



## BROKERS CHOICE 2ND LIEN PRODUCT MATRIX CHOICE DPA & CHOICE DPA PLUS & CHOICE DPA SELECT

Transaction Type	Number of Units	Maximum LTV/CLTV/HCLTV		Minimum Credit Score
FHA 30-Yr Fixed Purchase	1-2 Units	Choice DPA	96.50% LTV + 3.5% DPA = 100% CLTV	620 for DU® 660 for Manual
		Choice DPA Plus	96.50% LTV + 3.5% DPA = 100% CLTV	
		Choice DPA Select	96.50% LTV + 5.0% DPA = 101.5% CLTV	

BCM Choice DPA is designed to increase homeownership opportunities for low-to-moderate income individuals and families nationwide (excluding New York). Unless otherwise specified here as an overlay, BCM adheres to all posted guidelines for FHA eligibility, as found in the [FHA Single Family Housing Handbook 4000.1](#).

Down Payment Assistance is available to achieve 100% or 101.5% (Choice DPA Select only) CLTV with these three options:

- 1) Choice DPA** - 2nd lien is a zero percent (0.00%) Note rate, with a deferred, forgivable payment (WA ineligible)
- 2) Choice DPA Plus** - 2nd lien that has an interest rate equal to the first lien rate plus 2% with a 10-year amortization and monthly payments required
- 3) Choice DPA Select** - 2nd lien that has an interest rate equal to the first lien rate plus 2% with a 10-year amortization and monthly payments required

TOPIC	BORROWER ELIGIBILITY
<b>AUS</b>	<ul style="list-style-type: none"> <li><b>Only Desktop Underwriter® (DU®) may be used and requires Approve/Eligible findings</b> – minimum 620 Credit Score</li> </ul>
<b>Credit Score</b>	<ul style="list-style-type: none"> <li>620 Minimum Credit Score for DU®</li> <li>660 Minimum Credit Score for Manual Underwriting</li> <li>Must meet all FHA credit standards per <a href="#">FHA Single Family Housing Handbook 4000.1</a></li> </ul>
<b>Debt-to-Income Ratio (DTI)</b>	<ul style="list-style-type: none"> <li>Follow AUS findings (Approve/Eligible or Accept findings required)</li> <li>Manual Underwriting – Maximum DTI is 45% and Minimum Credit Score of 660</li> <li><b>Choice DPA Plus and Choice DPA Select</b> <ul style="list-style-type: none"> <li>Payment for the 2nd lien must be included in qualifying ratios (2nd rate equal to first lien rate plus 2% and a 10-year amortization)</li> <li>Underwriter must resubmit DU® after loan is locked</li> </ul> </li> </ul>

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TOPIC	BORROWER ELIGIBILITY
<b>Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• US Citizens</li> <li>• Permanent Residents</li> <li>• Non-Permanent Residents with: <ul style="list-style-type: none"> <li>○ <b>Case numbers assigned prior to May 25, 2025</b>, are allowed under the following conditions: <ul style="list-style-type: none"> <li>▪ Acceptable Visa evidence provided</li> <li>▪ Borrower eligible to work in the U.S., as evidenced by EAD issued by the USCIS</li> <li>▪ Borrower has valid Social Security Number (SSN)</li> <li>▪ Borrower satisfies the same requirements, terms, and conditions as those for U.S. citizen</li> <li>▪ DACA: With Category C33 work status under deferred action, DACA borrowers allowed: <ul style="list-style-type: none"> <li>• EAD must be current (if expiring within one year, evidence history of renewals)</li> <li>• Income source must be stable with a two-year work history</li> </ul> </li> <li>▪ Diplomatic Immunity: Borrowers with Diplomatic Immunity ineligible</li> </ul> </li> <li>○ <b>Case numbers assigned on or after May 25, 2025</b>, are ineligible except for citizens of Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau that have an EAD Category Code A08. Refer to <a href="#">FHA Single Family Housing Policy Handbook 4000.1</a> for additional requirements.</li> </ul> </li> </ul>
<b>Eligible Properties</b>	<ul style="list-style-type: none"> <li>• Condominium (must not be in litigation, must meet FHA guidelines)</li> <li>• Double-wide manufactured housing allowed (single-wide not allowed)</li> <li>• Planned Unit Development (PUD)</li> <li>• SFR (1-2 Units)</li> <li>• Townhouse</li> </ul>
<b>Income</b>	<ul style="list-style-type: none"> <li>• Follow <a href="#">FHA Single Family Housing Handbook 4000.1</a> guidelines</li> <li>• Income Limits: <ul style="list-style-type: none"> <li>○ No restrictions</li> </ul> </li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>• Primary Residence only</li> <li>• Non-occupant co-borrowers allowed per <a href="#">FHA Single Family Housing Handbook 4000.1</a></li> <li>• No First-time Homebuyer requirement</li> </ul>

