

GreenCHOICE can also be combined with Home Possible[®] mortgages to offer homebuyers additional affordable financing opportunities.

Who is the GreenCHOICE Mortgages for?

Homebuyers who want to qualify for greater purchasing power

Homeowners and homebuyers hoping to enjoy the benefits of an energy efficient home, which may include lower utility costs.

Homeowners and homebuyers who want to finance the cost of energy efficiency improvements.

How Do Homebuyers and Homeowners Benefit From Using GreenCHOICE Mortgages?

Homebuyers and homeowners have the ability to:

Enjoy the benefits of an energy efficient home, which may include lower utility costs and increased home comfort

Finance new or pay off existing energy-and water-efficiency improvements

Purchase a home and finance future energy and water efficiency improvements or repairs through their mortgage

Close the mortgage before completing the improvements

GreenCHOICE Mortgages Key Messages

We're expanding our support for homeowners looking to:

- Purchase a home and finance energy efficiency improvements on that home.
- Finance energy-efficient improvements through the refinance of an existing home.

GreenCHOICE Mortgages give homebuyers and homeowners the flexibility to update their property for energy and water efficiency improvements or repairs.

Homebuyers can then reduce these expenses and apply more towards their other expenses, helping to maintain home affordability.



Freddie Mac GreenCHOICE Trainings & Resources



Help Homebuyers Calculate Maximum Allowable Costs for GreenCHOICE

Property sales price	\$250,000	
+ Cost of improvements	\$ 25,000	
Total acquisition cost	\$275,000	} LTV is based on the lesser of these values
As-completed appraised value	\$270,000	
Maximum allowable renovation cost (≤ 15% of \$270,000)	<u>\$ 40,500</u>	
Maximum loan amount (≤ 97% of loan-to-value ratio)	<u>\$261,900</u>	
Borrower contribution for improvements	\$ 5,000	} Borrower's total out-of- pocket amount = \$13,100
Minimum 3% down payment	<u>\$ 8,100</u>	

Check out GreenCHOICE Trainings and Other Educational Resources



[Review GreenCHOICE Mortgage Tutorial](#)

A screenshot of a webpage titled "Enhance your role as a trusted advisor". The page includes a sub-header "Expand your marketing efforts to clients at every stage of homeownership. Use our customizable, professionally designed educational resources." and a grid of resource links. On the left, there is a photo of a man working on a laptop.

COVID-19 Relief: Forbearance (Critical Client Info) Video Clip	eBook — Hispanic Borrowers: A Driving Force in the Housing Market
Mortgage Translations Clearinghouse	Freddie Mac Blog
My Home by Freddie Mac	CreditSmart® Suite of Financial and Homeownership Education Resources
Borrower Help Center	Expert Breakdown on Speeding Up Appraisals
eBook - Key Opportunities for Building the Future of Home	Sustaining Homeownership in a Crisis: An Interactive Guide for Homeowners

[Visit Real Estate Professionals Webpage for more resources](#)

A screenshot of the "Resources & Learning" page on the Freddie Mac website. The page has a navigation bar with "Tools & Downloads", "Learning", and "Events". The main heading is "Training & Education" with a sub-header: "Whether you're new to servicing Freddie Mac mortgages, or one of our experienced partners, you'll find videos and other materials for all of your training and education needs." Below this is a featured article titled "Underwriting Income and Employment" with a brief description and a "READ MORE" button. An illustration of a laptop with a house icon is on the right.

Resources & Learning

Tools & Downloads | Learning | Events

Training & Education

Whether you're new to servicing Freddie Mac mortgages, or one of our experienced partners, you'll find videos and other materials for all of your training and education needs.

Underwriting Income and Employment

Learn more about the analysis, verification, calculation and determination of stable monthly income, covering employed income, additional income and other income sources, including assets as a basis for mortgage qualification.

[UNDERWRITING INCOME AND EMPLOYMENT](#)

[Check out Freddie Mac Resources & Learning](#)

Share These Resources With Homebuyers and Homeowners

4 Reasons to Make Your Home More Energy Efficient

HOMEOWNERSHIP

[Here are four reasons why homebuyers should make your home more energy efficient](#)



[Check out how energy audits can save homebuyers and homeowners money](#)



[Direct homebuyers to check their HomeEnergyScore™](#)



[Check out the RESNET HERS Interactive Tool to help homebuyers and homeowners save on utility costs](#)

GreenCHOICE Email Sample Copy



[Watch the informational video on GreenCHOICE.](#)

Here at [\[insert company name\]](#), we want to ensure that your home is exactly what you need to build your future.

