

KHC's 203(h) Disaster Relief Program 30-Year Term

Program	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
Maximum LTV	<ul style="list-style-type: none"> The maximum LTV limit is 100% of the Adjusted Value.
Borrower Eligibility	<ul style="list-style-type: none"> Prior Homeowner Prior Renter
Property Eligibility	<ul style="list-style-type: none"> The previous residence (owned or rented) must have been in a PDMDA and destroyed or damaged to such an extent that reconstruction or replacement is necessary. Mortgages to be insured under Section 203(h) must be processed and underwritten in accordance with the regulations and requirements applicable to the 203(b) program. Where 203(b) program guidance conflicts with the specific requirements on Section 203(h) Mortgages provided, 203(h) specific guidance controls.
Eligible Occupancy	<ul style="list-style-type: none"> Owner Occupied
Eligible Purpose	<ul style="list-style-type: none"> Purchase Only
Minimum Credit Score	<ul style="list-style-type: none"> 620
Ratio Guidelines	<ul style="list-style-type: none"> Maximum ratios of 40/50 with AUS approve/eligible, accept/accept through Total. Refer/Eligible or Manual Underwriting – Follow KHC Manual Underwrite Matrix.
Eligible Property Types	<ul style="list-style-type: none"> Single Family Properties Manufactured Homes FHA Approved Condos PUDs
AUS	<ul style="list-style-type: none"> Desktop Underwriter (DU) Loan Product Advisor (LPA)
Maximum Seller Contributions	<ul style="list-style-type: none"> 6%
Subordinate Financing	<ul style="list-style-type: none"> All KHC DAPs applicable
Application Deadline	<ul style="list-style-type: none"> The FHA case number must be assigned within one year of the date of the PDMDA is declared.
12/12/2022 4630-DR-KY FEMA	<ul style="list-style-type: none"> Barren, Caldwell, Christian, Fulton, Graves, Hart, Hickman, Hopkins, Lyon, Logan, Marion, Marshall, Muhlenberg, Ohio, Taylor, and Warren
07/29/2022 DR-4663-KY FEMA	<ul style="list-style-type: none"> Breathitt, Clay, Floyd, Knott, Leslie, Letcher, Magoffin, Martin, Owsley, Perry, Pike, and Whitley

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KHC's 203(h) Disaster Relief Program continued

4000.1	<ul style="list-style-type: none"> • http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/handbook_4000-1 • 4000.1 II.A.8 – 203(h) Guidance
UFMIP	<ul style="list-style-type: none"> • 1.75%
Annual Mortgage Insurance Premium	<ul style="list-style-type: none"> • LTV > 95%: .85 basis points • LTV < or = 95%: .80 basis points
Underwriting	<ul style="list-style-type: none"> • The Mortgagee is required to make every effort to obtain traditional documentation regarding employment, assets, and credit, and must document their attempts. Where traditional documentation is unavailable, the Mortgagee may use alternative documentation as outlined below.
PDMDA Documents	<ul style="list-style-type: none"> • Evidence home was destroyed or damaged to an extent that reconstruction or replacement is necessary. • Proof of FEMA Claim.
Income	<ul style="list-style-type: none"> • If prior employment cannot be verified because records were destroyed by the disaster, and the Borrower is in the same/similar field, then FHA will accept W2's and tax returns from the Internal Revenue Service (IRS) to confirm prior employment and income. • KHC lender may also include short term employment obtained after disaster to calculate Effective income.
Assets	<ul style="list-style-type: none"> • If traditional asset documentation is not available, KHC lender may use Borrower's Statements downloaded from financial institution website to confirm the Borrower has sufficient assets to close the Mortgage.
Credit	<ul style="list-style-type: none"> • For Borrowers with derogatory credit, KHC lender may consider the Borrower a satisfactory credit risk if derogatory credit is subsequent to the date of the disaster and is related to the effects of the disaster.
Liabilities	<ul style="list-style-type: none"> • When Borrower is purchasing a new house, KHC lender may exclude mortgage payment on destroyed residence located in a PDMDA from Borrower's liabilities. • KHC lender must obtain information that the Borrower is working with the servicing Mortgagee to appropriately address their mortgage obligation; AND • Apply any property insurance proceeds to the mortgage of the damaged house.
Housing Payment History	<ul style="list-style-type: none"> • KHC lender may disregard any late payments on a previous obligation on a Property that was destroyed or damaged in the disaster where the late payments were a result of the disaster and the Borrower was not delinquent on their Mortgage at the time of the disaster. * KHC Overlay

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