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TOPIC	FHA 1st TD with 2nd DPA Lien
<b>1003 – Initial and Final</b>	<ul style="list-style-type: none"> <li>Initial and Final URLA are both required, per FHA guidelines</li> <li>At least one of the URLAs must be signed by the Mortgage Loan Originator (MLO), and at least one must have the 'Present Housing Expense' section completed (no exceptions)</li> </ul>
<b>Borrower Contribution</b>	<ul style="list-style-type: none"> <li>Borrower's minimum contribution is \$0.00</li> </ul>
<b>Cash Back to Borrower</b>	<ul style="list-style-type: none"> <li>Borrower may not receive any cash back from DPA proceeds (except earnest money deposit)</li> </ul>
<b>Credit Report – Tradelines</b>	<ul style="list-style-type: none"> <li>Borrower whose only credit history is built from 'Authorized User' account is not eligible</li> </ul>
<b>Down Payment Assistance (DPA) and Closing Costs Assistance</b>	<ul style="list-style-type: none"> <li>BCM allows Down Payment Assistance (DPA) as outlined below: <ul style="list-style-type: none"> <li>Up to 5.0% of the Sales Price or Appraised Value (lesser of the two)</li> <li>DPA proceeds may be used for down payment and/or closing costs</li> <li>DPA proceeds may not be used for cash back to the borrower(s)</li> <li><b>Choice DPA</b> 2nd lien allows up to 3.5% and is a zero percent (0.00%) Note rate, fully amortized over 30 years, with a forgivable option</li> <li><b>Choice DPA Plus and Choice DPA Select</b> 2nd lien have an interest rate equal to first lien rate plus 2% and a 10-year amortization with monthly payments required</li> </ul> </li> </ul>
<b>Fees and Compensation</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>First Mortgage Loan Types and Terms</b>	<ul style="list-style-type: none"> <li><b>Loan Types (FHA; in accordance with FHA Guidelines)</b> <ul style="list-style-type: none"> <li>203(b)</li> <li>203(b)(2)</li> <li>234(c)</li> </ul> </li> <li><b>Loan Term</b> <ul style="list-style-type: none"> <li>30-Year Fixed with Full Amortization</li> </ul> </li> <li><b>Maximum Loan Amount</b> <ul style="list-style-type: none"> <li>Conforming Limit (<a href="#">HUD FHA Mortgage Limits Lookup Tool</a>) or High Balance Loans</li> </ul> </li> <li><b>Maximum LTV/CLTV</b> <ul style="list-style-type: none"> <li>Max LTV of 96.50% for First Mortgage</li> <li>Down Payment Assistance (DPA) of up to 5.0% Allowed</li> <li>Max CLTV of 101.5%</li> </ul> </li> </ul>

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TOPIC	FHA 1st TD with 2nd DPA Lien
<b>Forgivable Option Details (Choice DPA)</b>	<ul style="list-style-type: none"> <li>2<sup>nd</sup> lien on Choice DPA (forgivable option) is forgivable IF               <ul style="list-style-type: none"> <li>Loan has reached 10 years from Note date, and</li> <li>A Repayment Event has not occurred, and</li> <li>Borrower continues to occupy the property as their primary residence</li> </ul> </li> </ul> <p>Repayment Event</p> <ul style="list-style-type: none"> <li>The First Deed of Trust or Mortgage on property is refinanced, or</li> <li>The First Deed of Trust or Mortgage on property becomes due and payable for any reason, or</li> <li>Borrower sells, transfers, or otherwise disposes of Property, including, without limitation, through foreclosure or transfer pursuant to any power of sale</li> </ul> <p>Note: Properties located in the state of Washington are ineligible</p>
<b>High-Cost, HPML, and QM Compliance</b>	<ul style="list-style-type: none"> <li>HPML transactions are permitted; Lender must comply with CFPB and TRID requirements</li> <li>High-cost loans are <u>not</u> permitted</li> <li>All loans must comply with QM/ATR compliance</li> <li>Loans exceeding 3% maximum points/fees test are not permitted unless a cure is applied</li> <li>Bona Fide Discount Points must adhere to CFPB and all (if any) state regulations</li> </ul>
<b>Homebuyer Education</b>	<ul style="list-style-type: none"> <li>At least one borrower must receive housing counseling from a Fannie Mae, Freddie Mac, or HUD-approved non-profit housing counseling agency prior to the Note date</li> <li>A partial list of options can be found in these links:               <ul style="list-style-type: none"> <li><a href="#">Fannie Mae HomeView®</a></li> <li><a href="#">Freddie Mac CreditSmart® Homebuyer U</a></li> <li><a href="#">HUD Housing Counseling Services</a></li> </ul> </li> </ul>
<b>Ineligible Features</b>	<ul style="list-style-type: none"> <li>Building on own land</li> <li>Construction-to-Perm</li> <li>Easements and Deed Restrictions that affect value, marketability, or property accessibility as determined by the appraiser and for which no protective title endorsement is available</li> <li>Loans with resale Deed Restrictions</li> <li>Proposed, or Under Construction (New Construction is eligible, provided it is complete at the time of purchase)</li> </ul>

