

Mortgage Insurance for Disaster Victims

Section 203(h)

Federal Housing Administration (FHA)
U.S. Department of Housing & Urban Development (HUD)
<http://www.hud.gov>

What is 203(h)?

Under the 203(h) program, FHA insures mortgages for victims of a major disaster who have lost their homes and are in the process of rebuilding or buying another home.

Who is eligible for a Section 203(h) insured mortgage?

People are eligible for this program if their home -- whether they owned their home or rented-- is located in an area designated by the President as a disaster area, and their home was damaged to such an extent that reconstruction or replacement is necessary. These individuals must be able to qualify for a mortgage through FHA's underwriting guidelines, which are generally more lenient than in the private sector.

How much down payment is required?

No down payment is required under the Section 203(h) program. Potential homeowners are eligible for 100 percent financing of the mortgage. The borrower will pay some closing costs, but often the seller and the lender pay a portion of these costs.

Are there any restrictions on the location of homes purchased under this program?

No, potential homebuyers who are eligible to participate in this program can purchase a home anywhere they wish in the United States. There are restrictions on the amount of the mortgage.

What is the maximum mortgage amount that FHA will insure?

The amount of the mortgage that HUD will insure ranges from \$172,632 to \$312,895 depending on the location of the property. Please check HUD's website for the most up to date FHA Mortgage limits in your area: <https://entp.hud.gov/idapp/html/hicostlook.cfm>

Is there a FHA mortgage insurance premium?

Yes. Borrowers pay an up-front insurance premium as well as monthly premiums. Both of these may be added to the regular mortgage payment. So you do not need to come up with any additional cash at closing to pay insurance premiums.

What are the benefits of FHA mortgage insurance?

Lenders are more willing to loan funds to borrowers with mortgages that are insured with FHA. Individuals who have had a financial setback and have problems qualifying for a mortgage in the private sector may qualify under FHA. More importantly, the lender is required to work with FHA borrowers that have been unable to make their mortgage payment for reasons such as job loss or illness. Under certain circumstances, FHA will make payment(s) on behalf of the homeowners so that they can keep their home. In exchange, the homeowner signs a note with FHA to cover those payments.

How can I apply for a FHA insured 203(h) mortgage?

The borrower must apply for an FHA insured mortgage within one year of the President's declaration of the disaster. Applications are made through an FHA approved lender. You can find a list of lenders online at HUD's website at:

<http://www.hud.gov/ll/code/llslcrit.html>

For More Information on 203(h): Contact the HUD National Servicing Center Hotline at: 1-888-297-8685

What other Federal assistance is available to Disaster Victims?

Many federal agencies provide disaster assistance. If you are the victim of a disaster, you can find out what assistance is available by contacting the Federal Emergency Management Agency (FEMA) at: 1-800-621-FEMA (3362) (TTY: 1-800-462-7585) or visit FEMA on the web at: <http://www.fema.gov/>

HUD also has disaster assistance information on HUD's homepage:

<http://www.hud.gov/offices/hsg/sfh/nsc/disaster.cfm>

HUD also offers insured mortgages outside of disaster areas for home purchase, refinancing, and reverse mortgage for seniors.

VISIT HUD on the web at: <http://www.hud.gov>