



Bulletin 17-28

FHA 203(h) Program – Mortgage Insurance for Disaster Victims

HomeBridge is pleased to announce the 203(h) program is now available in conjunction with the FHA program for purchase transactions and the FHA 203(k) Standard and Limited programs for refinance transactions.

The FHA 203(h) Mortgage Insurance for Disaster Victims program is available to victims of presidentially declared major disasters (commonly known as a FEMA Disaster Declaration) to purchase or rehab/reconstruct a single family owner-occupied residence

The FHA 203(h) program is eligible subject to the following:

- The borrower's current residence must be located within a county identified for **Individual Assistance** under a FEMA Disaster Declaration. Evidence is required (e.g. driver's license, utility bill, etc.)
- The borrower's current residence must have been destroyed or damaged to such an extent that replacement (i.e. purchase of new home) or significant rehab/reconstruction is required. Evidence of the damage to the residence is required (e.g. copy of insurance report, inspection report, photos, etc.)
- The FHA case number for the new loan must be assigned within one (1) year of the Disaster Declaration issue date
- The impacted property must be a 1-unit owner-occupied single family residence (condos in an HUD approved project eligible). Borrowers renting a property that was destroyed are eligible for a purchase transaction using the enhanced guidelines of the 203(h) program.
- FHA standard underwriting requirements generally apply; exceptions noted below
- **Purchase Transactions:** Maximum 100% LTV with no down payment required. Additionally:
 - The new property is **not** required to be in the disaster impacted area
 - The borrower's existing mortgage payment (on the destroyed home) may be excluded from the borrower's DTI calculation when:
 - Documentation is provided evidencing the borrower is currently working with the servicer regarding their current mortgage, **and**
 - Any property insurance proceeds are applied to the current property
 - 6% seller concessions allowed
 - FHA policy limiting borrowers to one FHA-insured mortgage remains in effect. If the borrower currently has an FHA mortgage the borrower is **not eligible** for FHA financing on a purchase transaction

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- **Refinance Transactions:** Maximum 97.75% LTV (in conjunction with 203(k) Standard or Limited program). Additionally:
 - Properties < 1 year in age are eligible as long as the property was completed and ready for occupancy prior to the disaster event
 - DPA programs eligible for closing costs
 - The borrower's overall credit will be reviewed and considered satisfactory if:
 - The borrower's credit report indicates satisfactory credit prior to the disaster event, **and**
 - Any evidence of derogatory credit occurred after the date of the disaster and is related to the effects of the disaster, including any late payments of the borrower's mortgage
- NOTE: While FHA allows mortgage delinquencies prior to the disaster event, HomeBridge requirements apply and **the borrower's mortgage/housing must have been current prior to the event**. Additionally, HomeBridge overlays for credit scores 550-619 apply
- Alternative documentation may be allowed if traditional documentation is unavailable due to the disaster event
 - Income earned from short-term employment obtained following the disaster event may be included in the effective income calculation
 - No special pricing adjustments apply
 - Eligible for a fixed rate 30 year term only

The 203(h) program is eligible for loans currently in the pipeline or new submissions.

The FHA program and 203(k) Standard and Limited matrices and Submission forms have been updated with this information and posted on the HomeBridge website at www.HomeBridgeWholesale.com

Resources

- The HomeBridge FEMA Disaster Declaration Reference Guide lists all FEMA Disaster Declarations and the counties eligible for Individual Assistance or go to the FEMA.gov Disasters page
- The HomeBridge FHA 203(h) Mortgage Insurance for Disaster Victims presentation

The FEMA Disaster Declaration Reference Guide is posted under "Miscellaneous" and the 203(h) Overview presentation is posted under "Training Presentations" on the HomeBridge website under "Working With Us".

If you have any questions, please contact your Account Executive.