



FHA 203(h) Product Information

| | |
|-----------------------------|---|
| Program Description | On Q Financial, Inc. Offers the FHA 203(h) Product Purchase Only . The product allows FHA to insure mortgages made to victims of a Presidentially Declared Major Disaster Area (PDMDA) who have lost their homes and in the process of buying another home. |
| Product Highlights | <ul style="list-style-type: none"> • 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). |
| Credit Score | The borrower must have a minimum credit score of 530 . |
| LTV | 100% |
| Loan Purpose | Purchase ONLY |
| Borrower Eligibility | <ul style="list-style-type: none"> • 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. • 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. • The FHA case number must be assigned within one year of the date the PDMDA is declared unless an additional period of eligibility is explicitly provided. • The borrower is not required to make the Minimum Required Investment (MRI). The maximum Loan-to-Value (LTV) ratio limit is 100 percent of the Adjusted Value. |
| Occupancy | Primary Residence Only |



FHA 203(h) Product Information

| | |
|---|---|
| Overlays | Refer to On Q Financials overlays located here: https://onqfinancial.com/tpo/product-options/ |
| Underwriting (taken from 4000.1) | <p>1) Credit</p> <p>a) For Borrowers with derogatory credit, the Mortgagee may consider the Borrower a satisfactory credit risk if the credit report indicates satisfactory credit prior to a disaster, and any derogatory credit subsequent to the date of the disaster is related to the effects of the disaster.</p> <p>2) Income</p> <p>a) 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 W-2s and tax returns from the Internal Revenue Service (IRS) to confirm prior employment and income.</p> <p>b) The Mortgagee may also include short-term employment obtained following the disaster in the calculation of Effective Income.</p> <p>3) Liabilities</p> <p>a) When a Borrower is purchasing a new house, the Mortgagee may exclude the Mortgage Payment on the destroyed residence located in a PDMDA from the Borrower's liabilities. To exclude the Mortgage Payments from the liabilities, the Mortgagee must:</p> <p>i) obtain information that the Borrower is working with the servicing Mortgagee to appropriately address their mortgage obligation; and</p> <p>ii) apply any property insurance proceeds to the Mortgage of the damaged house.</p> <p>4) Assets</p> <p>a) If traditional asset documentation is not available, the Mortgagee may use statements downloaded from the Borrower's financial institution website to confirm the Borrower has sufficient assets to close the Mortgage.</p> <p>5) Housing Payment History</p> <p>a) The Mortgagee 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 three or more months delinquent on their Mortgage at the time of the disaster.</p> <p>b) The Mortgagee may justify approval if the Borrower was three or more months delinquent if extenuating circumstances are documented by the Mortgagee.</p> |