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TOPIC	FHA 1st TD with 2nd DPA Lien
<b>IRS Transcripts</b>	<ul style="list-style-type: none"> <li>Required for self-employed borrowers, or any borrower who needs tax returns for qualifying</li> </ul>
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>Maximum loan amount follows standard conforming FHA Guidelines and varies by subject property county (<a href="#">HUD FHA Mortgage Limits Lookup Tool</a>)</li> <li>Minimum Loan Amount - \$75,000</li> </ul>
<b>Loan Purpose</b>	<ul style="list-style-type: none"> <li>Purchase only</li> </ul>
<b>Manual Underwriting</b>	<ul style="list-style-type: none"> <li>Maximum DTI is 45%</li> <li>Minimum Credit Score is 660</li> <li>Except where noted above for max DTI and minimum credit score, must follow FHA guidelines regarding manual underwriting and required compensating factors</li> </ul>
<b>Mortgage Insurance (MI)</b>	<ul style="list-style-type: none"> <li>Standard FHA Coverage</li> </ul>
<b>Product Description</b>	<ul style="list-style-type: none"> <li>1st TD, 30-Year Fixed Rate Term, Full Amortization</li> <li><b>Choice DPA</b> 2nd lien is a zero percent (0.00%) Note rate, fully amortized over 30 years, with a forgivable option <ul style="list-style-type: none"> <li>Properties located in the state of Washington are ineligible</li> </ul> </li> <li><b>Choice DPA Plus and Choice DPA Select</b> 2nd lien have an interest rate equal to first lien rate plus 2% and a 10-year amortization with monthly payments required</li> </ul>
<b>State-specific Overlays</b>	<ul style="list-style-type: none"> <li>AZ – Minimum 2nd TD Loan Amount of \$5,000.00</li> <li>NY – Not eligible</li> <li>SC – Minimum 2nd TD Loan Amount of \$5,000.00</li> <li>WA – Choice DPA 2nd lien (zero percent (0.00%) Note rate with a deferred, forgivable payment) is ineligible</li> </ul>
<b>Temporary Buydown</b>	<ul style="list-style-type: none"> <li>Allowed with Limitations – see ‘Temporary Buydown Guide’ below for specific terms and conditions</li> </ul>

TEMPORARY BUYDOWN GUIDE	
<b>Product Eligibility</b>	<ul style="list-style-type: none"> <li>Temporary buydown only applies to first lien and is not applicable to the DPA product</li> <li>Must meet all terms of Choice DPA program (DU® approve/accept, etc.)</li> <li>Seller / Builder funded only</li> </ul>



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<b>Term of Buydown</b>	<ul style="list-style-type: none"><li>• 2/1 Buydown:<ul style="list-style-type: none"><li>○ 24-month term</li><li>○ Initial interest rate temporarily reduced by no more than two percent below the note rate and increased by no more than one percent annually for no more than two years, with the non-reduced note rate applying for remaining term of loan</li></ul></li></ul>
<b>Underwriting Criteria</b>	<ul style="list-style-type: none"><li>• Borrowers qualified using note rate, not buydown rate</li><li>• Standard Interested Party Contribution guidelines apply</li><li>• Temporary Buydowns do not apply to the DPA transaction – only to the first lien</li><li>• Seller / Builder funded only</li></ul>