

Side-by-Side Comparison: CHOICERenovation® Mortgage and CHOICEReno eXPressSM Mortgage



The following information highlights features for Freddie Mac's CHOICERenovation® mortgage offering, which includes the CHOICEReno eXPressSM option, in a side-by-side comparison. This comparison should not be considered exhaustive and is not a substitute for what is provided in the Single-Family Seller/Service Guide (Guides).

CHOICERenovation allows Sellers to deliver mortgages to Freddie Mac where the borrower uses the mortgage proceeds to pay for home renovations and offers a conventional offering to support renovation financing and provide cost-effective solutions for borrowers.

CHOICEReno eXPress is a streamlined renovation mortgage that enables Sellers to offer an additional financing option for borrowers who are looking to finance small-scale home renovations.

For more information on the [CHOICERenovation](#) and [CHOICEReno eXPress](#) offerings, reach out to your Freddie Mac representative or contact Customer Service (800-FREDDIE).

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	CHOICERenovation		CHOICEReno eXpress	
	Mortgages with renovations completed BEFORE delivery to Freddie Mac	Mortgages with renovations completed AFTER delivery to Freddie Mac	Mortgages located in designated Duty to Serve ¹ high-needs areas (refer to Exhibit 40)	Mortgages NOT in Duty to Serve high-needs areas
Freddie Mac Approval	N/A	Yes, prior to delivering such mortgages, the Seller must go through an application and approval process meeting specific eligibility requirements, including experience and loan performance criteria.	N/A	
Sold with Recourse	N/A	Yes, such mortgages must be sold to Freddie Mac with recourse.	N/A	
Renovations Completed After Delivery to Freddie Mac	N/A	Yes, such mortgages may have renovations not completed by the settlement date.		
Required Completion Date	All renovations must be completed within 450 days of the note date.		All renovations must be completed within 180 days of the date.	
Maximum Financed Renovation Costs	The total cost of the financed renovations must not exceed 75% of the value described in either Section 4607.8(a), for purchase transactions, or Section 4607.8(b), for “no cash-out” refinance mortgages, as applicable.		The total cost of the financed renovations must not exceed 15% of the value described in either Section 4607.8(a), for purchase transactions, or Section 4607.8(b), for “no cash-out” refinance mortgages, as applicable.	The total cost of the financed renovations must not exceed 10% of the value described in either Section 4607.8(a), for purchase transactions, or Section 4607.8(b), for “no cash-out” refinance mortgages, as applicable.

Note: See Section 4607.8(c) for the maximum financed renovation costs for mortgages secured by manufactured homes.

¹Under the guidance of the Federal Housing Finance Agency (FHFA), Freddie Mac collaborated with mortgage industry stakeholders to develop the Duty to Serve plan to make financing of manufactured housing and rural housing easier for families with very low-, low- and moderate-income, and preserve the affordability of these homes over time.

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Completion Escrow Account	The renovation funds must be deposited into a completion escrow account.	The renovation funds must be deposited into a Custodial Account for Renovation Funds (as described in Section 4607.13).	The renovation funds must be deposited into a completion escrow account.	
Eligible Uses of Mortgage Proceeds	Such mortgage proceeds may be used in accordance with Section 4607.6(a).		Such mortgage proceeds may be used in accordance with Section 4607.6(a); however, the use of CHOICEReno eXPress mortgage proceeds may not include the payoff of short-term financing that was used to finance prior renovations.	
Change Orders	N/A	Any changes made to the plans and specifications and/or the estimated time of completion for the renovations must be agreed upon via a change order and approved by the Seller. If changes to the plans and specifications are made after the appraiser provided the “as completed” value, the Seller must notify and provide change documentation to the appraiser for the appraiser to provide a revised appraisal reflecting the changes and accounting for the impact on the “as completed” value.		
	Note: The Seller may not approve changes to the plans and specifications if such changes impact the loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratio or the property. such that either the mortgage: Would not have been eligible for sale under the terms of the Seller’s Purchase Documents in effect on the settlement date, or Would have been eligible for sale but under different terms			
Special Mortgage File Requirements	N/A	The mortgage file must contain all relevant renovation documentation detailed in Section 4607.10(b)(1).		
Notification to Freddie Mac	N/A	If there are any concerns that the renovations will not be completed by the required completion date, or if there are any changes that impact the “as completed” value of the property. The Seller must request an extension through Loan Status Hub .		

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Contractor Requirements	N/A	<p>For contractor(s) and/or tradespersons chosen by the borrower to complete the renovations, they must meet the requirements in Section 4607.10(b)(3).</p> <p>When the borrower acts as the general contractor and/or performs renovation work, the requirements in Section 4607.11(a) must be met.</p> <p>For contractor(s) and/or tradespersons chosen by a home improvement store to complete the renovations in accordance with Section 4607.11(b), the requirements in Section 4607.11(b) must be met.</p>		
Contingency Reserve Amount	N/A	<p>Based on the total renovation costs identified in the renovation contract(s), the contingency reserve amount must be:</p> <ul style="list-style-type: none"> • Greater than or equal to 10%* • Less than or equal to 20% <p>*If the property utilities are not operable, the contingency reserve amount must be greater than or equal to 15%.</p> <p>*A minimum contingency reserve is not required for renovations to construct or update various outdoor structures for leisure and recreation, i.e. pool decking, patio or porch additions.</p>	<p>Not applicable unless the Seller chooses to establish a contingency reserve.</p> <p>If the Seller chooses to establish a contingency reserve, the contingency reserve amount must be less than or equal to 20% of the total renovation costs identified in the renovation contract(s).</p>	
Special Delivery Requirements	Loan Program Identifier "CHOICE Renovation" (Sort ID 404)	Loan Program Identifier "CHOICE Renovation" in Progress (Sort ID 404)	Loan Program Identifier "CHOICEReno Express DTS Area" (Sort ID 404)	Loan Program Identifier "CHOICEReno eXpress" (Sort ID 404)

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Prohibitions on Transfers of Servicing	N/A	<p>For Sellers that have obtained Freddie Mac's prior written approval, Concurrent Transfers of Servicing involving such mortgages are permitted, provided the special requirements in Section 4607.18(a) are met.</p> <p>Subsequent Transfers of Servicing involving such mortgages are prohibited until all renovations have been completed, the Seller has obtained a completion report pursuant to Section 4607.9 and Freddie Mac has approved removal of recourse pursuant to Section 4607.15.</p>	<p>Transfers of Servicing involving such mortgages are prohibited until all renovations have been completed and the Seller has obtained a completion report pursuant to Section 4607.9.</p>	

CHOICERenovation Mortgages with renovations that are substantially complete meaning the only remaining incomplete improvements meet the requirements of [Section 5601.3](#) may be delivered to Freddie Mac as CHOICERenovation Mortgages with Settlement Dates after completion of renovations.

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