

FHA 203(h)

PROGRAM SPECIFICATIONS	
Description	Section 203(h) of the National Housing Act authorizes FHA to insure Mortgages to victims of a Presidentially-Declared Major Disaster Area (PDMDA) for the purchase of a Single Family Property.
Channels	• Broker • Correspondent ○ Non-Delegated UW ○ Delegated UW
FICO	Minimum Qualifying Credit Scores: • 580 for all qualifying borrowers • 1 credit score required for all qualifying borrowers, • User the middle score if 3 credit scores, or • The lowest of the two if 2 credit scores. • Lowest representative score from all borrowers will be used for qualification purposes.
UW Method	• Total Scorecard ○ Desktop Underwriter (DU) ○ Loan Product Advisor (LPA)
AUS Recommendation	DU: • Approve/Eligible • Approved/Ineligible* • Refer/Eligible • Refer/Ineligible* LPA: • Risk Class Accept/Eligible • Risk Class Accept/Ineligible* • Risk Class Refer/Eligible • Risk Class Refer/Ineligible* *Note: Ineligible messaging acceptable for exceeding 96.5% LTV.
Eligible Terms	• 10Yr., 15Yr., 20Yr., 25Yr., 30Yr. Fixed • 5/1 Hybrid ARM - Suspended 7/14/2022 until further notice
Eligible Transaction Types	• Purchase
Eligible Property Types	• Single Family Property • Manufactured Housing • FHA Approved Condominium • PUDs Reminder: The Property must be the Borrower's Principal Residence. The previous residence (owned or rented) must have been located in a PDMDA and destroyed or damaged to such an extent that replacement is necessary.
Property Eligibility	The previous residence (owned or rented) must have been located in a PDMDA and destroyed to such an extent that the property is uninhabitable/condemned.
Maximum LTV/CLTV/HCLTV	The maximum LTV limit is 100% of the Adjusted Value.
Maximum DTI	• Approve/Eligible or Risk Class Accept - Follow AUS • Refer/Eligible or Manual Underwriting – Follow FHA Guidelines
Application Deadline	The FHA case number must be assigned within one year of the date of the PDMDA is declared.
FEMA Disaster Lookup	Click Here
Geographic Restrictions	• Hawaii ○ AFR 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. • AFR requires the use of AFR's Texas counsel on all Texas transactions with the exception of Correspondent Delegated loans. AFR utilizes this 3rd party for document preparation and require 48 hours for both title review and to generate a closing package.
4000.1	http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/handbook_4000-1_4000.1_II.A.8
Forms	See FORMS Section in the Resource Center

OVERLAYS

Follow all overlays outlined in the FHA 203(b) Program Matrix and:

- Purchase transactions only; refinance transactions are not permitted
- Short- term employment income will not be permitted to be used as effective income
- Non-traditional credit is not permitted
- 0x30 12-month mortgage history required prior to declared disaster date