

HUD Programs for Eligible Maui County Homeowners

On August 10th, the Biden Administration issued a major disaster declaration for the State of Hawaii, opening up certain federal assistance programs to Maui County homeowners:

<https://www.whitehouse.gov/briefing-room/presidential-actions/2023/08/10/president-joseph-r-biden-jr-approves-hawaii-disaster-declaration-3/>.

Per both the declaration and HUD's subsequent press release, eligible homes must be located in Maui County.

Below is a summary of programs currently being supported through the US Department of Housing and Urban Development to Maui County homeowners for CAI member's information:

Mortgage Insurance for Disaster Victims Section 203(K):

The US Department of Housing and Urban Development has activated Section 203(K), which enables homebuyers and homeowners to finance both the purchase (or refinancing) of a house, and the cost of its rehabilitation through a single mortgage or to finance the rehabilitation of their existing home. Eligible homes. Section 203(k) insures mortgages covering the purchase or refinancing and rehabilitation of a home that is at least a year old. A portion of the loan proceeds is used to pay the seller, or, if a refinance, to pay off the existing mortgage, and the remaining funds are placed in an escrow account and released as rehabilitation is completed.

Homes must be at least one year old, the total value of the property must fall within the FHA mortgage limit for the area, and must, at the bare minimum, have an intact foundation. Rehabilitation work must exceed \$5,000 in cost, and the work can include structural alterations and reconstruction, elimination of health and safety hazards, major landscape work and site improvements, and reconstruction of walls/roof. HUD requires that properties rehabilitated under this program meet certain energy efficiency standards, and retrofits to meet these standards are projects which are included in the overall scope of eligible activities. More information is available at: https://www.hud.gov/program_offices/housing/sfh/203k/203k--df.

Applications must be submitted through an FHA approved lender.

203(K) Rehabilitation Mortgage Insurance:

The Limited 203(K) program allows homeowners to finance up to \$35,000 into their mortgage to repair, improve, or upgrade a single-family property via the FHA. Unlike 203(K) Mortgage Insurance for Disaster Victims, the Limited 203(K) program is intended to finance less extensive repairs to single-family properties, and can be used outside of disaster situations, such as for neighborhood rehabilitation.

Eligible activities include structural reconstruction, elimination of health and safety hazards, major landscape work and site improvements, and replacing floors. HUD requires that properties

rehabilitated under this program meet certain energy efficiency standards, and retrofits to meet these standards are projects which are included in the overall scope of eligible activities. More information is available at: https://www.hud.gov/program_offices/housing/sfh/203k/203k--df and https://www.hud.gov/program_offices/housing/sfh/203k.

Applications must be submitted through an FHA approved lender.

Mortgage Insurance for Disaster Victims Section 203(H):

While this program provides mortgage insurance to protect lenders against the risk of default on mortgages to qualified disaster victims, it is also open to homeowners whose homes are located in an area that was designated by the President as a disaster area and if their homes were destroyed/damaged to such an extent that reconstruction or replacement is necessary. Insured mortgages issued under Section 203 (H) may be used to finance the purchase or reconstruction of the principal residence of the homeowner.

No down payment is required, however 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, and are instead added to the regular mortgage payment.

This program is designed to assist low- and moderate-income households, meaning that the FHA does limit the dollar amount of mortgages issued.

Borrowers must submit applications to mortgage lenders within one year of the Presidents disaster declaration, and applications are made through an FHA approved lending institution. More information is available at: https://www.hud.gov/program_offices/housing/sfh/ins/203h-dft.

90-Day Moratorium on Mortgage Foreclosures in Maui County:

Additionally, beginning August 8th, HUD has announced a 90-day moratorium on the foreclosures of mortgages in Maui County insured by the Federal Housing Administration (FHA), and a 90-day extension granted automatically for Home Equity Conversion Mortgages: https://www.hud.gov/press/press_releases_media_advisories/HUD_No_23_169.

The extension is currently set to expire on November 9th, however the Biden Administration has the authority to issue extensions.