



Announcement CL 2017-11-08

FHA 203(h) Loans for Disaster Victims – Underwriting for Non-Delegated Correspondents

November 8, 2017

For borrowers recently impacted by major disasters, the FHA 203(h) Mortgage Insurance for Disaster Victims Program can be used to assist in recovery efforts. Features and documentation required at time of loan submission for non-delegated correspondents are addressed below:

Who qualifies to finance a home using the FHA 203(h) Program:	Displaced owners or displaced renters in presidential declared major disaster areas can use the FHA 203(h) program for 100% financing.
Timeframe for applying for a FHA 203(h) program:	Borrower must apply (with the 1003 application submitted to Impac within one year of the major disaster declaration date. <i>Example:</i> Texas 4332 – major disaster declaration declared Saturday, August 26, 2017. Application for purchasing a new home using the FHA 203(h) 100% financing must be dated on or before Friday, August 24, 2018.
Documentation required at submission:	<ul style="list-style-type: none"> ▪ A copy of the FEMA disaster declaration indicating that the home was eligible for individual assistance. ▪ One of the following to evidence that the home was destroyed or damaged to such an extent that reconstruction or replacement is necessary: <ul style="list-style-type: none"> a. Insurance Report b. Inspection report by an independent fee inspector or government agency c. Conclusive photographs showing the destruction or damage ▪ One of the following to evidence prior permanent residence documentation: <ul style="list-style-type: none"> a. Valid driver's license b. Voter Registration Card c. Utility bills
Properties eligible to be purchased with a 203(h):	<ul style="list-style-type: none"> ▪ One-unit detached homes ▪ One-unit detached home in a PUD ▪ Units in FHA approved condominium projects ▪ Property must meet HUD's Minimum Property Standards and Minimum Property Requirements
Ineligible properties with a 203(h):	<ul style="list-style-type: none"> ▪ 2-4 unit properties ▪ Co-ops ▪ Attached PUDs ▪ Second Homes ▪ Investment Property
New property location:	Borrower may relocate anywhere. Home may be rebuilt on existing property or a new home residence may be purchased anywhere. Purchasing a home in the same area is not required.
Qualification requirements:	<ul style="list-style-type: none"> ▪ Borrowers with existing mortgages on the destroyed or damaged property in the disaster area must show these mortgages are paid off.



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	<ul style="list-style-type: none">▪ Borrower is qualified with all debt as with normal FHA mortgage.▪ Minimum Score required: 580 FICO▪ 15 / 30 Year Fixed, 3/1 ARM, 5/1 ARM available▪ Maximum mortgage subject to statutory loan limits (county loan limits for base loan amounts apply)▪ Run through TOTAL scorecard. Follow all other requirements for FHA qualification. An <i>Approve/Ineligible</i> is acceptable if the ineligibility is for the loan amount/LTV and calculations adhere to 203(h) program. A <i>Refer</i> loan may be manually underwritten per FHA guidelines.
Down Payment, Closing Costs, Prepaid Expenses	<ul style="list-style-type: none">▪ No down payment is required – 100% financing▪ Closing costs and prepaid expenses must be paid by the borrower in cash or with lender premium pricing.▪ Closing costs and prepaid expenses may not be financed with a 203(h) loan.▪ Seller may contribute to closing costs and prepaid expenses up to 6% of sales price▪ The total LTV may exceed 100% by the amount of the financed UFMIP.

We thank you for your continued business.

If you have any questions, contact your Relationship Manager at 888-850-0259 Option 1 or your Account Executive.