FREDDIE MAC CHOICERenovation® MORTGAGE

PROGRAM SPECIFICATIONS	
Description	The Freddie Mac CHOICERenovation® is a single-close loan that enables borrowers to purchase a home that needs repairs or refinance their existing home and include the necessary funds for renovation in the loan balance. There are no required improvements or a minimum dollar amount for the repairs. Repairs or improvements, however, must be permanently affixed to the real property. Only non-structural repairs are permitted.
Channels	• Broker • Correspondent ○ Non-Delegated (UW)
FICO	• 620 minimum qualifying credit score for all qualifying Borrowers.
UW Method	• Loan Product Advisor (LPA)
AUS Recommendation	• Accept/Eligible
Eligible Terms	• 15 Year Fully Amortizing Fixed • 30 Year Fully Amortizing Fixed **Reminder:** ARMs not permitted
Eligible Transactions	• Purchases • No Cash Out Refinances

Eligible Property Types	• 1-2 Unit Primary Residences
	• 1 Unit Second Homes
	• 1-Unit Investment
	• Condominiums
	  ○ Ineligible review: Properties that require PCS (Project Certified Submissions)
	  ○ Condominium Project review and general Condominium Project eligibility requirements
	• Multi-wide Manufactured Homes
	Reminder: Singlewide Manufactured Homes are not permitted.
	
	When the property is a unit in a condo, the proposed renovation work must be permissible under the bylaws of the HOA or the HOA must have given written approval for the work. The renovation work must be limited to the interior of the unit, including the installation of fire walls in the attic.
	
	The renovation of manufactured homes is allowed provided the improvements do not include structural changes (such as adding a garage or other attached elements).

Maximum LTV/TLTV/HTLTV	• 1 -unit primary, 95%
	  ○ 97% Home Possible or HomeOne
	  ○ HomeOne must be FTHB if > 95%
	  ○ Note: Site built only for LTV > 95%
	• 2 -unit primary, 95%
	• 1 -unit second home, 90%
	• 1-unit investment home, 85%
	• Multi-wide Manufactured Homes 95%
	Note: TLTV to 105% with eligible Affordable Seconds (only with Home Possible and HomeOne)

Homeownership Education	CreditSmart® Homebuyer U, Freddie Mac's Homeownership Education course is required when: • Purchase loans with LTV, CLTV, HCLTV > 95% and, • All occupying borrowers are first-time homebuyers, at least one borrower must complete the homeownership course.
Maximum DTI	Determined by LPA
Maximum Cost for Renovations	• **Purchase:** 75% of the lesser of the sum of the purchase price of the property plus renovation costs, or the as completed appraised value of the property. • **Refinance:** 75% of the as completed appraised value of the property. • **Manufactured Homes:** The lesser of $50,000 or 50% of the "as completed" appraised value. • Maximum Renovation cost $75,000
Renovation Timeframes	• Limited ○ Repairs completed not to exceed 6 months
Ineligible Repairs for Limited Reno ≤ $75,000	**Structural Work:** • Any structure repairs or alterations • Foundation reconstruction or elevation • Room additions or new construction • Converting or reducing multi-unit structures

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EQUAL HOUSING LENDER

Revised 9/03/2026

	• Moving structures to new foundations
	Complex or extended Projects:
	• Projects requiring more than 6 months to complete
	• More than two payments per specialized contractor
	• No more than two specialized contractors are allowed:
	  ○ Both the GC and specialized contractors must complete all required paperwork for approval
	  ○ Two final inspections must be collected
	  ○ Additional contractors would require a General Contractor
	• Repairs requiring architectural plans or consultant work write-up
	• Projects that prevent occupancy
	  ○ Home must be habitable at the time of closing
	• No projects where construction has already commenced
	New installations:
	• New private wells or septic systems
	• Windstorm Shelters
	• Commercial-use conversions or refurbishments
	• No additions of an ADU's
	Luxury & Recreational Additions:
	• New swimming pools, hot tubs, spas, saunas
	• Barbecue pits, outdoor fireplaces, bath houses
	• Tennis courts, satellite dishes, photo murals, or gazebos
	Other Restrictions:
	• Oil tank removal or remediation
	• Extensive mold remediation
	• extensive landscaping and site improvements
	• Flood or fire damage repairs
	• Self-help or DIY projects
	• Renovations in historic areas designated by state, county, federal, or third-party authorities
	• Any properties zoned for mixed use or have commercial spaces
	Any repair or update that eLEND Credit Committee deems out of scope or excessive

Resource Links	**Links**:
	• HUD Consultants look up tool - Not required but may be used
	• PHI Home Inspections
	  ○ Resource
	• eLEND's Exclusionary List
	  ○ Participants on this list are not eligible

Appraisal Requirements	• The appraisal report must provide an "as completed/after improved" appraised value that estimates the value of the property after completion of the renovation work. **Note:** "As Completed/after improved" Property Condition Rating as determined by the Appraiser must be C1-C4.