To help you finance energy- and water-efficiency home improvements, check out the Freddie Mac [GreenCHOICE](#) Mortgage® solution.

The GreenCHOICE mortgage allows you to:

- Purchase a home and finance energy and water efficiency improvements or repairs through your mortgage.
- Enjoy the benefits of an energy-efficient home, which may include lower utility costs and increased home comfort.
- Finance energy- and water- efficiency improvements or repairs and pay off existing debt through the refinance of an existing home.
- Close on the mortgage before completing the improvements.

With the GreenCHOICE mortgage option, you can reduce your costs and apply money saved for other expenses.

We're here to help you every step of the way while you're making your home more energy- and water- efficient. For information and questions, feel free to reach out to me [\[insert contact information\]](#). We look forward to hearing from you soon.

Freddie Mac CHOICERenovation Mortgage Overview

CHOICERenovation Mortgage



Challenge

Damage to homes from intense and frequent natural disasters, aging housing supply, outdated features, lack of support for multigenerational living and high-cost financing options for renovations affect homebuyers and homeowners nationwide.



Solution

The CHOICERenovation mortgage solution addresses, repairs from natural disasters and increasing resilience to future disasters , the aging housing supply, the increasing demand for cost-effective financing, and aging-in-place housing solutions, and supports multigenerational living and supports the need for affordable housing.

What is the CHOICERenovation Mortgage offering?

[CHOICERenovation](#) allows lenders to deliver loans to Freddie Mac where the borrower uses the loan proceeds to pay for the renovations.

This solution addresses a gap in the market for lenders looking for a robust, conventional offering to support renovation financing and provide cost-effective solutions for homebuyers and homeowners.

Homebuyers now have more flexibility through any of our eligible fixed-rate and adjustable-rate mortgages, including Home Possible, super conforming and HomeOneSM mortgages.

Energy efficient improvements are allowed as part of the property improvements under CHOICERenovation. If the only improvements are energy efficient items, the loan may be eligible for the GreenCHOICE Mortgage offering.

Who is the CHOICERenovation Mortgage for?

Homebuyers looking for convenience and cost savings by financing their home purchase and renovation costs in a single-closing transaction.

Homeowners who need financing to make home improvements or repairs to their existing properties or a home they intend to purchase.

First-time homebuyers, homeowners looking to age in place or multigenerational families in need of living space customization, making repairs after a natural disaster and more.

How Do Homebuyers and Homeowners Benefit From Using CHOICERenovation Mortgages?

With CHOICERenovation Mortgages, homeowners and homebuyers can:

Save time and money. Allow borrowers to purchase homes and finance the cost of renovations with a single-close mortgage

Package the benefits. Combine this offering with our low-down payment products to make financing renovation projects even more affordable

Increase home values. Whether borrowers are looking to improve a home they intend to purchase or upgrade their current living conditions, home improvements and repairs can increase the value of their homes

CHOICERenovation Mortgage Key Messages

- The renovation market has grown more than 50% since the Great Recession ended in 2009. The U.S. market for home improvement and repairs is now over \$400 billion annually, according to Harvard University Joint Center for Housing Studies (JCHS).
- Given the increasing age of existing housing stock, the growing number of people looking for more affordable homebuying options, multigenerational households, and 55+ households opting to age in place, as well as the increasing frequency and intensity of natural disasters, there's a gap in affordable ways to finance these renovations.
- Freddie Mac responded to these needs with CHOICERenovation. Our mortgage offering allows renovation costs to be included in the mortgage loan amount. CHOICERenovation provides homebuyers and homeowners with another flexible choice for mortgage financing and home repairs.
- The CHOICERenovation Mortgage is designed for homebuyers and homeowners looking for convenience and cost savings by financing both their home purchase and renovation costs in a single loan.

