

Mortgage Assistance for Disaster Victims FHA 203(h) can help owners & renters flexible credit approval guidelines

Mortgage Insurance for Disaster Victims Section 203(h)

Summary:

The Section 203(h) program allows the Federal Housing Administration (FHA) to insure mortgages made by qualified lenders to victims of a major disaster who have lost their homes and are in the process of rebuilding or buying another home.

Purpose:

Through Section 203(h), the Federal Government helps victims in Presidentially designated disaster areas recover by making it easier for them to get mortgages and become homeowners or re-establish themselves as homeowners.

Type of Assistance:

This program provides mortgage insurance to protect lenders against the risk of default on mortgages to qualified disaster victims. Individuals are eligible for this program if their homes are located in an area that was designated by the President as a disaster area and if their homes were destroyed or damaged to such an extent that reconstruction or replacement is necessary. Insured mortgages may be used to finance the purchase or reconstruction of a one-family home that will be the principal residence of the homeowner. Like the basic FHA mortgage insurance program it resembles ([Section 203\(b\)](#) Mortgage Insurance for One to Four Family Homes), Section 203(h) offers features that make recovery from a disaster easier for homeowners:

- No downpayment is required. The borrower is eligible for 100 percent financing. Closing costs and prepaid expenses must be paid by the borrower in cash or paid through premium pricing or by the seller, subject to a 6 percent limitation on seller concessions.
- FHA mortgage insurance is not free. Mortgagees collect from the borrowers an up-front insurance premium (which may be financed) at the time of purchase, as well as monthly premiums that are not financed, but instead are added to the regular mortgage payment.
- HUD sets limits on the amount that may be insured. To make sure that its programs serve low and moderate income people, FHA sets limits on the dollar value of the mortgage. The current [FHA mortgage limit](#) can be viewed online. These figures vary over time and by place, depending on the cost of living and other factors (higher limits also exist for two to four family properties).

Eligible Participants:

FHA approved lending institutions, such as banks, mortgage companies, and savings and loan associations, are eligible for Section 203(h) insurance.

Eligible Customers:

Anyone whose home has been destroyed or severely damaged in a Presidentially declared disaster area is eligible to apply for mortgage insurance under this program.

Application:

The borrower's application for mortgage insurance must be submitted to the lender within one year of the President's declaration of the disaster. Applications are made through an FHA approved lending institution, who make their requests through a provision known as "Direct Endorsement," which authorizes them to consider applications without submitting paperwork to HUD. Mortgage insurance processing and administration for this and other FHA single family mortgage insurance products are handled through [HUD's Homeownership Centers](#).

Technical Guidance:

This program is authorized under Section 203, National Housing Act (12 U.S.C. 1709, 1715(b)). Program regulations are in 24 CFR Part 203. These regulations, as well as handbooks, notices, and letters relevant to this program, are available through [HUDCLIPS](#). The program is administered by the [Office of Single Family Housing](#) in HUD's Office of Housing, Federal Housing Administration.

For More Information:

Contact the [FHA Resource Center](#). Homeowners can also visit HUD's website for a searchable listing of [approved FHA lenders](#) nationwide. Homeowners are encouraged to also contact a HUD-approved [housing counseling agency](#), for assistance with disaster related issues or call toll-free at: (800) 569-4287.

https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/ins/203h-dft