Contingency Reserve	• May come from the mortgage proceeds or directly from the borrower
	• Minimum
	  ○ Amount must be ≥ 10% of the total renovation costs, except that if the property utilities are not operable as referenced in the construction contact and/or plans and specifications, then the minimum contingency reserve must be ≥ 15% of the total renovation costs.
	• Maximum
	  ○ May not exceed 20% of the total renovation costs.

Mortgage Insurance	• Follow LPA Findings • Mortgage Insurance, if required based on LTV, must be in place before closing, and coverage is based on the estimated value of the home after renovation.
MI Companies	• Arch • Essent Guaranty, Inc. • Enact • MGIC • National MI
Ineligible Mortgages	• Adjustable Rate Mortgages • Affordable Merit Rate Mortgage • A-minus mortgages • Seasoned mortgages • Financed Permanent Buydown mortgages • Seller-owned Modified mortgage and Seller-owned Converted mortgages • Enhanced Relief Refinance mortgage

	• Community Land Trust mortgage • Special Purpose Cash-out refinance mortgages • FHA and VA mortgages • Section 502 GRH mortgages • Section 184 Native American mortgages • Freddie Mac Relief Refinance Mortgages – Same Servicers and Freddie Mac Relief Refinance Mortgages – Open Access

Geographic Restrictions	• New York
	  ○ Temporarily suspended as of 10/20/2023.
	• Hawaii
	  ○ eLEND does not operate in the state of Hawaii and does not permit loans with a subject property in Hawaii for all programs in all channels with the exception of Correspondent Delegated UW transactions.
	• eLEND requires the use of eLEND's Texas counsel on all Texas transactions. eLEND utilizes this 3rd party for document preparation and require 48 hours for both title review and to generate a closing package.

Guidelines	https://guide.freddiemac.com/app/guide/ - Chapter 4607
See FORMS in the Resource Center	**Limited - Reno ≤ $75,000**
Consumer Renovation Information Limited	X
Homeowner/Contractor Agreement Limited	X
Borrower's Letter of Completion Limited	X
Contractor Profile	X
Renovation Loan Borrowers Disclosure	X
Important Notice Regarding Contingency Funds	X
Renovation Loan Agreement	X
Renovation Identity of Interest	X
Compliance Inspection Report	X
Lien Release	X
Texas Disclosure Statement	X
IRS Form W-9	X
Purchase MMW	X
Refinance MMW	X

OVERLAYS

Follow all overlays outlined in the Freddie Mac Fully Amortizing and Super Conforming Program and:

- eLEND permits 50% initial advancement request up to $25,000.00 calculated off the approved scope of work after closing upon request.
- eLEND permits up to three draws per contractor after closing, excluding the initial request noted above. These include two intermediate draws during the rehabilitation process and one final draw. Each draw may include up to two separate disbursements; a draw with two disbursements counts as one draw. All draw requests must be submitted in writing and executed by both the Contractor and Borrower. The draws are based on the percentage of completion of the project and require a site inspection documenting work progression.
- eLEND permits for only 1 General Contractor; multiple General Contractors are not permitted with exception to well and septic contractors where outside the general contractor's scope.
- eLEND does not permit identities/conflicts of interest between the borrower and contractor. The borrower and contractor may not be related nor, can there be any employee/employer relationship.
- Evidence of permit issuance prior to closing may be required.
- A contingency reserve equal to 10% up to a maximum 20% of the total costs of repairs and renovation work is required on all transactions. The eLEND UW will determine the contingency required based on their discretion and scope of work.
- Stamped and sealed line drawings by a licensed engineer or architect with a statement provided that permits can be obtained when any type of addition is being done or a zoning modification is going to be needed.
- eLEND requires the use of AsurityDocs (or equivalent) for all closing packages:
  - eLEND requires the use of eLEND's Texas counsel for **all Freddie Mac CHOICERenovation** closing packages: Sandler Law Group ("SLG") c/o AsurityDocs, formerly MRG Docs, 717 North Harwood, Suite 1600 Dallas, TX 75201, email docs.support@asurity.com.
  - Correspondent clients that draw their own closing packages may use a document management company that will guarantee the closing package meets all county, state, federal and program requirements.
- Condominiums/PUDs
  - Ineligible review: Properties that require PCS (Project Certified Submissions)
- Only Rental income from units not included in the renovation project may be considered for qualifying purposes.
- Home must be habitable during construction.
- Manufactured Housing that has been moved from another site must meet the following:
  - Has been inspected to verify structural integrity by a licensed professional engineer or appropriate local, State or federal authority. The inspection report must be retained in the Mortgage file.
  - Is not located in a more restrictive wind, roof load and/or thermal zone than the zone for which the home was constructed.

- Mortgage proceeds may not be used for paying costs for delivery and setup, anchoring on a permanent foundation system, site development, installation, and permanent utility connections, including well and/or septic systems.