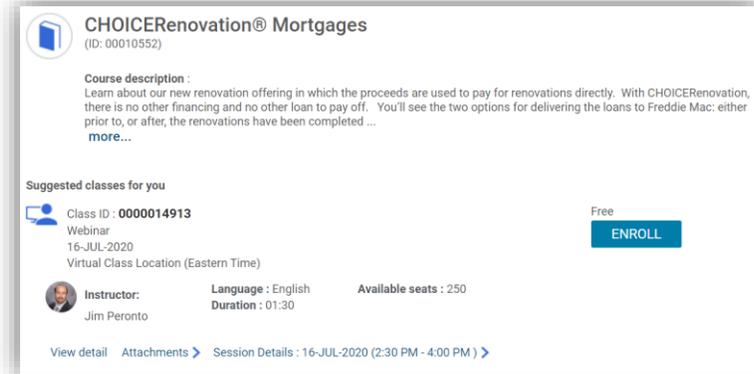


CHOICERenovation[®] Mortgage Trainings & Resources

Help Homebuyers Calculate Maximum Allowable Costs for CHOICERenovation

Property sales price	\$75,000	
+ Cost of improvements	\$ 180,000	
Total acquisition cost	\$255,000	} LTV is based on the lesser of these values
As-completed appraised value	\$250,000	
Maximum allowable renovation cost (≤ 75% of \$250,000)	<u>\$ 187,500</u>	
Maximum loan amount (≤ 97% of loan-to-value ratio)	<u>\$242,500</u>	
Borrower contribution for improvements	\$ 5,000	} Borrower's total out-of-pocket amount = \$12,500
Minimum 3% down payment	<u>\$ 7,500</u>	

Review CHOICERenovation Trainings



CHOICERenovation® Mortgages
(ID: 00010552)

Course description :
Learn about our new renovation offering in which the proceeds are used to pay for renovations directly. With CHOICERenovation, there is no other financing and no other loan to pay off. You'll see the two options for delivering the loans to Freddie Mac: either prior to, or after, the renovations have been completed ... [more...](#)

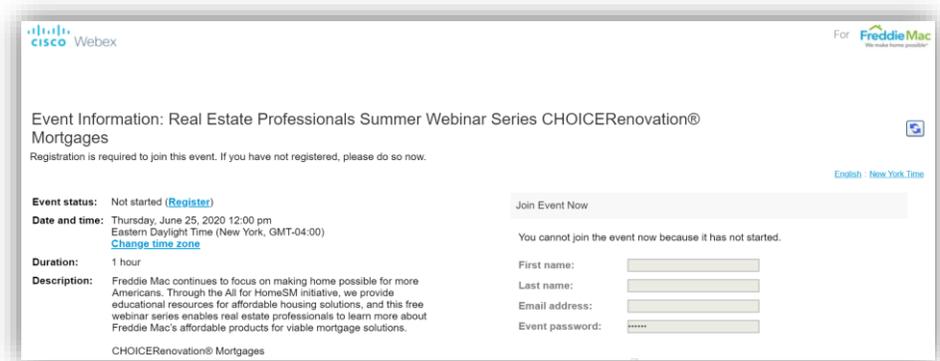
Suggested classes for you

Class ID : **0000014913** Free
Webinar
16-JUL-2020
Virtual Class Location (Eastern Time) **ENROLL**

Instructor: Jim Peronto **Language:** English **Available seats:** 250
Duration: 01:30

[View detail](#) [Attachments](#) [Session Details: 16-JUL-2020 \(2:30 PM - 4:00 PM\)](#)

[Review CHOICERenovation Mortgage Webinar](#)



Event Information: Real Estate Professionals Summer Webinar Series CHOICERenovation® Mortgages

Registration is required to join this event. If you have not registered, please do so now. [English](#) [New York Time](#)

Event status: Not started ([Register](#)) Join Event Now

Date and time: Thursday, June 25, 2020 12:00 pm
Eastern Daylight Time (New York, GMT-04:00) [Change time zone](#)

