

Fannie Mae and Freddie Mac offer renovation loan options to help homeowners finance home improvements along with the mortgage. These loans are designed to simplify the process of buying a home that needs repairs or refinancing an existing property for renovations.

## 1. Fannie Mae HomeStyle® Renovation Loan

- **Overview:** The HomeStyle Renovation loan allows borrowers to finance the purchase of a home and the cost of repairs with a single mortgage, or refinance an existing mortgage to fund renovations.
- **Eligible Properties:** This loan can be used for primary residences, second homes, and investment properties.
- **Renovation Limits:** Renovation costs can go up to 75% of the property's as-completed value (the estimated value of the home after renovations are finished).
- **Eligible Renovations:** There is a wide range of acceptable renovations, including structural changes, room additions, energy-efficient improvements, and even luxury upgrades like swimming pools.
- **Down Payment Requirements:** The loan requires as little as 3% down for first-time homebuyers if used on a primary residence, making it an accessible option for many.
- **Mortgage Insurance:** Private mortgage insurance (PMI) may be required if the down payment is less than 20%.

## 2. Freddie Mac CHOICERenovation® Loan

- **Overview:** Similar to the HomeStyle loan, the CHOICERenovation mortgage allows borrowers to buy a property and finance renovations with a single loan, or refinance an existing loan for home improvements.
- **Eligible Properties:** It covers primary residences, second homes, and investment properties.
- **Renovation Limits:** There is no specific cap on renovation costs, but they must be within the loan amount and meet eligibility guidelines.
- **Disaster Preparedness Improvements:** One unique aspect of the CHOICERenovation loan is its ability to finance renovations that help the property better withstand natural disasters, like storm-proofing or raising a home's elevation.
- **Down Payment Requirements:** As little as 3% down for primary residences.
- **Mortgage Insurance:** PMI may be necessary if the loan-to-value ratio is above 80%.

## Key Similarities and Differences

- **Similarities:** Both loans allow financing for a wide range of renovation types, have low down payment requirements, and can be used for primary residences, second homes, or investment properties. They can also be combined with other affordable lending programs to reduce the costs.
- **Differences:** The HomeStyle Renovation loan offers more flexibility in the types of eligible renovations, while the CHOICERenovation loan has a specific focus on funding repairs that enhance resilience to natural disasters.

These renovation loans can be useful for increasing a home's value, making it more livable, or addressing structural issues without needing separate financing.

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