

203(h) LOAN Q&A



Q: How do I determine if the borrower is in an area where they can take advantage of the 203(h) program?

A: A list of the specified affected counties and cities and corresponding disaster declarations are provided by the Federal Emergency Management Agency (FEMA) at <https://www.fema.gov/disasters>. Please be sure to select "Major Disaster Declaration" from the dropdown, to determine if the property is located in an PDMDA.

Q: What (specifically) does AFR require for a displaced homeowner to prove that their home was destroyed / damaged to the point they were displaced?

A: Due to the variation from company to company AFR is unable to provide a list of acceptable documents and will have to review them as they are received.

Q: What (specifically) does AFR require for a displaced renter to prove that their apartment complex or private residence that they were renting out was destroyed / damaged to the point that they were displaced?

A: Due to the variation from company to company AFR is unable to provide a list of acceptable documents and will have to review them as they are received.

Q: Are there any special codes/input requirements when running DU or LP for a 203(h) loan?

A: No, not at this time.

AQ: re there any special codes/input requirements when completing FHAC?

A: Yes, you will need to select the following:

- Program ID: 02 – Disaster Housing
- Housing Program: Other

Q: What AUS underwriting results are acceptable for a 203H loan?

- Approve/Eligible - DU
- Refer/Eligible - DU
- Approve/Ineligible* - DU
- Refer/Ineligible* - DU
- Accept - LP
- Refer - LP
- Accept/Ineligible* - LP
- Refer/Ineligible* - LP

*Ineligible must be for LTV or credit reasons only.

What are the DTI requirements?

- Approve/Accept: Follow the AUS
- Refer: The maximum DTI limit is 31/43%

Remember: The borrower's current mortgage obligation maybe excluded in the 203(h) program is they are eligible and able to provide the required documentation.



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