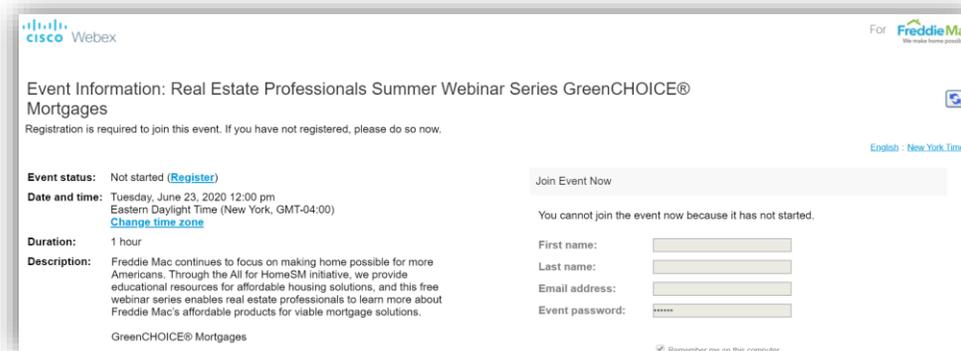
Duration: 1 hour

Description: Freddie Mac continues to focus on making home possible for more Americans. Through the All for HomeSM initiative, we provide educational resources for affordable housing solutions, and this free webinar series enables real estate professionals to learn more about Freddie Mac's affordable products for viable mortgage solutions.

Registration Form:
You cannot join the event now because it has not started.
First name:
Last name:
Email address:
Event password:

CHOICERenovation® Mortgages

[Review Real Estate Professionals Webinar Series on CHOICERenovation Mortgages](#)



Event Information: Real Estate Professionals Summer Webinar Series GreenCHOICE® Mortgages

Registration is required to join this event. If you have not registered, please do so now. [English](#) [New York Time](#)

Event status: Not started ([Register](#)) Join Event Now

Date and time: Tuesday, June 23, 2020 12:00 pm
Eastern Daylight Time (New York, GMT-04:00) [Change time zone](#)

Duration: 1 hour

Description: Freddie Mac continues to focus on making home possible for more Americans. Through the All for HomeSM initiative, we provide educational resources for affordable housing solutions, and this free webinar series enables real estate professionals to learn more about Freddie Mac's affordable products for viable mortgage solutions.

Registration Form:
You cannot join the event now because it has not started.
First name:
Last name:
Email address:
Event password:

GreenCHOICE® Mortgages

[Review Real Estate Professionals Webinar Series on GreenCHOICE Mortgages](#)

Review CHOICERenovation Resources and Share Benefits With Homebuyers



[Learn more about CHOICERenovation Mortgage](#)



[Watch the CHOICERenovation® Mortgage offering video](#)

List of CHOICERenovation® Mortgage Lenders

Copy Link | Email | Print | LinkedIn | Twitter | Facebook

The lender list below only includes those lenders who have provided written consent to FreddieMac to share their names and may not be a comprehensive list of all lenders who originate CHOICERenovation SM Mortgages.

Lender	Lender Address	Contact Name/Number	Contact Emails
Atlantic Bay Mortgage	600 Lynnhaven Pkwy	Christina Brown	christinabrown@atlanticbay.com

Resources

- [CHOICERenovation SM Mortgages](#)
- [CHOICERenovation SM Frequently Asked Questions](#)
- [CHOICERenovation SM Webinar](#)

[View the CHOICERenovation Lender List](#)



[Share this marketing kit flyer with lenders that you work with](#)

CHOICERenovation Email Sample Copy



[Watch the informational video on CHOICERenovation.](#)

Here at [\[insert company name\]](#), we want to ensure that your home is exactly what you need to build your future.

To help you finance your home improvements, we're teaming up with lenders in the area who offer the Freddie Mac [CHOICERenovation](#)[®] Mortgage financing option. You can renovate your home while keeping it cost-efficient.

The CHOICERenovation mortgage allows you to:

- **Save time and money.** You can purchase homes and finance the cost of renovations with a single-close mortgage.
- **Package the benefits.** Combine this offering with our low-down payment and to make financing renovation projects even more affordable.
- **Increase home values.** Whether you're looking to improve a home you'd like to purchase or upgrade your current living situation, home improvements and repairs can increase the value of your home.

We're here every step of the way to help you make home renovations easier and more affordable. For information and questions, feel free to reach out to me [\[insert contact information\]](#). We look forward to hearing from you soon.